

CYPRESS JUNCTION MONTESSORI, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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CYPRESS JUNCTION MONTESSORI, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12
BALANCE SHEET – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
STATEMENT OF FIDUCIARY NET POSITION	17
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	18
NOTES TO BASIC FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	28
NOTES TO BUDGETARY COMPARISON SCHEDULE	29
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 <i>GOVERNMENT AUDITING STANDARDS</i>	30
MANAGEMENT LETTER	32



INDEPENDENT AUDITORS' REPORT

Board of Directors
Cypress Junction Montessori, Inc.
Winter Haven, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Cypress Junction Montessori (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School as of June 30, 2021, 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.

Emphasis of a Matter

During fiscal year ended June 30, 2021, the School adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the School reported a restatement to beginning fiduciary net position for the change in accounting principle (see Note 2). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

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, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, 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. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
September 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CYPRESS JUNCTION MONTESSORI, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The following Management's Discussion and Analysis (MD&A) of Cypress Junction Montessori, Inc. (the School) presents a narrative overview and an analysis of the financial activities of the School as of and for the year ended June 30, 2021.

Financial Highlights

- The assets of the School exceeded its liabilities at June 30, 2021 by \$622,706 (net position). The unrestricted portion of \$415,519 may be used to meet the School's ongoing obligations to its students.
- As of June 30, 2021, the School's general fund reported an ending fund balance of \$475,667.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. These basic statements consist of three sections: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the School's overall financial status. These statements use a format similar to a private sector business. They include a statement of net position and a statement of activities.

The statement of net position presents information on the School's assets and liabilities. Net position, the difference between these assets and liabilities, are a useful way to measure the School's financial health.

The statement of activities presents information showing how the School's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. 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 other public charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's general fund accounts for all other activities of the School.

**CYPRESS JUNCTION MONTESSORI, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Overview of the Financial Statements (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements.

By comparing functions between the two sets of statements for governmental funds and governmental activities, 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 balance provide a reconciliation to facilitate this comparison.

The School adopts an annual appropriated budget. Budgetary comparison schedules and notes have been provided to demonstrate compliance with these budgets.

Fiduciary Funds

The fiduciary fund financial statements are not presented as part of the government-wide financial statements because the resources of these funds are not available to support the School's operations. These fiduciary funds (School internal funds) represent custodial responsibilities of the School; however, these assets are restricted as to purpose and do not represent discretionary assets of the School.

Notes to Basic 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 basic financial statements can be found on pages 18 through 24 of this report.

Government-Wide Financial Analysis

As noted earlier, changes in net position over time can be a useful indicator of a government's financial position. For the year ended June 30, 2021, the assets of the School exceeded liabilities by \$622,706.

**CYPRESS JUNCTION MONTESSORI, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Government-Wide Financial Analysis (Continued)

Following is a summary of the School's net position as of June 30:

	2021	2020
ASSETS		
Cash	\$ 566,817	\$ 380,458
Due from School Board of Polk County	12,355	8,174
Deposits	7,953	7,953
Prepaid Expenses	8,151	7,799
Capital Assets, Net	147,039	157,052
Total Assets	742,315	561,436
CURRENT LIABILITIES		
Accounts Payable	23,735	15,935
Accrued Wages and Benefits	82,624	90,950
Unearned Revenue	13,250	5,309
Note Payable - Current	-	10,717
Total Current Liabilities	119,609	122,911
NONCURRENT LIABILITIES		
Note Payable - Noncurrent	-	10,888
Total Liabilities	119,609	133,799
NET POSITION		
Net Investment in Capital Assets	147,039	157,052
Restricted	60,148	60,148
Unrestricted	415,519	210,437
Total Net Position	\$ 622,706	\$ 427,637

Governmental activities increased the School's net position by \$195,069 during the year ended June 30, 2021.

