

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF  
POLK COUNTY, FLORIDA**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

**JUNE 30, 2022**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Mi Escuela Montessori, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

### FIRST YEAR OF OPERATIONS

The 2021-22 school year was the School's first year of formal operations. Accordingly, any comparisons to the prior year results are not applicable in this section. Comparisons will be provided in future years when prior year information is available.

### FINANCIAL HIGHLIGHTS

- During 2022, the School's revenues exceeded expenses by \$82,297.
- Revenues were approximately \$2,005,000 and expenses were approximately \$1,923,000.
- Total assets were \$1,250,699 and total liabilities were \$1,107,168, resulting in net position of \$143,531 as of June 30, 2022.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. 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.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	<b>Government-wide Statements</b>	<b>Fund Statements Governmental Funds</b>
	Scope	Entire School
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(continued)**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

The School's combined net position as of June 30, 2022 is summarized as follows – see table below:

	<b>Governmental Activities</b>
	<b>2022</b>
Current and other assets	\$ 328,007
Capital assets, net	922,692
Total assets	<u>1,250,699</u>
Current and other liabilities	147,280
Long-term liabilities	959,888
Total liabilities	<u>1,107,168</u>
Net position:	
Net investment in capital assets	93,820
Unrestricted	49,711
Total net position	<u>\$ 143,531</u>

A comparative analysis will be provided in the future when prior year information is available.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**Change in Net Position**

The School's change in net position for the year ended June 30, 2022 is summarized as follows – see table below:

	<b>Governmental Activities</b>
	<b>2022</b>
Revenues:	
Federal sources passed through local school district	\$ 434,208
State and local sources	1,272,254
Contributions and other revenue	298,672
Total revenues	2,005,134
Expenses:	
Instruction	1,187,528
Student support	38,399
Instruction and curriculum development	459
Instructional staff training	71,055
Board	23,166
General administration	62,002
School administration	198,847
Fiscal services	16,135
Food services	60,001
Student transportation services	30,000
Operation of plant	162,638
Community services	19,643
Interest	52,964
Total expenses	1,922,837
Change in net position	\$ 82,297

A comparative analysis will be provided in the future when prior year information is available.

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As the School completed the year, its governmental funds reported a fund balance of \$180,727.

**General Fund Budgetary Highlights**

Over the course of the year, the School revised its budget several times to account for the changes in student enrollment and resulting increases in appropriations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

For 2022, actual general fund revenues were approximately \$64,000 above the final budget, which represents a 4% budget variance. Actual general fund expenditures were approximately \$1,049,000 above the final budget, which represents a 73% budget variance. Excluding lease accounting changes implemented in the current year, general fund expenditures were approximately \$94,000 over the final budget, which represents a 6% budget variance.

**Special Revenue Fund Budgetary Highlights**

For 2022, actual special revenue fund revenues and expenditures were approximately \$265,000, or 38%, below the final budget amounts, as the School had not received or expended the full amount budgeted for the charter school start-up grant in the current year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The School's investment in capital assets at the end of fiscal 2022 amounts to \$922,692 (net of accumulated depreciation). See table below:

	<b>Governmental Activities 2022</b>
Leased buildings	\$ 955,729
Improvements other than building	86,469
Furniture, fixtures and equipment	89,616
Less accumulated depreciation	(209,122)
Total capital assets, net	<u>\$ 922,692</u>

This year's major capital asset additions include the following:

- Leased buildings due to implementation of GASB 87 – \$955,729
- Computers and iPads – \$46,951
- Fencing – \$26,753
- Playground – \$22,484
- Technology infrastructure equipment – \$16,448
- Surveillance system equipment – \$10,178

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

**Long-term Debt**

As of June 30, 2022, the School had \$959,888 in long-term debt outstanding, consisting primarily of lease liability and notes payable. The lease liability is the result of the implementation of new lease accounting under GASB 87. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2023:

- Projected increase in student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$2,259,000, an increase of 44% from the final 2022 amount of \$1,570,926. FEFP revenue is expected to increase due to an increase in the number of students.

