
ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Island Village Montessori
Charter School, Inc.
Venice, Florida

Opinion

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Island Village Montessori Charter School, Inc. ("the School") (a nonprofit organization) a component unit of the District School Board of Sarasota County as of and for the year ended June 30, 2022 which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the school and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Island Village Montessori Charter School, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Island Village Montessori Charter School, Inc 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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, I:

- 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 Island Village Montessori Charter School, Inc '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 Island Village Montessori Charter School, Inc 's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 7 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 6, 2022

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Our discussion and analysis of Island Village Montessori Charter School, Inc.’s (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2022.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements, which begin on page 8.

For financial statement purposes the School is considered a component unit of the District School Board of Sarasota County, which is a primary government entity for financial reporting. The School used the option to present the governmental standards and fund statement on the same page. The Statement of Net Position and the Statement of Activities report provide information on the activities of the School. The fund financial statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School’s enrollment at the end of the fiscal year ended June 30, 2022 was 567 students. This was approximately the same as budgeted. The School expects to have an enrollment of 585 students for the school year 2022-2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when earned or incurred.

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 government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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.

**ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to Financial statements

The *Notes to the Financial Statements* 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 on pages 15-22 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. The School's assets exceeded liabilities by \$7,842,476 at June 30, 2022. This is an increase of \$809,495 over the prior year.

NET ASSETS

	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>
Current and Other Assets	\$ 2,050,608	\$ 4,626,282
Capital Assets	8,245,590	4,664,386
Total Assets	<u>\$ 10,296,198</u>	<u>9,290,668</u>
Long-Term Liabilities	1,485,108	1,766,799
Other Liabilities	968,614	490,888
Total Liabilities	<u>\$ 2,453,722</u>	<u>\$ 2,257,687</u>
Investment in Capital Assets	6,027,389	2,624,989
Unrestricted	1,815,087	4,407,992
Total Net Position	<u>\$ 7,842,476</u>	<u>\$ 7,032,981</u>

Revenues from governmental activities totaled \$6,091,966 for the year ended June 30, 2022. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 88.9% of total revenue compared to 99.2% in the prior year.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/22</u>	<u>% of Total</u> <u>6/30/22</u>	<u>6/30/21</u>	<u>% of Total</u> <u>6/30/21</u>
State Sources	\$ 5,713,951	87.1	\$ 5,681,961	95.1
Local Sources	608,270	9.3	180,140	3.0
Federal Sources	236,685	3.6	111,902	1.9
Total	\$ 6,558,906	100.0	\$ 5,974,003	100.0

Local revenue sources consist primarily of local capital improvement tax funds,

Changes in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/22</u>	<u>% of Total</u> <u>6/30/22</u>	<u>6/30/21</u>	<u>% of Total</u> <u>6/30/21</u>
Instruction	\$ 3,095,343	53.8	\$ 2,890,706	51.2
Instructional Support Services	141,559	2.5	149,067	2.6
School Administration	870,910	15.1	923,977	16.4
Fiscal Services	140,119	2.4	123,778	2.2
Transportation	323,100	5.6	290,449	5.1
Operation of Plant	679,178	11.8	638,884	11.3
Plant Maintenance	94,911	1.7	133,139	2.4
Interest on Long-Term Debt	53,272	0.9	88,553	1.6
Depreciation & Amortization	351,018	6.2	409,855	7.2
Total	\$ 5,749,410	100.0	\$ 5,648,408	100.0

BUDGETARY HIGHLIGHTS

Revenue was approximately \$455,000 more than budgeted because the school received an additional grant from the state of \$63,000 and had Employer Retention Credits (ERC) of \$360,476.

Overall expenditures were approximately \$175,783 less than budgeted primarily due to lower capital acquisition costs. Other costs were within 1-6% of budgetary amounts.

There was a balance in the General Fund of \$1,815,087 at June 30, 2022.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

DEBT ADMINISTRATION

Long Term Debt

On June 1, 2016 the original Industrial Development Revenue Bonds, Series 2007 were refunded to the City of Venice and the original note payable and two additional notes payable were paid off through the issuance of an Industrial Revenue Bond 2016. The new Revenue Bond is for \$3,850,000 and was purchased by Wells Fargo Bank. The balance outstanding on this loan at June 30, 2022 was \$1,559,080.

During 2016, a donor to the School financed the Performing Arts Center for \$881,815 with the understanding that \$250,000 would be paid back to him over a 30-year period. Interest and principal payments are \$1,000 per month and the note bears interest of 2.6% per annum. The balance of the note payable at June 30, 2022 was \$207,726.

