



**A Charter School of the District
School Board of Polk County, Florida**

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

June 30, 2022

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

TABLE OF CONTENTS

June 30, 2022

FINANCIAL SECTION

Independent Auditor’s Report..... 1-3

Management’s Discussion and Analysis..... 4-9

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position..... 10

Statement of Activities..... 11

Fund Financial Statements

Balance Sheet – Governmental Funds..... 12

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of
Net Position..... 13

Statement of Revenues, Expenditures, and Change in Fund Balance –
Governmental Funds..... 14

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund
Balance – Governmental Funds to the Statement of Activities..... 15

Notes to Financial Statements..... 16-27

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund..... 28

OTHER REPORTS

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards..... 29-30

Management Letter..... 31-32



(This page intentionally left blank)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lakeland Montessori Schoolhouse, Inc.

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Montessori Schoolhouse, Inc., (the "School"), a charter school and component unit of the School District of Polk County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lakeland Montessori Schoolhouse, Inc., as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT
(cont...)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule – general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

INDEPENDENT AUDITOR'S REPORT
(concluded)

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 21, 2022 on our consideration of Lakeland Montessori Schoolhouse, Inc.'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 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 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 Lakeland Montessori Schoolhouse, Inc.'s internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
September 21, 2022

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The management’s discussion and analysis (MD&A) provides an overview of Lakeland Montessori Schoolhouse, Inc.’s (“School”) activities for the year ended June 30, 2022 and should be read in conjunction with the financial statements and the notes thereto.

The MD&A, and the financial statements and notes thereto, are the responsibility of School management.

FINANCIAL HIGHLIGHTS

- Net position represents the residual interest in the School’s assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The School’s net position at June 30, 2022 totaled \$2,991,896 or 213% of 2021-22 expenses compared to the June 30, 2021 total of \$2,648,886 or 209% of 2020-21 expenses.
- For the year ended June 30, 2022, the School’s total net position increased by \$343,010 compared to an increase of \$388,897 for the prior year.
- As of the close of the current fiscal year, the School’s general fund reported ending fund balance of \$2,296,813, an increase of \$135,332 in comparison with the prior year.
- At the close of the current fiscal year, the School’s general fund reported ending unassigned and assigned fund balance of \$2,294,585 which represents 163% of the total expenditures for the year ended June 30, 2022. Unassigned and assigned fund balance at the end of the previous year totaled \$2,159,253 which represented 173% of total expenditures for the year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the management’s discussion and analysis, the independent auditor’s report and the basic financial statements of the School as well as required supplementary information. The financial statements also include notes that explain in more detail some of the information found in the financial statements. The basic financial statements include two kinds of statements that present different views of the School.

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School’s overall financial status. These statements report information about the School as a whole and about its activities in a manner that helps answer the question, “Is Lakeland Montessori Schoolhouse, Inc. better off or worse off as a result of the year’s activities?” These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector corporations. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

The *statement of net position* presents all of the School’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual measure reported as “net position”. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating. The reader will need to consider other non-financial factors such as the current tax laws, student enrollment growth or decline, and facility conditions in arriving at their conclusion regarding the overall health of the School.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The remaining statements are the fund financial statements that focus on individual parts of the School's operation in more detail than the government-wide 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.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation of governmental fund(s) to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the School's most significant funds. The School operates one fund, a general fund to account for its general operations and internal account activities. For reporting purposes, the general fund is the only major fund of the School.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the general fund to demonstrate compliance with the budget.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Statement of Net Position (Summary)			
	Governmental Activities			
	June 30, 2022	June 30, 2021	Change	% Change
Assets:				
Current and other assets	\$ 2,627,023	\$ 2,364,123	\$ 262,900	11%
Capital assets, net	1,206,651	1,260,492	(53,841)	-4%
Total assets	3,833,674	3,624,615	209,059	6%
Liabilities:				
Current liabilities	282,025	202,642	79,383	39%
Long-term liabilities	559,753	773,087	(213,334)	-28%
Total liabilities	841,778	975,729	(133,951)	-14%
Net position:				
Net investment in capital assets	672,653	700,386	(27,733)	-4%
Unrestricted	2,319,243	1,948,500	370,743	19%
Total net position	\$ 2,991,896	\$ 2,648,886	\$ 343,010	13%

Of the two components of the School's net position, the largest portion is the unrestricted portion and the remaining portion of net position reflects the School's net investment in capital assets. The School uses these capital assets to provide services to students, so these assets are not available for future spending. The School's net investment in capital assets totaled \$672,653 as of June 30, 2022.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The School's net position was \$2,991,896 at the close of the current fiscal year. As of June 30, 2022, unrestricted net position is approximately 78% of the total net position (74% at the end of the prior year) and the School's investment in capital assets makes up the remaining 22% (26% at the end of the prior year).