Budgeted expenditures are expected to be approximately \$2,201,000, a decrease of 12% from the final 2022 amount of \$2,493,842. Instruction and related expenditures are expected to increase due to an increase in the expected number of students the School serves, offset by a decrease in non-recurring capital outlay expenditures. The School has added no major new programs to the fiscal 2023 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to increase by the close of fiscal 2023.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 6129 US Highway 98 S Lakeland, FL 33812.

## **INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Directors of Mi Escuela Montessori, Inc., a Charter School  
and Component Unit of the District School Board of Polk County, Florida

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Mi Escuela Montessori, Inc. (the "School"), a charter school and component unit of the District School Board 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 Mi Escuela Montessori, Inc. as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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



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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on pages 27 – 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 26, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*BKHM, P.A.*

Orlando, Florida  
September 26, 2022

**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 252,452
Accounts receivable	69,625
Other assets	5,930
Capital assets, net	922,692
Total assets	\$ 1,250,699
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 132,245
Unearned revenues	15,035
Long-term liabilities:	
Due within one year	266,982
Due in more than one year	692,906
Total liabilities	1,107,168
<b>NET POSITION</b>	
Net investment in capital assets	93,820
Unrestricted	49,711
Total net position	143,531
Total liabilities and net position	\$ 1,250,699

The accompanying notes to financial statements are an integral part of this statement.

**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 1,187,528	\$ 162,559	\$ 198,329	\$ -	\$ (826,640)	\$ (826,640)
Student support services	38,399	-	15,300	-	(23,099)	(23,099)
Instruction and curriculum development	459	-	459	-	-	-
Instructional staff training	71,055	-	69,500	-	(1,555)	(1,555)
Board	23,166	-	21,793	-	(1,373)	(1,373)
General administration	62,002	-	-	-	(62,002)	(62,002)
School administration	198,847	24,218	36,654	-	(137,975)	(137,975)
Fiscal services	16,135	-	-	-	(16,135)	(16,135)
Food services	60,001	-	29,720	-	(30,281)	(30,281)
Student transportation services	30,000	-	-	-	(30,000)	(30,000)
Operation of plant	162,638	-	42,715	-	(119,923)	(119,923)
Community services	19,643	46,887	-	-	27,244	27,244
Interest	52,964	-	-	-	(52,964)	(52,964)
<b>Total primary government</b>	<b><u>\$ 1,922,837</u></b>	<b><u>\$ 233,664</u></b>	<b><u>\$ 414,470</u></b>	<b><u>\$ -</u></b>	<b><u>(1,274,703)</u></b>	<b><u>(1,274,703)</u></b>
General revenues:						
Federal sources passed through district					19,738	19,738
State and local sources					1,272,254	1,272,254
Contributions and other revenue					65,008	65,008
Total general revenues					<u>1,357,000</u>	<u>1,357,000</u>
Change in net position					82,297	82,297
Net position at beginning of year					61,234	61,234
Net position at end of year					<u>\$ 143,531</u>	<u>\$ 143,531</u>

The accompanying notes to financial statements are an integral part of this statement.

**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 252,452	\$ -	\$ 252,452
Accounts receivable	17,903	51,722	69,625
Other assets	5,930	-	5,930
Due from special revenue fund	51,722	-	51,722
Total assets	\$ 328,007	\$ 51,722	\$ 379,729
 <b>LIABILITIES</b>			
Accounts payable and accrued expenditures	\$ 132,245	\$ -	\$ 132,245
Unearned revenues	15,035	-	15,035
Due to general fund	-	51,722	51,722
Total liabilities	147,280	51,722	199,002
 <b>FUND BALANCES</b>			
Nonspendable:			
Other assets	5,930	-	5,930
Unassigned	174,797	-	174,797
Total fund balances	180,727	-	180,727
Total liabilities and fund balances	\$ 328,007	\$ 51,722	\$ 379,729

The accompanying notes to financial statements are an integral part of this statement.

**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

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

**JUNE 30, 2022**

<b>Total fund balances - total governmental funds</b>	<b>\$</b>	<b>180,727</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,131,814 and the accumulated depreciation is \$209,122.		922,692
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:</p>		
Compensated absences		(8,304)
Lease liability		(828,872)
Note payable		(122,712)
<b>Total net position - governmental activities</b>	<b>\$</b>	<b><u>143,531</u></b>

The accompanying notes to financial statements are an integral part of this statement.