Current Debt

The School also has a line of credit in the amount of \$400,000 with the Wells Fargo bank, which was fully paid off during the year ended June 30, 2022.

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2022 was \$4,664,386 (net of depreciation). The investment includes land and improvements, building, furniture, fixtures and equipment and vehicles. The following is a summary of capital assets balances at June 30, 2022:

Land and Improvements	\$ 254,022
Building	6,156,530
Construction in Progress	3,855,241
Furniture, Fixtures & Equipment	1,113,724
Computers	143,513
Vehicles	88,731
	<hr/>
	11,611,761
Less Accumulated Depreciation	3,366,171
	<hr/>
	\$ 8,245,590

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Administration believes that higher test scores will continue to be achieved because of investments in reading and math computer based programs.
- The Administration believes that the School will continue to progress and contribute to the educational needs of Sarasota County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Jennifer Ocana, Executive Director, at 2001 Pinebrook Road, Venice, Florida 34292.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
Governmental Fund Balance Sheet
June 30, 2022

	<u>Governmental Funds</u>
ASSETS	
Cash	\$1,437,657
Accounts Receivable	366,934
Other Current Assets	171,836
Mortgage Costs, Net	74,181
Total Assets	<u><u>\$2,050,608</u></u>
LIABILITIES	
Accounts Payable	58,906
Accrued Payroll and Benefits	162,977
Accrued Expenses	3,638
Other Liabilities	10,000
Total Liabilities	<u>235,521</u>
FUND BALANCE	
Nonspendable	171,836
Unassigned	1,643,251
Total Fund Balances	<u><u>1,815,087</u></u>
Total Liabilities and Fund Balance	<u><u>\$2,050,608</u></u>

The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
For the Year ended June 30, 2022

ASSETS	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
Cash and Cash Equivalents	1110	\$1,437,657		\$1,437,657
Accounts Receivable, Net	1130	366,934		366,934
Deferred Charges:				
Prepaid Items	1230	171,836		171,836
Mortgage Costs, net		74,181		74,181
Capital Assets:				
Land	1310	224,116		224,116
Land Improvements	1320	29,906		29,906
Less Accumulated Depreciation	1329	(3,719)		(3,719)
Buildings & Fixed Equipment	1330	10,011,771		10,011,771
Less Accumulated Depreciation	1339	(2,624,285)		(2,624,285)
Furniture, Fixtures and Equipment	1340	1,113,724		1,113,724
Less Accumulated Depreciation	1349	(664,281)		(664,281)
Computers	1360	143,513		143,513
Less Accumulated Depreciation	1369	(36,524)		(36,524)
Motor Vehicles	1350	88,731		88,731
Less Accumulated Depreciation	1359	(37,362)		(37,362)
Total Assets		10,296,198		10,296,198
LIABILITIES				
Salaries and Wages Payable	2110	162,977		162,977
Accrued Expenses	2210	3,638		3,638
Accounts Payable	2120	510,301		510,301
Current Notes Payable	2250	10,000		10,000
Noncurrent Liabilities:				
Portion Due Within One Year:		281,698		281,698
Portion Due After One year:				
Notes Payable	2310	1,485,108		1,485,108
Total Liabilities		2,453,722		2,453,722
NET POSITION				
Investment in Capital Assets		6,027,389		6,027,389
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		1,815,087		1,815,087
Total Net Position		7,842,476		7,842,476

The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2022

Fund Balance- Governmental Funds		\$1,815,087
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$11,611,761	
Less accumulated depreciation	<u>(3,366,171)</u>	
		8,245,590
<p>Long-Term Liabilities not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Notes Payable	(1,766,806)	
Construction payable	(451,395)	(2,218,201)
Net Position of Governmental activities		<u><u>\$7,842,476</u></u>

The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
Year ended June 30, 2022

	Governmental Funds	Special Revenue	Capital Outlay	Debt Service	Total
EXPENSES					
Instruction	\$ 3,083,201	\$ 12,142			\$ 3,095,343
Instructional Support Services	141,559				141,559
School Administration	870,910				870,910
Facilities Acquisition			3,480,828		3,480,828
Fiscal Services	140,119				140,119
Pupil Transportation	323,100				323,100
Operation of Plant	679,178				679,178
Maintenance of Plant	94,911				94,911
Debt Service				325,863	325,863
TOTAL EXPENSES	<u>5,332,978</u>	<u>12,142</u>	<u>3,480,828</u>	<u>325,863</u>	<u>9,151,811</u>
PROGRAM REVENUES					
Florida Education Finance Program (FEFP)	5,414,750				5,414,750
Capital Grants and Contributions			141,330		141,330
Capital Outlay			299,201		299,201
Total program revenues	<u>5,414,750</u>		<u>440,531</u>		<u>5,855,281</u>
GENERAL REVENUES:					
Other Federal Sources	224,543	12,142			236,685
Other State Sources					-
Other Local Sources	466,940				466,940
Total General Revenues	<u>691,483</u>	<u>12,142</u>			<u>703,625</u>
Excess of Revenues Over Expenses	773,255		(3,040,297)	(325,863)	(2,592,905)
Other Financing Sources (Uses)					
Sales Proceeds Fixed Assets					0
Transfers in			2,942,312	325,863	3,268,175
Transfers out	(3,268,175)				(3,268,175)
Fund Balances, beginning	4,310,007		97,985		4,407,992
Fund balances, end of year	<u>\$ 1,815,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,815,087</u>