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida***MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2022**

The key elements of the changes in the School's net position for the fiscal year ended June 30, 2022 and 2021 are as follows.

	Governmental Activities			
	For the year ended			
	June 30, 2022	June 30, 2021	Change	% Change
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 536,858	\$ 646,082	\$ (109,224)	-17%
Operating grants and contributions	246,942	142,984	103,958	73%
<i>General revenues:</i>				
State and local sources passed through local school district	797,692	868,691	(70,999)	-8%
Grants and contributions not restricted to specific programs	157,681	-	157,681	- - - -
Other general revenues	11,396	1,538	9,858	641%
Total revenues	1,750,569	1,659,295	91,274	6%
Expenses:				
Instruction	764,823	599,756	165,067	28%
Student support services	10,491	5,507	4,984	91%
Instructional staff training services	18,413	6,701	11,712	175%
Governing board	12,501	10,460	2,041	20%
School administration	291,340	355,912	(64,572)	-18%
Central services	16,254	17,387	(1,133)	-7%
Operation of plant	254,506	233,974	20,532	9%
Interest on long-term debt	39,231	40,701	(1,470)	-4%
Total expenses	1,407,559	1,270,398	137,161	11%
Change in Net Position	\$ 343,010	\$ 388,897	\$ (45,887)	

Governmental activities' change in net position for 2022 was an increase of \$343,010 as compared to an increase of \$388,897 in the prior year.

- Total revenue increased by \$91,274 mainly due to the following:
 - \$157,681 of Paycheck Protection Program (PPP) loan forgiveness reported as a grant revenue in 2022 totaling \$157,681 that was not reported in the prior year.
 - The above nonrecurring grant revenue was partially offset by declines in charges for services due lower prekindergarten tuition charges due to decreased attendance as well as decreased state and local sources passed through the local district as the number of students included within the State funding calculation declined in 2022.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2022

- Total expenses increased by \$137,161 (11%) mainly due to the following:
 - \$165,067 or 28% increase in instructional expenses due to increased personnel costs and a return to taking instructional fieldtrips in 2022.
 - The instructional expenses above were partially offset by a \$64,572 (18%) decline in school administration expenses due to the return to a normal work schedule by the administrative staff members which had been strained because of COVID-19 mitigation protocols.

The largest revenue source for the School are the state and local funds received through the School District of Polk County, Florida (59% of total revenue in 2022 and 58% in 2021). Revenues from these state and local sources are primarily provided through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

Governmental Funds – As of June 30, 2022, the School’s general fund reported a positive fund balance of \$2,296,813 or 163% of 2021-22 general fund expenditures. As of June 30, 2021, the School’s general fund reported a positive fund balance of \$2,158,418 or 172% of 2020-21 general fund expenditures.

The main reason for the improvement is due to a 7% decrease in total revenue and an 13% increase in expenditures. The main reasons for the change in revenue and change in expenditures can be found in the governmental activities section of this management’s discussion and analysis.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2022, was developed based on the School’s anticipated revenues and expenditures and the expected student population for the school year. For the year ended June 30, 2022, actual budgetary inflows were \$84,817 less than the final budgeted amount and actual outflows were \$32,532 less than budgeted appropriations resulting in an overall unfavorable budget variance of \$52,285.

The budget was amended by increasing budgeted inflows by \$278,490 and increasing budgeted outflows by \$130,832.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: On June 30, 2022, the School had \$1,702,367 in capital assets, less accumulated depreciation of \$495,716 for net capital assets of \$1,206,651. Depreciation charges for the current fiscal year totaled \$61,331. More information about the School’s capital assets is presented in the notes to financial statements.