**CYPRESS JUNCTION MONTESSORI, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Government-Wide Financial Analysis (Continued)

Following is a summary of the School's statement of activities for the years ended June 30:

	2021	2020
REVENUES		
Program Revenues:		
Individuals with Disabilities Education Act (IDEA)	\$ 27,887	\$ 20,879
VPK Program	48,870	38,178
Preschool Grant	10,900	17,215
Contributions and Donations	20,824	21,210
Tuition and Fees	109,678	120,879
Other Revenues	3,443	3,432
Title II, Part A	5,254	8,479
Capital Outlay	97,776	98,597
CARES Act	45,645	-
General Revenues:		
Florida Education Finance Program	1,428,264	1,332,374
Paycheck Protection Loan Forgiveness	43,210	-
Total Revenues	1,841,751	1,661,243
EXPENSES		
Instruction	710,924	738,047
Exceptional Education Services	90,275	84,595
Pre-Kindergarten	113,795	106,817
Instructional Staff Training	15,525	21,991
Board	24,981	23,175
General Administration	1,452	1,470
School Administration	335,870	325,084
Fiscal Services	10,720	12,535
Food Services	3,754	4,263
Pupil Transportation Services	55,000	54,435
Operation of Plant	265,734	247,844
Community Services	18,652	-
Total Expenses	1,646,682	1,620,256
INCREASE IN NET POSITION	195,069	40,987
Net Position - Beginning of Year	427,637	386,650
NET POSITION - END OF YEAR	\$ 622,706	\$ 427,637

**CYPRESS JUNCTION MONTESSORI, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Government-Wide Financial Analysis (Continued)

The major source of revenue for the School is the funding from the Florida Education Finance Program. For the year ended June 30, 2021, (FEFP) revenue of \$1,428,264 represented 78% of the total revenue of \$1,844,249. For the year ended June 30, 2020, FEFP revenues of \$1,332,374 represented 80% of the total revenue of \$1,661,243.

The pre-kindergarten program is funded by tuition. For the years ended June 30, 2021 and 2020, pre-kindergarten tuition revenue is \$67,114 and \$101,005, respectively. Additionally, the School was awarded funds through Polk County's Early Learning Coalition (ELC) for VPK. For the years ended June 30, 2021 and 2020, VPK Program revenue totaled \$48,869 and \$38,178, respectively.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the School's financing requirements.

The School reports one governmental fund, the general fund. Fund balance in the general fund increased by \$183,477 for the year ended June 30, 2021, from \$292,190 in the prior year to \$475,667 in the current year. The increase in the general fund is caused primarily by an increase in FEFP revenue.

Capital Assets and Debt Administration

The School's balance of capital assets as of June 30, 2021 is \$225,324, less accumulated depreciation totaling \$78,286. Capital assets includes furniture, fixtures, and equipment for \$199,724, which is comprised of a copy machine, musical instrument sets, various pieces of office furniture and filing cabinets, a P.A. system and playground equipment. The balance also includes leasehold improvements for \$25,600, which includes glass doors, alarm and access control systems, fencing, and asphalt paving around the School's perimeter.

During fiscal year 2021, the School entered into a Payroll Protection Program loan agreement with a financial institution. The promissory note evidenced the Payroll Protection Program for \$21,605. The balance as of June 30, 2021 is \$21,605. The purpose of the loan was to fund payroll expenses for preschool teachers.

The School renewed a line of credit agreement with a financial institution. The promissory note evidenced a revolving line of credit of \$50,000. There were no draws on this line during the year and no outstanding balance as of June 30, 2021.

Economic Factors and Next Year's Budget

Unlike a taxing authority, the School must consider factors specific to the operation of the schools in establishing next year's budget. The economic position of the School is closely tied to the state of Florida, as the primary sources of revenues (FEFP and grant funding) are derived from the State. The School's enrollment figures for the fiscal year 2021 and 2020 were approximately 200 and 195 full-time equivalent (FTE) students from kindergarten through eighth grade, respectively. Enrollment numbers are expected to continue at full capacity for 2022.

**CYPRESS JUNCTION MONTESSORI, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Requests for Information

This financial report is designed to provide a general overview of the financial statements of Cypress Junction Montessori, Inc. 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 as follows:

Karen Winningham
Executive Director

kwinningham@cypressjunction.org

BASIC FINANCIAL STATEMENTS

**CYPRESS JUNCTION MONTESSORI, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash	\$ 566,817
Due from School Board of Polk County	12,355
Deposits	7,953
Prepaid Expenses	8,151
Capital Assets, Net	147,039
Total Assets	742,315
CURRENT LIABILITIES	
Accounts Payable	23,735
Accrued Wages and Benefits	82,624
Unearned Revenue	13,250
Total Current Liabilities	119,609
Total Liabilities	119,609
NET POSITION	
Investment in Capital Assets	147,039
Restricted	60,148
Unrestricted	415,519
Total Net Position	\$ 622,706