The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction	\$ 3,095,343		\$ 236,685		\$ (2,858,658)
Instructional Support services	141,559				(141,559)
General Administration					-
School Administration	870,910				(870,910)
Fiscal Services	140,119				(140,119)
Transportation	323,100				(323,100)
Operation of Plant	679,178			299,201	(379,977)
Maintenance of Plant	94,911				(94,911)
Interest on Long Term Debt	53,272				(53,272)
Unallocated Depreciation Expense *	351,018				(351,018)
Total Governmental Activities	<u>5,749,410</u>		<u>236,685</u>	<u>299,201</u>	<u>(5,213,524)</u>
		General Revenues			
					141,330
					64
					5,414,750
					466,876
					<u>6,023,020</u>
					809,496
					7,032,981
					<u>\$ 7,842,476</u>

The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2022

	Governmental Funds			Special Revenue			Capital Outlay			Debt Service			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
EXPENDITURES:															
Instruction	\$ 3,063,380	\$ 3,083,201	\$19,821	\$13,000	\$12,142	(858.00)			\$ -				\$ 3,076,380	\$ 3,095,343	\$ 18,963
Instructional Support Services	130,231	141,559	11,328										130,231	141,559	11,328
School Administration	885,939	870,910	(15,029)										885,939	870,910	(15,029)
Facilities Acquisition	-	-					3,721,060	3,480,828	(240,232)				3,721,060	3,480,828	(240,232)
Fiscal Services	127,116	140,119	13,003										127,116	140,119	13,003
Pupil Transportation	326,100	323,100	(3,000)										326,100	323,100	(3,000)
Operation of Plant	636,638	679,178	42,540										636,638	679,178	42,540
Maintenance of Plant	96,473	94,911	(1,562)										96,473	94,911	(1,562)
Debt Service										327,727	325,863	(1,864)	327,727	325,863	(1,864)
Capital Outlay															
	<u>5,265,877</u>	<u>5,332,978</u>	<u>67,101</u>	<u>13,000</u>	<u>12,142</u>	<u>(858)</u>	<u>3,721,060</u>	<u>3,480,828</u>	<u>(240,232)</u>	<u>327,727</u>	<u>325,863</u>	<u>(1,864)</u>	<u>9,327,664</u>	<u>9,151,811</u>	<u>(175,853)</u>
PROGRAM REVENUES:															
Florida Education Finance Program	5,350,860	5,414,750	63,890										5,350,860	5,414,750	63,890
Capital Grants and Contributions							141,330	141,330	-				141,330	141,330	-
Capital Outlay							297,002	299,201	2,199				297,002	299,201	2,199
	<u>5,350,860</u>	<u>5,414,750</u>	<u>63,890</u>				<u>438,332</u>	<u>440,531</u>	<u>2,199</u>				<u>5,789,192</u>	<u>5,855,281</u>	<u>66,089</u>
GENERAL REVENUES:															
Other Federal Sources	171,246	224,543	53,297	13,000	12,142	(858)							184,246	236,685	52,439
Other State Sources		-	-										-	-	-
Other Local Sources	96,059	466,940	370,881										96,059	466,940	370,881
	<u>267,305</u>	<u>691,483</u>	<u>424,178</u>	<u>13,000</u>	<u>12,142</u>	<u>(858)</u>							<u>280,305</u>	<u>703,625</u>	<u>423,320</u>
Excess of Revenues Over Expenditures	<u>\$ 352,288</u>	<u>773,255</u>	<u>\$420,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(3,282,728)</u>	<u>(3,040,297)</u>	<u>\$ 242,431</u>	<u>(327,727)</u>	<u>(325,863)</u>	<u>1,864</u>	<u>\$(3,258,167)</u>	<u>(2,592,905)</u>	<u>\$313,556</u>
Other Financing Sources (Uses)															
Transfers in								2,942,312			325,863			3,268,175	
Transfers out		(3,268,175)												(3,268,175)	
Fund Balance, Beginning of Year		4,310,007						97,985						4,407,992	
Fund Balance, End of Year		<u>\$ 1,815,087</u>			<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>			<u>\$1,815,087</u>	