Debt: On June 30, 2022, the School had \$559,753 of long-term liabilities. More information about the School’s long-term liabilities is presented in the notes to financial statements.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The budget is initially adopted by June of the prior year based on a conservative estimate of enrollment and estimated per pupil revenue from the state. This enrollment is based on the number of expected returning students and the number of students in the waiting pool for available spaces.

The School has estimated enrollment in the K-6 program for the 2022-2023 school year at 110 students compared to an actual average enrollment of 114 during the 2021-2022 School year. The School expects enrollment in the prekindergarten program to increase to 52 from the 2021-2022 enrollment of 44.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Lakeland Montessori Schoolhouse's administrative offices at 1124 North Lake Parker Avenue, Lakeland, Florida 33805.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida*

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,532,911
Receivables, current:	
Intergovernmental	67,835
Due from Montessori Middle School, Inc.	24,049
Security deposits	2,228
Capital assets:	
Non-depreciable	306,000
Depreciable, net	900,651
TOTAL ASSETS	3,833,674
LIABILITIES	
Accounts payable and accrued wages	198,101
Unearned revenue	83,924
Long-term liabilities:	
Due within one year	28,590
Due in more than one year	531,163
TOTAL LIABILITIES	841,778
NET POSITION	
Net investment in capital assets	672,653
Unrestricted	2,319,243
TOTAL NET POSITION	\$ 2,991,896

The accompanying notes are an integral part of these statements

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
Instruction	\$ 764,823	\$ 487,128	\$ 179,093	\$ -	\$ (98,602)
Student support services	10,491	-	-	-	(10,491)
Instructional staff training services	18,413	-	7,492	-	(10,921)
Governing board	12,501	-	-	-	(12,501)
School administration	291,340	49,730	-	-	(241,610)
Central services	16,254	-	-	-	(16,254)
Operation of plant	254,506	-	-	-	(254,506)
Interest on long-term debt	39,231	-	60,357	-	21,126
Total governmental activities	\$ 1,407,559	\$ 536,858	\$ 246,942	\$ -	(623,759)
GENERAL REVENUES:					
					797,692
					1,896
					157,681
					9,500
					<u>966,769</u>
CHANGE IN NET POSITION					343,010
NET POSITION, beginning of year					<u>2,648,886</u>
NET POSITION, end of year					<u>\$ 2,991,896</u>

The accompanying notes are an integral part of these statements

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida***BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,532,911
Receivables, current:	
Intergovernmental	67,835
Due from Montessori Middle School, Inc.	24,049
Security deposits	2,228
TOTAL ASSETS	\$ 2,627,023
LIABILITIES	
Accounts payable and accrued wages	\$ 198,101
Unearned revenue	83,924
TOTAL LIABILITIES	282,025
DEFERRED INFLOW OF RESOURCES	
Unavailable grant revenue	48,185
TOTAL DEFERRED INFLOWS OF RESOURCES	48,185
FUND BALANCE	
Nonspendable:	
Security deposits	2,228
Unassigned	2,294,585
TOTAL FUND BALANCE	2,296,813
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 2,627,023

The accompanying notes are an integral part of these statements

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

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

June 30, 2022

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,296,813
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	1,206,651
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund. Unavailable revenue	48,185
Long-term liabilities, (including accumulated compensated absences) are not due and payable in the current period and therefore they are not reported in the governmental funds.	(559,753)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,991,896</u></u>

The accompanying notes are an integral part of these statements

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida*STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
For the year ended June 30, 2022

	General Fund
REVENUES:	
State and local sources:	
State and local sources passed through local school district	\$ 859,558
Pre kindergarten fees	487,128
Contributions and other local sources	144,553
Total state and local sources	<u>1,491,239</u>
Federal sources:	
Federal sources passed through local school district	53,464
Total federal sources	<u>53,464</u>
Total revenues	<u>1,544,703</u>
EXPENDITURES:	
Current:	
Instruction	763,093
Student support services	10,491
Instructional staff training services	18,413
Governing board	12,501
School administration	290,983
Central services	16,254
Operation of plant	197,737
Capital outlay	7,490
Debt service:	
Interest	39,230
Principal	53,179
Total expenditures	<u>1,409,371</u>
NET CHANGE IN FUND BALANCE	135,332
FUND BALANCE, beginning of year	<u>2,161,481</u>
FUND BALANCE, end of year	<u><u>\$ 2,296,813</u></u>

The accompanying notes are an integral part of these statements

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2022**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 135,332

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of these assets are allocated over
their estimated useful lives and reported as depreciation expense.