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
Governmental Activities:					
Instruction	\$ 710,924	\$ 12,246	\$ 113,953	\$ -	\$ (584,725)
Exceptional Education Services	90,275	-	-	-	(90,275)
Pre-Kindergarten	113,795	67,114	48,870	-	2,189
Instructional Staff Training	15,525	-	-	-	(15,525)
Board	24,981	-	-	-	(24,981)
General Administration	1,452	-	-	-	(1,452)
School Administration	335,870	6,989	-	-	(328,881)
Fiscal Services	10,720	-	-	-	(10,720)
Food Services	3,754	4	-	-	(3,750)
Pupil Transportation Services	55,000	-	-	-	(55,000)
Operation of Plant	265,734	-	-	97,776	(167,958)
Community Services	18,652	23,325	-	-	4,673
	\$ 1,646,682	\$ 109,678	\$ 162,823	\$ 97,776	(1,276,405)
General Revenues:					
State through Local Sources					1,428,264
Debt Forgiveness					43,210
Total General Revenues					<u>1,471,474</u>
CHANGE IN NET POSITION					195,069
Net Position - Beginning of Year					<u>427,637</u>
NET POSITION - END OF YEAR					<u>\$ 622,706</u>

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash	\$ 566,817
Receivable from School Board of Polk County	12,355
Deposits	7,953
Prepays	8,151
Total Assets	\$ 595,276
LIABILITIES	
Accounts Payable	\$ 23,735
Accrued Wages and Benefits	82,624
Unearned Revenue	13,250
Total Liabilities	119,609
FUND BALANCES	
Nonspendable	16,104
Restricted	60,148
Unassigned	399,415
Total Fund Balances	475,667
Total Liabilities and Fund Balances	\$ 595,276

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balance for governmental funds	\$ 475,667
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>147,039</u>
Total Net Position of Governmental Activities	<u><u>\$ 622,706</u></u>

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>
REVENUES	
State through Local Sources:	
Florida Education Finance Program	\$ 1,428,264
VPK Program	48,869
Preschool Grant	10,900
Capital Outlay	97,776
Local Sources:	
Contributions and Donations	20,824
Tuition and Fees	109,678
Other Revenues	3,443
State through Federal Sources:	
CARES Act	45,645
Individuals with Disabilities Education Act (IDEA)	27,887
Title II, Part A	5,254
Total Revenues	1,798,540
EXPENDITURES	
Current:	
Instruction	706,656
Exceptional Education Services	90,275
Pre-Kindergarten	113,795
Instructional Staff Training	15,525
Board	24,981
General Administration	1,452
School Administration	316,580
Fiscal Services	10,720
Food Services	3,754
Pupil Transportation Services	55,000
Operation of Plant	262,714
Community Services	18,652
Capital Outlay	16,564
Total Expenditures	1,636,668
OTHER FINANCING SOURCES	
Proceeds from Debt	21,605
NET CHANGE IN FUND BALANCE	183,477
Fund Balance - Beginning of the Year	292,190
FUND BALANCE - END OF YEAR	\$ 475,667

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Governmental Funds \$ 183,477

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report 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. This is the amount by which capital outlay exceeded depreciation expense in the current period. This difference is comprised of:

Capital Outlay	\$ 16,564	
Depreciation Expense	<u>(26,577)</u>	(10,013)

Debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.

Debt Forgiveness	43,210	
Debt Issuance	<u>(21,605)</u>	<u>21,605</u>

Change in Net Position of Governmental Activities \$ 195,069

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
STATEMENT OF FIDUCIARY NET POSITION
SCHOOL INTERNAL FUNDS
JUNE 30, 2021**

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 6,757
Total Assets	6,757
LIABILITIES	
Accounts Payable	1,833
Total Liabilities	1,833
FIDUCIARY NET POSITION	
Restricted for Student Activities	4,924
Total Fiduciary Net Position	\$ 4,924

See accompanying Notes to Basic Financial Statements.