The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2022

Net Changes in Fund Balances- Governmental Funds (\$2,592,905)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for Capital Assets	\$3,480,828	
Less Current Year Depreciation	(351,018)	
		3,129,810

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Payments of Notes Payable	272,591	
		272,591

Change in Net Position of Governmental Activities		\$809,496
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The accompanying notes are an integral part of this statement

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Island Village Montessori Charter School, Inc. (“the School”) was established as a nonprofit organization in January 2001 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (the Contract) with the School District of Sarasota County, Florida. Under the Contract the School provides a Montessori education to children from Kindergarten through eighth grade. For financial statement purposes the School is considered a component unit of the School District of Sarasota County which is a primary government entity for financial reporting.

The School District of Sarasota County received 2% of the Florida Education Finance Program (FEFP) revenue as an administrative fee for the first 250 students. The Contract is effective through June 2025. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School is a tax exempt organization under 501(C) (3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general fund. There are no other major funds. In the Statement of Net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Debt Service Fund – accounts for principal and interest payments on long-term liabilities.

Capital Outlay Fund – accounts for funds used to upgrade, acquire or improve capital assets.

Basis of Accounting

Basic of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, the unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus (Cont'd.)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash and deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

Fair Value Measurements

The Fair Value Measurement Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value within accounting principles generally accepted in the United States of America. The Organization's financial Assets, measured at fair value, include cash that is valued according to level 1, which is the highest level of measurement.

Contributed Services

The School does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services, and capital outlay).

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	25 Years
Buildings	20-50 Years
Furniture, Fixtures and Equipment	5-10 Years
Motor Vehicle	5 Years

Debt Issuance Costs

Bond Issue and loan costs are deferred and amortized over the life of the Bonds using the straight-line method which approximates the interest method.

Program Revenue

Revenues for operations are received primarily from the School District of Sarasota County pursuant to the funding provisions included in the School’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Sarasota County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds.

General Revenue

These revenue funds include federal grants, state revenue other than Florida Education Finance Program revenue and local source revenue including capital improvement and fundraising.

**ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was a nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the School’s Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balance followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School’s Board of Directors can deviate from this policy if it is in the best interest of the School.

Interfund transfers were made through the general fund for capital assets acquisitions of \$2,942,312 and to fund debt service requirements of \$325,863.

NOTE 2 - ACCOUNTS RECEIVABLE

The school has applied for Employer Retention Credits (ERC) in the amount of \$360,476 which has been recorded as revenue and accounts receivable in the financial statements as of June 30, 2022. The Employee Retention Tax Credit (ERC) is a refundable tax credit designed to reward business owners for retaining employees throughout the COVID-19 pandemic. The Employee Retention Credit was signed into law on March 27, 2020, as part of the CARES Act.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, were as follows:

	Balance <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>Ending</u>
Land	\$ 224,116	\$ -	\$ -	\$ 224,116
Land Improvements	6,280	23,626		29,906
Buildings	6,156,530			6,156,530
Const. in Progress	185,187	3,670,054		3,855,241
Furniture, Fixtures Equipment and computers	1,066,293	190,944		1,257,237
Motor Vehicle	41,133	47,598	-	88,731
	<u>7,679,539</u>	<u>3,932,222</u>	<u>-</u>	<u>11,611,761</u>
Less Accumulated Depreciation	3,015,153	351,018	-	3,366,171
CAPITAL ASSETS	<u>\$ 4,664,386</u>	<u>\$ 3,581,144</u>	<u>\$ -</u>	<u>\$ 8,245,590</u>

Depreciation expense of \$351,018 was charged to administrative and general expenses during the year ended June 30, 2021.

Beginning balances were adjusted to reflect actual amounts for the prior year.