This is the amount of capital assets recorded in the current period. 7,490

This is the amount of depreciation expense recorded in the current period. (61,331)

Revenue not received within the "availability" period are not reported as revenues at
the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion 48,185

Repayment of the principal of long-term debt is an expenditures in governmental
funds, but the repayment reduces long-term liabilities in the government-wide
statement of net position.

This is the amount of long-term debt repayments. 53,179

This is the amount of loan forgiveness during the year. 157,681

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.

This is the change in accrued compensated absences during the year. 2,474

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 343,010

The accompanying notes are an integral part of these statements

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Lakeland Montessori Schoolhouse (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes on April 9, 2001. The governing body of the School is a Board of Directors comprised of not less than 3 or more than 7 members elected by the existing Board members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School District of Polk County, Florida (the "District") and, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units. The School is reported as a discretely presented component unit of the District. The original charter became effective on July 1, 2004 and has been extended through June 30, 2029. During the term of the charter, the District may terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert to the District.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based upon these criteria, no component units are included within the reporting entity of the School.

BASIS OF PRESENTATION

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, the basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements include nonfiduciary financial activity of the school. Both statements report only governmental activities as the School does not engage in any business type activities.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

BASIS OF PRESENTATION (cont...)

Fund Financial Statements - The fund financial statements provide detailed information about the School's most significant funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The financial transactions of the School are recorded in a single governmental "general" fund. There are no other governmental funds. Because the focus of governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows.

Imposed nonexchange resources are reported as deferred inflows if received before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions (donations and grants) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state or other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recognized only when payment is due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

CASH AND CASH EQUIVALENTS

The financial statement caption "cash and cash equivalents" includes all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less).

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

RECEIVABLES

Consist primarily of amounts due from other governments. All receivables are deemed collectible, and no allowance for uncollectible accounts is considered necessary.

INVENTORIES

Supplies inventory is immaterial and such items are charged to expense when purchased.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

COMPENSATED ABSENCES

Employees are allowed 10 paid days of leave per contract year which commences on July 1 and ends on June 30. The employees are given 3 days on the first day of the contract year and accumulate 1 day of leave for each month of employment thereafter, not to exceed 10 days in a contract year. The School will provide pay for accumulated leave time upon termination based upon the set rate in the individual employee contracts. The liability for these compensated absences is recorded as long-term in the government-wide statement of net position and not reported in the fund level balance sheet because the liability is generally not payable from expendable available financial resources.

CAPITAL ASSETS

In the government-wide statements, capital assets include buildings and furniture and equipment. Capital assets are defined as personal or real property or improvements with an individual cost of \$1,000 or more and that is either titled in the School's name or for which the School has the continuing responsibility for maintenance. Such assets are recorded at historical cost and reported net of accumulated depreciation. Donated assets are recorded at acquisition value as of the date received. Other costs incurred for repairs and maintenance are expensed as incurred.

In the fund financial statements, capital assets used in governmental fund operations are accounted as capital outlay expenditures of the governmental fund upon acquisition.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

CAPITAL ASSETS (concluded)

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

	Years
Buildings	25
Furniture and equipment	3-10

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ significantly from those estimates.

INCOME TAXES

The School is generally exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code and applicable state law. Therefore, no provisions for income taxes have been made in the accompanying financial statements.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School files Form 990 in the U.S. Federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service for years endings before June 30, 2019.

REVENUE SOURCES

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE 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. The District receives a 2% administrative fee from the School, which is reflected as a central services expense / expenditure in the accompanying statement of activities and statement of revenues, expenditures and change in fund balance.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

REVENUE SOURCES (concluded)

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollments during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unspent portion is reflected as restricted net position and fund balance in the accompanying statements of net position and balance sheet - governmental fund, respectively. As of June 30, 2022, the School had no unspent capital outlay funds.