**CYPRESS JUNCTION MONTESSORI, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SCHOOL INTERNAL FUNDS
JUNE 30, 2021**

	<u>Custodial Fund</u>
ADDITIONS	
Miscellaneous	\$ 2,498
Total Additions	2,498
DEDUCTIONS	
Payments to Other Entities	2,578
Total Deductions	2,578
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(80)
Fiduciary Net Position - Beginning of Year, as Restated	5,004
FIDUCIARY NET POSITION - END OF YEAR	\$ 4,924

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 ORGANIZATION AND REPORTING ENTITY

Cypress Junction Montessori, Inc. (the School) is a public charter school located in Winter Haven, Florida, and follows the Montessori Method. The School is sponsored by its charter-holder, Cypress Junction Montessori, Inc., a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code, whose purpose is exclusively educational and charitable and is to secure and distribute contributions from individuals, corporations, and foundations for the benefit of the students of the School. The governing body of the School is the board of directors, which is comprised of seven members.

The general operating authority of the School is contained within Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Polk County, Florida (the School Board).

Montessori is a method of education that is based on self-directed activity, hands-on learning, and collaborative play. In Montessori classrooms, children make creative choices in their learning, while the classroom and the teacher offer age-appropriate activities to guide the process.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The more significant of the government's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and a statement of activities.

The government-wide statements are prepared using the *economic resources measurement focus* and the accrual basis of accounting. This differs from the way governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Generally, revenues are considered available when they are collected within the current period or within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as capital outlay expenditures in the fund that acquired the asset.

The School funds its programs by a combination of public charter school revenues derived from the state of Florida, local contributions, pre-kindergarten tuition and other student fees, and other revenues.

The School reports the following major governmental fund:

General Fund – This fund is used to account for the accumulation and expenditure of resources used for general purpose of the School and does not require the establishment of any other type of fund.

Additionally, the School reports the following fiduciary fund type:

Fiduciary Funds – These funds are used to account for resources of the school internal funds, which are used to administer monies collected in connection with student athletic, class, and club activities.

Deposits and Investments

Cash includes amounts on hand and in demand deposit accounts. The School does not have a written investment policy. Rather, it has adopted the guidelines for the investment of public funds in excess of amounts needed to meet current operating expenses, in accordance with Section 218.415, Florida Statutes. As of June 30, 2021, the School had no investments.

Capital Assets

Capital assets are reported in governmental activities in the government-wide financial statements. Capital assets are recorded at their historical cost if purchased. Donated capital assets are recorded at acquisition value at the date of donation. Minimum capitalization costs are \$1,000 for all items with a useful life of greater than one year. The School has the discretion to capitalize certain assets whose individual acquisition cost are less than the \$1,000 threshold yet are considered material collectively.

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The School's capital assets are depreciated using the straight-line method over five to seven years for its furniture and equipment. Leasehold improvements are depreciated using the straight-line method over the lesser of the useful life or the term of the lease.

Interfund Receivables and Payables

Amounts owed to and from the School's governmental funds and fiduciary funds may arise as a result of the transfer of monies between bank accounts for expenditures incurred and posted to different funds. There are no interfund receivables and payables as of June 30, 2021.

Compensated Absences

Employees have ten total paid days of annual leave. If more days of leave are used than have been accrued during the term of the contract, the employee's next paycheck shall be deducted for each missed day as personal leave without pay. Any unused vacation days shall be subject to a buy-back, and the rate will be the per diem percentage of the employee's salary. This amount shall be paid along with employee earnings on the last pay period of the School's fiscal year. Thus, there is no long-term liability recognized for compensated absences since any accrued, unused time is paid to employees as part of regular payroll remittances on the last pay period at year-end.

Fund Balance and Spending Policy

Governmental fund equity is classified as fund balance. Fund balance is segregated into two distinct types, nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are either (a) not in spendable form or; (b) legally contractually required to be maintained intact. Nonspendable fund balance in the general fund totaled \$16,104 at June 30, 2021, which consisted of the school building's rental safety deposit and water and sewer deposit with the city of Winter Haven and a deposit towards construction of a shade structure.

Spendable fund balances are further segregated into four separate categories, based on a hierarchy of spending constraints.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers or imposed by law through constitutional provisions or enabling legislation. There was \$60,148 of restricted fund balance in the general fund as of June 30, 2021.

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policy (Continued)

Committed – Amounts that can be used only for the specific purposes determined by a formal action of the board of directors, the School's highest level of decision-making authority. Commitments may be changed or lifted only by the School's governing board taking the same formal action that imposed the constraint originally. There was no committed fund balance reported by the School as of June 30, 2021.

Assigned – Amounts that include spendable fund balance amounts established by the School that are intended to be used for a specific purpose that are neither considered restricted or committed. There was no assigned fund balance reported by the School as of June 30, 2021.