**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Federal sources passed through local school district	\$ -	\$ 434,208	\$ 434,208
State and local sources	1,272,254	-	1,272,254
Contributions and other revenue	298,672	-	298,672
Total revenues	1,570,926	434,208	2,005,134
<b>EXPENDITURES</b>			
Current:			
Instruction	816,998	198,329	1,015,327
Student support services	23,099	15,300	38,399
Instruction and curriculum development	-	459	459
Instructional staff training	1,555	69,500	71,055
Board	1,373	21,793	23,166
General administration	62,002	-	62,002
School administration	132,343	36,654	168,997
Fiscal services	16,135	-	16,135
Food services	30,281	29,720	60,001
Student transportation services	30,000	-	30,000
Operation of plant	104,548	42,715	147,263
Community services	19,643	-	19,643
Debt service:			
Principal	126,857	-	126,857
Interest	52,964	-	52,964
Other capital outlay	1,076,044	19,738	1,095,782
Total expenditures	2,493,842	434,208	2,928,050
Excess of expenditures over revenues	(922,916)	-	(922,916)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from lease liability	955,729	-	955,729
Proceeds from note payable	122,712	-	122,712
Total other financing sources	1,078,441	-	1,078,441
Net change in fund balances	155,525	-	155,525
Fund balances at beginning of year	25,202	-	25,202
Fund balances at end of year	\$ 180,727	\$ -	\$ 180,727

The accompanying notes to financial statements are an integral part of this statement.

**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2022**

**Net changes in fund balances - total governmental funds** \$ 155,525

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,095,782) exceed depreciation expense (\$209,122) in the current period. 886,660

Compensated absences 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. (8,304)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Proceeds from lease liability	(955,729)
Proceeds from note payable	(122,712)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

126,857

**Change in net position of governmental activities**

\$ 82,297

The accompanying notes to financial statements are an integral part of this statement.

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Mi Escuela Montessori, Inc. (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. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of nine 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 District School Board of Polk County, Florida (the "School Board"). The current charter is effective until June 30, 2025 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also 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 back to the School Board. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. 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 on 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, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School’s basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (“FEFP”) and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School’s most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

For purposes of these statements, the general and special revenue funds are considered major funds. There are no other governmental funds.

**MI ESCUELA MONTESSORI, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Basis of Accounting**

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

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

**Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of June 30, 2022, all cash balances were fully insured by the FDIC.

**Receivables**

Receivables consist of amounts due from governmental agencies for various programs. Allowances are reported when management estimates that accounts may be uncollectible.

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Capital Assets and Depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leased buildings	5
Improvements other than building	7 - 15
Furniture, fixtures and equipment	3 -7

Information relative to changes in capital assets is described in Note 4.

**Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 6.

**Long-term Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the governmental fund are reported in the government-wide financial statements, not in the governmental fund. Information relative to changes in long-term liabilities is described in Note 6.

**Fund Balance Spending Policy**

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. There are no minimum fund balance requirements for any of the School's funds.

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Revenue Sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education ("FDOE") under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 2% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

**Income Taxes**

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

**Use of Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental fund and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**Subsequent Events**

The School has evaluated subsequent events through September 26, 2022, the date these financial statements were available to be issued.

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Recently Adopted Accounting Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school’s leasing activities. The School adopted the standard on July 1, 2021 on a prospective basis. Upon adoption of the standard, \$955,729 in leased buildings and lease liability was recorded in the statement of net position. In addition, \$955,729 was recorded as other financing sources and capital outlay expenditures in the statement of revenues, expenditures and changes in fund balances – governmental funds. There was no effect on the School’s beginning net position and fund balance.

**2 ACCOUNTS RECEIVABLE**

Accounts receivable in the accompanying financial statements include \$69,625 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

**3 INTERFUND ACTIVITIES**

Due to/from other funds consisted of the following balances as of June 30, 2022:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General fund	\$ 51,722	\$ -
Special revenue fund	-	51,722
Total interfund	\$ 51,722	\$ 51,722

The amount payable by the special revenue fund to the general fund is to cover temporary cash shortages related to the timing of receipts.