EQUITY CLASSIFICATIONS

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- a) *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b) *Restricted net position* - Consists of net position with constraints placed in its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* - Consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position are available for use, it is the School's policy to use restricted net position first, then unrestricted net position as they are needed.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. The following classifications describe the relative strength of the spending constraints:

- a) *Nonspendable* - amounts that are not in spendable form (such as prepaid items and deposits) or are legally required to be maintained intact. The School reported nonspendable fund balance amounts at June 30, 2022.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

EQUITY CLASSIFICATIONS (concluded)

- b) *Restricted* - amounts constrained to specific purposes by external purposes by external providers or imposed by law through constitutional provisions or by enabling legislation. The School had no restricted fund balance amounts at June 30, 2022.
- c) *Committed* - amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision-making authority (the School's Board of Directors) through resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School's Board of Directors takes the same highest-level action (a resolution) to remove or change the constraint. The School had no committed fund balance amounts at June 30, 2022.
- d) *Assigned* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the principal or by an official or body which the Board of Directors have delegated the authority. The School had no assigned fund balance amounts at June 30, 2022.
- e) *Unassigned* - includes residual positive fund balance which has not been classified within the other above-mentioned categories.

The details of the fund balances are included in the governmental funds balance sheet. The School uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. The details of the fund balances are included in the governmental fund balance sheet.

NOTE 2 - BUDGETARY LAW AND PRACTICE

The budget is adopted by the School's Board of Directors on or before July 1 of each year by motion in the minutes. All budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments. The budgetary basis differs from the basis used for financial reporting purposes in that it includes an allowance for depreciation and excludes principal payments on long term debt.

NOTE 3 – DEPOSITS AND INVESTMENTS

The captions on the government-wide statement of net position for "cash and cash equivalents" is comprised solely of deposits in qualified public depository banking institutions. All deposits are insured by federal depository insurance and, are collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

The types of investments in which the School may invest are governed by Section 218.415(17), Florida Statutes. The School has not adopted a formal investment policy, nor have they adopted a formal policy to address investment related risks. There were no investment securities maintained during the year.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida***NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 306,000	\$ -	\$ -	\$ 306,000
Total capital assets, not being depreciated	306,000	-	-	306,000
Capital assets, being depreciated:				
Building	1,327,672	-	-	1,327,672
Furniture and equipment	61,205	7,490	-	68,695
Total capital assets, being depreciated	1,388,877	7,490	-	1,396,367
Less accumulated depreciation for:				
Building	(398,191)	(53,107)	-	(451,298)
Furniture and equipment	(36,194)	(8,224)	-	(44,418)
Total accumulated depreciation	(434,385)	(61,331)	-	(495,716)
Total capital assets being depreciated, net	954,492	(53,841)	-	900,651
Governmental activities capital assets, net	<u>\$ 1,260,492</u>	<u>\$ (53,841)</u>	<u>\$ -</u>	<u>\$ 1,206,651</u>

Depreciation expense was charged to the following programs and functions:

<u>Governmental Activities:</u>	
Instruction	\$ 3,629
School administration	933
Operation of plant	56,769
Total depreciation expense - governmental activities	<u>\$ 61,331</u>

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida***NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term debt:					
Installment note A	\$ 560,106	\$ -	\$ (26,108)	\$ 533,998	\$ 28,590
Paycheck Protection Program Loan	184,752	-	(184,752)	-	-
Total long-term debt	<u>744,858</u>	-	<u>(210,860)</u>	<u>533,998</u>	<u>28,590</u>
Other liabilities:					
Compensated absences	28,229	-	(2,474)	25,755	-
Total other liabilities	<u>28,229</u>	-	<u>(2,474)</u>	<u>25,755</u>	-
Total long-term liabilities	<u>\$ 773,087</u>	<u>\$ -</u>	<u>\$(213,334)</u>	559,753	<u>\$ 28,590</u>
Less amounts due in one year				<u>(28,590)</u>	
Net long-term liabilities due after one year				<u>\$ 531,163</u>	

Notes to Long-Term Obligations Table

All the School's long-term debt arose through direct borrowings or direct placements.