NOTE 4 – LONG TERM LIABILITIES

Long Term liability activity for the year ended June 30, 2022, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within One <u>Year</u>
Note–Wells Fargo	1,825,164	-	266,084	1,559,080	275,020
Note–Jack Urfer	214,233	-	6,507	207,726	6,678
Note–PPP	-	-		-	-
LOC–Wells Fargo	-	-		-	-
EIDL	10,000	-	-	10,000	-
	<u>\$ 4,522,644</u>	<u>\$ -</u>	<u>\$ 272,591</u>	<u>\$ 1,776,806</u>	<u>\$ 281,698</u>

**ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 – LONG TERM LIABILITIES (cont’d)

Debt Maturity

Debt service requirements at June 30, 2022 were as follows:

YEAR ENDED JUNE 30	<u>PRINCIPAL</u>	<u>INTEREST</u>
2023	281,698	46,029
2024	289,698	38,029
2025	298,099	29,628
2026	306,656	21,072
2027	315,213	12,565
2028-2045	285,442	34,232
	<u>\$ 1,776,806</u>	<u>\$ 246,153</u>

Industrial Revenue Bonds

On June 1, 2016, the City of Venice issued Industrial Revenue Bonds in the amount of \$3,850,000 Island Village Montessori Charter School, Inc. Project 2016 to enable the school to do the following:

- Refund the City of Venice’s outstanding Industrial Development Revenue Bonds, Series 2007.
- Refinance the School’s obligations under two promissory notes dated May 21, 2012 and March 5, 2013 held by Branch Banking and Trust Company.
- Pay certain costs of issuance of the Series 2016 Bonds.

The Bonds were purchased by Wells Fargo Bank. The school has a promissory note with the bank in the amount of \$3,850,000. Monthly Principal and interest payments are to be made on this loan commencing on August 1, 2016. Debt service payments are \$26,311 and the note bears interest at 2.8% per annum. The note matures on July 1, 2031 and is collateralized by the school property. The balance on this note at June 30, 2022 was \$1,559,080. The school sold its Sarasota Campus in June 2021. At the time of sale, the school repaid the portion of the remaining principal amount related to the refinance of the Sarasota campus debt totaling \$940,250. The monthly debt service payments remain the same and therefore, the anticipated pay off date is October 1, 2027.

Notes Payable

During 2016, the School received a donation of \$881,815, which was used for the construction of a performing arts center. The School has to pay back \$250,000 of these funds to the benefactor and has entered into a promissory note for the same amount. The School pays \$1,000 per month and the note bears interest at 2.6% per annum. The note matures on September 20, 2045. The balance of this note payable at June 30, 2022 was \$207,726.

ISLAND VILLAGE MONTESSORI CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – LONG TERM LIABILITIES (cont'd)

During 2020, the School was granted a loan from First Home Bank in the aggregate amount of \$893,064, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a Note dated May 14, 2020 issued by First Home Bank matured on May 14, 2022 and bore an interest rate of 1% per annum. Under the terms of the PPP, certain amounts could be forgiven if they were used for qualifying expenses. The School used the entire Loan amount for qualifying expenses and its PPP loan was fully forgiven in May 2021.

Line of Credit

The School has a line of credit in the amount of \$400,000 with Wells Fargo bank, which was fully paid off during the year ended June 30, 2022. The line of credit bears interest at 3.5% per annum.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last seven years reveals that settled claims have not exceeded insurance coverage.

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 6 – RETIREMENT PLAN

The School established a 401(k) plan effective October 1, 2015 that features a 3% safe harbor match of employee contributions. The employees may elect to defer amounts according to the maximum allowed under Federal guidelines. For the year ended June 30, 2022, the 3% safe harbor matching payment was \$73,998. Retirement plan expenses are accounted for through the general fund.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 6, 2022. Management’s evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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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 Members of Island Village Montessori
Charter School, Inc.
Venice, Florida

I have audited the financial statements of the Island Village Montessori Charter School, Inc., (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2022, and have issued my report thereon dated September 6, 2022. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above

**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 (Continued)**

To the Board Members of Island Village Montessori
Charter School, Inc.
Venice, Florida
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board Members, Management, others within the School and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 6, 2022

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board Members of Island Village Montessori
Charter School, Inc.
Venice, Florida

Report on the Financial Statements

I have audited the financial statements of the Island Village Montessori Charter School, Inc., Florida, as of and for the fiscal year ended June 30, 2022, and have issued my report thereon dated September 6, 2022.

Auditor's Responsibility

I conducted my 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 Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I 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. The official title of the entity is Island Village Montessori Charter School, Inc.

MANAGEMENT LETTER (Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that I report the results of my determination as to whether or not the Island Village Montessori Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Island Village Montessori Charter School, Inc. 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, I applied financial condition assessment procedures for the Island Village Montessori Charter School, Inc. It is management's responsibility to monitor the Island Village Montessori Charter School, Inc.'s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Island Village Montessori Charter School, Inc.'s financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General require that I report the results of my determination as to whether the Island Village Montessori Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Island Village Montessori Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address 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 my audit, I did not have any such findings.

Purpose of this Letter

My 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 School District of Sarasota County and is not intended to be and should not be used by anyone other than these specified parties.



Mark Escoffery, P.A.
September 6, 2022