**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 CHANGES IN CAPITAL ASSETS**

Capital asset activity during 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 36,032	\$ -	\$ (36,032)	\$ -
Total capital assets not being depreciated	<u>36,032</u>	<u>-</u>	<u>(36,032)</u>	<u>-</u>
Capital assets being depreciated:				
Leased buildings	-	955,729	-	955,729
Improvements other than building	-	86,469	-	86,469
Furniture, fixtures and equipment	-	89,616	-	89,616
Total capital assets being depreciated	<u>-</u>	<u>1,131,814</u>	<u>-</u>	<u>1,131,814</u>
Less accumulated depreciation for:				
Leased buildings	-	(191,146)	-	(191,146)
Improvements other than building	-	(5,806)	-	(5,806)
Furniture, fixtures and equipment	-	(12,170)	-	(12,170)
Total accumulated depreciation	<u>-</u>	<u>(209,122)</u>	<u>-</u>	<u>(209,122)</u>
Capital assets being depreciated, net	<u>-</u>	<u>922,692</u>	<u>-</u>	<u>922,692</u>
Governmental activities capital assets, net	<u>\$ 36,032</u>	<u>\$ 922,692</u>	<u>\$ (36,032)</u>	<u>\$ 922,692</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 165,761
School administration	27,986
Operation of plant	<u>15,375</u>
Total governmental activities depreciation expense	<u>\$ 209,122</u>

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**5 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates 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 and collectibility of any related receivable as of June 30, 2022 may be impaired. In the opinion of the School, 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.

**Legal Matters**

In the normal course of conducting its operations, the School occasionally becomes 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 the accompanying financial statements.

**Risk Management Program**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**6 LONG-TERM LIABILITIES**

Long-term liabilities activity during 2022 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental activities:					
Compensated absences	\$ -	\$ 8,304	\$ -	\$ 8,304	\$ 8,304
Lease liability	-	955,729	(126,857)	828,872	135,966
Note payable	-	122,712	-	122,712	122,712
Governmental activities, long-term liabilities	<u>\$ -</u>	<u>\$1,086,745</u>	<u>\$(126,857)</u>	<u>\$ 959,888</u>	<u>\$ 266,982</u>

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Lease Liability**

The School leases its facility in an agreement that ends in June 2026. The lease requires monthly rent ranging from \$14,667 to \$25,000 from July 2021 through June 2026. The discount rate used for this lease is 6.0%.

Leased assets as of June 30, 2022 consist of the following:

	<b>Governmental Activities</b>
Leased building	\$ 955,729
Less accumulated depreciation	(191,146)
	\$ 764,583

Future debt service requirements related to the lease are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 135,966	\$ 46,034	\$ 182,000
2024	177,247	36,753	214,000
2025	225,186	24,814	250,000
2026	290,473	9,527	300,000
	\$ 828,872	\$ 117,128	\$ 946,000

**Note Payable**

In July 2021, the School entered into a note payable agreement with Building Hope Services, LLC. The School was awarded a start-up grant of up to \$600,000 from the Department of Education through the federal Charter School Program (“CSP”). The grant proceeds are available to the School on a reimbursement basis. The loan agreement provided the School with funding to pay for up-front costs for expenditures that are reimbursable with the grant. Once the School receives grant funding, it will use the grant proceeds to repay the loan. The loan agreement has a maturity date of seven days following the date upon which the School receives full and final payment under the CSP grant. The note carries an interest rate of 6% and is due monthly. As of June 30, 2022, the note payable had an outstanding balance of \$122,712. This note was paid off in July 2022.