Unassigned – This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School's fund balance in the general fund classified as unassigned was \$399,415 as of June 30, 2021.

Although the School does not have a formal spending prioritization policy, it is assumed that in instances when expenditures are incurred for purposes for which amounts in either restricted or unrestricted fund balance classifications could be used, restricted fund balance would be spent first. Remaining unrestricted fund balance would be spent as follows: committed amounts would be reduced first, followed by assigned amounts, and then unassigned.

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

During fiscal year 2021, the School implemented accounting policies related to accounting for fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. As a result, the financial statements now include a statement of changes in fiduciary net position. As a result, the beginning fiduciary net position has been restated by \$5,004.

**CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CASH

Custodial credit risk is defined as the risk that, in the event of bank failure, the School's deposits may not be returned. All cash deposits are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any amount above this amount is collateralized pursuant to Chapter 280, Florida Statutes, which obligates all participating institutions to reimburse the governmental entity for the loss, in the event of default by a participating financial institution (a qualified public depository).

At June 30, 2021, the book balance of the School's deposits was \$566,817 relating to the governmental funds and \$6,757 relating to the School's internal funds, and the bank balance was \$588,901. The difference between book and bank balances is due to outstanding checks and deposits in transit.

NOTE 4 CAPITAL ASSETS

The following summarizes capital asset activity for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets - Depreciable:				
Furniture, Fixtures, and Equipment	\$ 183,160	\$ 16,564	\$ -	\$ 199,724
Leasehold Improvements	25,600	-	-	25,600
Less: Accumulated Depreciation	<u>(51,708)</u>	<u>(26,577)</u>	-	<u>(78,285)</u>
Total Capital Assets being Depreciated, Net	<u>157,052</u>	<u>(10,013)</u>	-	<u>147,039</u>
Total Capital Assets, Net	<u>\$ 157,052</u>	<u>\$ (10,013)</u>	<u>\$ -</u>	<u>\$ 147,039</u>

Depreciation totaling \$26,577 for the year ended June 30, 2021 was allocated to governmental activities, between Instruction of \$4,267 and School Administration of \$19,290 and operations \$3,020.

NOTE 5 CONTINGENCIES

The School is subject to financial and compliance audits by the granting agency (Florida Department of Education) to determine compliance with grant funding requirements. In the event the expenditure would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules, and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of funds to the grantor.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2022 operations and financial results. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 OPERATING LEASE COMMITMENTS

In February 2016, the School entered into a five-year building lease agreement commencing on July 1, 2016 to conduct school operations. The School renewed this lease in June 2021. At expiration of the term, the lease can be renewed for one additional five-year term by providing at least six months' notice in writing before the expiration of the initial lease term. Said annual rent is prorated into monthly payments paid in advance, with the first monthly payment due on the first day of the commencement of the lease.

The following schedule, by years, of the future minimum lease payments required as of June 30.

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 143,500
2023	156,000
2024	156,000
2025	156,000
2026	156,000
Total	<u>\$ 767,500</u>

NOTE 7 LONG-TERM DEBT

The following is a summary of the notes payable activity for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Note Payable	\$ 21,605	\$ 21,605	\$ (43,210)	\$ -	\$ -

On April 20, 2020, the School entered into a loan agreement with a financial institution in the amount of \$21,605 through the Federal Paycheck Protection Program. The SBA processed the School's PPP Loan forgiveness application on November 3, 2020 and notified the bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date.

On January 25, 2021, the School obtained a second Paycheck Protection Program loan in the amount of \$21,605, the SBA processed the second PPP Loan forgiveness application on June 15, 2021 and notified the bank the PPP qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the School was legally released from the PPP debt and the loan forgiveness has been recorded as income during the year ended June 30, 2021.

The School renewed its revolving line of credit in the amount of \$50,000 which expires February 2022. There were no draws on the line of credit during the fiscal year. There is no outstanding line of credit balance as of June 30, 2021.

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of assets, errors and omissions, and natural disasters. The School is insured for various risks of loss, namely personal bodily injury coverage for students and other visitors within its campus facilities. There is no significant reduction in coverage from the prior year. No potential insurance settlements have exceeded the School's insurance coverage in the previous three years.