Installment Note A - The installment note bears interest at 7.0% with monthly principal and interest payments of \$5,419 continuing to maturity in 2034. The note was used to finance the purchase and renovation of the school facilities and is secured by a lien on the land and the building.

Paycheck Protection Program Loan – This is a loan advance received in the current year under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP). The PPP loan was partially forgiven on July 1, 2021 and is reported as a long-term liability as of June 30, 2021 in the accompanying financial statements. Any unforgiven amount will carry an interest rate of 1% and is due to be paid back within two years. Payments are deferred for the first ten months after the 24-week loan forgiveness period and there is no pre-payment penalty.

Effective on July 1, 2021, the SBA approved the School's loan forgiveness application and paid off \$157,681 of the loan advance. The School paid off the residual balance due on the PPP loan advance on July 22, 2021 in the amount of \$27,071.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS (concluded)

Remedies in the Event of Default – The School’s debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- **Installment Note A** – The lender may declare all principal and accrued interest to be due and payable, take possession of the collateral, remove from the School all books, records, ledgers, correspondence, invoices and documents related to any collateral and during the continuance of an event of default, interest on the principal amount will accrue at 12% until the principal amount and accrued interest is paid in full or the lender waives the event of default.

Maturities: The table below reports the annual requirements to pay all long-term notes payable as of June 30, 2022:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 28,590	\$ 36,435
2024	30,656	34,369
2025	32,873	32,152
2026	35,249	29,776
2027	37,797	27,228
2028-2032	234,142	90,983
2033-2037	134,691	11,156
Total	<u>\$ 533,998</u>	<u>\$ 262,099</u>

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 6 - RISK MANAGEMENT

Commercial insurance protection with normal deductibles, including general liability, property and workers compensation, is in place to limit the School's exposure from losses arising from theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There has been no significant reduction in coverages, nor have settlement amounts exceeded the School's coverages during the year ended June 30, 2022 or the previous two years.

In the normal course of conducting operations, the School may become party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on financial operations. As of June 30, 2022, management was not aware of any legal actions or proceedings pending against the school.

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES

The School may from time to time participate in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with public funds provided to the School through the District will automatically revert to full ownership of the District upon the non-renewal or termination of the charter agreement.

NOTE 8 – DEFINED CONTRIBUTION PLAN

The School uses a leasing company for employment of its staff. As part of the agreement with the staff, the School has adopted an Internal Revenue Code Section 403(b) defined contribution pension plan covering all non-substitute employees who are over 21 years of age and who have completed one-year service. An employee is deemed to have completed one year of service after they have worked one thousand hours. The plan is administered by the School with the assistance of Massachusetts Mutual Life Insurance Company and the assets of the plan are not considered part of the School's reporting entity. Benefits are 100% vested after completion of the third year of service. Participation is mandatory, and the employee may elect to contribute up to the maximum allowable under the Internal Revenue Code. School contributions are discretionary and are set annually by the School's board of directors. For the current fiscal year, the contribution rate was 10.82% and totaled \$72,333 which is accrued as a liability as of June 30, 2022.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.*A Charter School and Component Unit of the School District of Polk County, Florida***NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE 9 - CONCENTRATION OF REVENUE SOURCES

The School's principal source of revenues is from the State of Florida passed through the District, which provided approximately 59% of total revenue for the year ended June 30, 2022. The following is a schedule of revenue sources and amounts for the year ended June 30, 2022.

<u>Sources</u>	<u>Amount</u>
School District of Polk County, Florida	
Base funding and supplemental academic instruction	\$ 556,788
Class size reduction	113,549
Capital outlay	60,357
Elementary and Secondary School Emergency Relief Fund	40,880
Discretionary local effort	35,325
Discretionary millage	34,388
Teacher salary increase allocation	24,342
Instructional materials allocation	9,639
Federal Title II grant revenue	7,492
Additional allocation	6,568
Safe schools	5,971
Compression allocation	5,368
Federal IDEA grant revenue	5,092
Reading allocation	4,615
Teacher supply program	2,520
Digital classroom allocation	129
Total revenue through the School District of Polk County, Florida	913,023
Other revenue:	
Pre-kindergarten tuition fees	487,128
Other local sources	80,110
Parent support contributions	32,815
Field trip fees	18,765
Summer program fees	10,966
Interest revenue	1,896
Total revenue	\$ 1,544,703

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 10 – RELATED PARTY

The School is related to Montessori Middle School, Inc. ("MMS"), a charter school and component unit of the District, through common board members. During the 2021-2022 school year, MMS paid the School \$14,164 pursuant to a cost sharing arrangement for administrative services provided by the School's Director of Finance and Strategic Planning. During the 2021-2022 school year, MMS used space at the School for classroom and other educational support space and in return paid the School \$35,566 as a cost sharing payment that was determined by the Board of Directors during the budgetary process.