**MI ESCUELA MONTESSORI, INC.  
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DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Polk County, Florida:	
Florida Education Finance Program	\$ 792,747
Class size reduction	174,205
Discretionary local effort	53,687
Discretionary millage compression funds	50,426
Supplemental academic instruction	42,159
ESE guaranteed allocation	39,744
Teacher salary increase allocation	32,716
VPK revenue	28,749
Instructional materials	14,136
Additional allocation	9,983
Safe schools	8,757
Total funds compression	7,872
Reading allocation	7,014
Student transportation	6,405
Teacher supply funds	3,465
Digital classrooms allocation	189
Total	<u><u>\$ 1,272,254</u></u>

The administrative fee paid to the School Board during fiscal 2022 totaled \$62,002, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

**MI ESCUELA MONTESSORI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 1,191,000	\$ 1,208,360	\$ 1,272,254	\$ 63,894
Contributions and other revenue	273,000	298,655	298,672	17
Total revenues	<u>1,464,000</u>	<u>1,507,015</u>	<u>1,570,926</u>	<u>63,911</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	914,536	866,727	816,998	49,729
Student support services	32,012	23,110	23,099	11
Instructional staff training	6,000	1,555	1,555	-
Instruction-related technology	8,000	-	-	-
Board	2,750	1,375	1,373	2
General administration	-	-	62,002	(62,002)
School administration	151,892	162,160	132,343	29,817
Fiscal services	10,700	16,160	16,135	25
Food services	960	29,980	30,281	(301)
Student transportation services	25,000	30,000	30,000	-
Operation of plant	287,491	287,199	104,548	182,651
Community services	-	19,710	19,643	67
Debt service:				
Principal	-	-	126,857	(126,857)
Interest	-	3,825	52,964	(49,139)
Other capital outlay	-	2,762	1,076,044	(1,073,282)
Total expenditures	<u>1,439,341</u>	<u>1,444,563</u>	<u>2,493,842</u>	<u>(1,049,279)</u>
Excess (deficiency) of revenues over expenditures	<u>24,659</u>	<u>62,452</u>	<u>(922,916)</u>	<u>(985,368)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease liability	-	-	955,729	955,729
Proceeds from notes payable	-	-	122,712	122,712
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,078,441</u>	<u>1,078,441</u>
Net change in fund balance	24,659	62,452	155,525	93,073
Fund balance at beginning of year	25,202	25,202	25,202	-
Fund balance at end of year	<u>\$ 49,861</u>	<u>\$ 87,654</u>	<u>\$ 180,727</u>	<u>\$ 93,073</u>

See independent auditor's report.

**MI ESCUELA MONTESSORI, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF POLK, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal sources passed through local school district	\$ 59,040	\$ 699,474	\$ 434,208	\$ (265,266)
Total revenues	59,040	699,474	434,208	(265,266)
<b>EXPENDITURES</b>				
Current:				
Instruction	-	281,344	198,329	83,015
Student support services	-	15,300	15,300	-
Instructional media services	-	1,500	-	1,500
Instruction and curriculum development	-	46,238	459	45,779
Instructional staff training	-	74,600	69,500	5,100
Board	-	36,034	21,793	14,241
School administration	-	51,652	36,654	14,998
Food services	59,040	29,720	29,720	-
Student transportation services	-	110,533	-	110,533
Operation of plant	-	32,815	42,715	(9,900)
Capital outlay	-	19,738	19,738	-
Total expenditures	59,040	699,474	434,208	265,266
Net changes in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**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 of Mi Escuela Montessori, Inc., a Charter School and Component Unit of the District School Board of Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mi Escuela Montessori, Inc. (the "School") 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 26, 2022.

**REPORT ON 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

## **PURPOSE OF THIS REPORT**

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



Orlando, Florida  
September 26, 2022



**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850**

To the Board of Directors of Mi Escuela Montessori, Inc., a Charter School  
and Component Unit of the District School Board of Polk County, Florida

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities and each major fund of Mi Escuela Montessori, Inc. (the “School”), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2022, and have issued our report thereon dated September 26, 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 26, 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. As this is the first year audit of the School, there is no preceding annual financial audit report.

## **OFFICIAL TITLE**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Mi Escuela Montessori, Inc. and the school code assigned by the Florida Department of Education is 8201.

## **FINANCIAL CONDITION AND MANAGEMENT**

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

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. The financial condition assessment was done as of the fiscal year-end.

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

### **TRANSPARENCY**

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

### **ADDITIONAL MATTERS**

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

### **PURPOSE OF THIS LETTER**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, applicable management and the District School Board of Polk County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.



Orlando, Florida  
September 26, 2022