NOTE 9 EMPLOYEE BENEFIT PLANS

The School has adopted the Cypress Junction Montessori 403(b) Plan, which is available to all employees meeting certain age and service requirements. The plan allows employees to defer up to 100% of their salaries as contributions subject to Internal Revenue Code maximum limitations. The School may also make matching contributions or a discretionary contribution to the plan, which is determined annually. The School contributed approximately \$17,283 to the plan as a match for the year ended June 30, 2021. There were no discretionary matches.

REQUIRED SUPPLEMENTARY INFORMATION

**CYPRESS JUNCTION MONTESSORI, INC.
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State through Local Sources:				
Florida Education Finance Program	\$ 1,225,324	\$ 1,428,264	\$ 1,428,264	\$ -
VPK Program	36,000	48,869	48,869	-
Preschool Grant	-	10,900	10,900	-
Capital Outlay	90,000	97,776	97,776	-
Local Sources:				
Contributions and Donations	-	20,820	20,824	4
Tuition and Fees	109,678	109,255	109,678	423
Other Revenues	3,432	3,432	3,443	11
State through Federal Sources:				
Cares Act Income	-	45,645	45,645	-
Paycheck Protection Program	-	43,210	-	(43,210)
Individuals with Disabilities Education Act (IDEA)	20,879	27,885	27,887	2
Title II, Part A	8,158	8,158	5,254	(2,904)
Total Revenues	<u>1,493,471</u>	<u>1,844,214</u>	<u>1,798,540</u>	<u>(45,674)</u>
EXPENDITURES				
Current:				
Instruction	722,443	721,795	706,656	15,139
Exceptional Education Services	82,049	90,298	90,275	23
Pre-Kindergarten	111,811	113,922	113,795	127
Instructional Staff Training	26,000	17,585	15,525	2,060
Instructional Technology	2,000	-	-	-
Board	24,500	25,000	24,981	19
General Administration	2,000	1,460	1,452	8
School Administration	250,371	317,932	316,580	1,352
Fiscal Services	12,000	10,720	10,720	-
Food Services	6,000	3,755	3,754	1
Pupil Transportation Services	62,700	55,000	55,000	-
Operation of Plant	253,409	264,160	262,714	1,446
Community Services	-	18,795	18,652	143
Capital Outlay	-	-	16,564	(16,564)
Total Expenditures	<u>1,555,283</u>	<u>1,640,422</u>	<u>1,636,668</u>	<u>3,754</u>
OTHER FINANCING SOURCES				
Proceeds from Debt	-	-	21,605	(21,605)
NET CHANGE IN FUND BALANCE	<u>\$ (61,812)</u>	<u>\$ 203,792</u>	183,477	<u>\$ 20,315</u>
Fund Balance - Beginning of Year			<u>292,190</u>	
FUND BALANCE - END OF YEAR			<u>\$ 475,667</u>	

CYPRESS JUNCTION MONTESSORI, INC.
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2021

NOTE 1 BUDGETARY INFORMATION

The School follows procedures established by state statutes and State Board of Education rules in establishing budgets as described below:

Budgets are prepared and original budgets are approved by the School's Board Members for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.

NOTE 2 BUDGETARY BASIS OF ACCOUNTING

The budgets for the School's governmental funds are prepared on the full accrual basis of accounting. Thus, any activities relating to the acquisition of capital assets and issuance or repayment of long-term debt are not accounted for in the School's operating budgets. Rather, such balances are treated as additions to or deductions from assets and liabilities, respectively.



**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 and Management
Cypress Junction Montessori, Inc.
Winter Haven, 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, each major fund, and the aggregate remaining fund information of Cypress Junction Montessori, Inc. (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cypress Junction Montessori, Inc.'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 Cypress Junction Montessori, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cypress Junction Montessori, Inc.'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 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tampa, Florida
September 8, 2021



MANAGEMENT LETTER

Board of Directors
Cypress Junction Montessori, Inc.
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the Cypress Junction Montessori, Inc. (the School), as of and for the year ended June 30, 2021, and have issued our report thereon dated September 8, 2021.

Auditors' 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; 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*. Disclosures in that report, which is dated September 8, 2021, 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 such findings or recommendations made in the preceding 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 are Cypress Junction Montessori, Inc. and 8171.

Financial Condition and Management

Sections 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 of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Board of Directors
Cypress Junction Montessori, Inc.

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 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 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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Polk County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Tampa, Florida
September 8, 2021