The School leases personnel from an unrelated professional employer organization. The leased personnel include those who provide services to the School and those who provide services to MMS. Personnel costs of those who provide services to MMS are recorded as expenditures in the MMS financial statements as the costs are incurred and totaled \$128,835 for the year ended June 30, 2022. The School is reimbursed for these costs by MMS typically on a monthly basis.

As of June 30, 2022, MMS owed the School \$24,049. This amount is reported as a separate component on the statement of net position and balance sheet.

REQUIRED SUPPLEMENTARY INFORMATION

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the School District of Polk County, Florida

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
RESOURCES (inflows):				
State and local sources:				
State and local sources passed through local school district	\$ 838,448	\$ 860,020	\$ 859,558	\$ (462)
Pre kindergarten and aftercare fees	462,417	521,500	487,128	(34,372)
Contributions and other local sources	50,165	142,000	144,553	2,553
Total state and local sources	1,351,030	1,523,520	1,491,239	(32,281)
Federal sources:				
Federal sources passed through local school district	-	106,000	53,464	(52,536)
Total federal sources	-	106,000	53,464	(52,536)
Total resources (inflows)	1,351,030	1,629,520	1,544,703	(84,817)
CHARGES TO APPROPRIATIONS (outflows):				
Current:				
Instruction	765,499	771,610	771,738	(128)
Student support services	3,300	10,600	10,491	109
Instructional staff training services	16,611	18,700	18,413	287
Governing board	14,913	13,600	12,501	1,099
School administration	273,224	294,200	291,916	2,284
Central services	15,609	16,300	16,254	46
Operation of plant	162,565	256,270	254,506	1,764
Debt service	65,028	66,301	39,230	27,071
Total charges to appropriations (outflows)	1,316,749	1,447,581	1,415,049	32,532
EXCESS (DEFICIENCY) OF RESOURCES OVER				
CHARGES TO APPROPRIATIONS	34,281	181,939	\$ 129,654	\$ (52,285)
Budgeted excess inflows	(34,281)	(181,939)		
NET CHANGE IN FUND BALANCE	\$ -	\$ -		

Explanation of Differences between Budgetary Outflows and GAAP Expenditures

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,415,049
Differences - budget to GAAP:	
The change in the compensated absences liability is budgeted as an outflow	2,474
Depreciation expense is budgeted as an outflow	(61,331)
Principal payment debt service is budgeted as a reduction in long-term liabilities	53,179
Total expenditures as reported on the statement of revenues, expenditures and change in fund balance	\$ 1,409,371

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Lakeland Montessori Schoolhouse, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lakeland Montessori Schoolhouse, Inc. (the "School") a charter school and component unit of the School District of Polk County, Florida, as of and for the year ended June 30, 2022, 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 21, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Purpose of this Report

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

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
September 21, 2022

MANAGEMENT LETTER

To the Board of Directors
Lakeland Montessori Schoolhouse, Inc.

Report on the Financial Statements

We have audited the financial statements of Lakeland Montessori Schoolhouse, Inc., (the "School"), a charter school and component unit of the School District of Polk County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 21, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the *Comptroller General of the United States* 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 this report, which is dated September 21, 2022, 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 prior audit findings.

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 identification of the specific condition(s) met. In connection with our audit of the financial statements of the School, we determined that the School did not meet any of the specified conditions of a financial emergency described in Section 218.503(1), Florida Statutes.

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

MANAGEMENT LETTER
(cont...)

Transparency

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

Additional Matters

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

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 of the entity is Lakeland Montessori Schoolhouse, Inc. of District 53 Polk, School 8141.

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, the School District of Polk County, Florida and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
September 21, 2022