



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

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

June 30, 2023

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

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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, 2023, 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, 2023, 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 18, 2023 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 18, 2023

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, 2023

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, 2023 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 after deducting liabilities. The School’s net position at June 30, 2023 totaled \$3,540,810 or 245% of 2022-23 expenses compared to the June 30, 2022 total of \$2,991,896 or 213% of 2021-22 expenses.
- For the year ended June 30, 2023, the School’s total net position increased by \$548,914 compared to an increase of \$343,010 for the prior year.
- As of the close of the current fiscal year, the School’s general fund reported ending fund balance of \$2,919,678, an increase of \$622,865 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 \$2,904,369 which represents 204% of the total expenditures for the year ended June 30, 2023. Unassigned and assigned fund balance at the end of the previous year totaled \$2,294,585 which represented 163% of total expenditures for the year ended June 30, 2022.

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, 2023

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, 2023****GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Statement of Net Position (Summary)			
	Governmental Activities			
	June 30, 2023	June 30, 2022	Change	% Change
Assets:				
Current and other assets	\$ 3,248,901	\$ 2,627,023	\$ 621,878	24%
Capital assets, net	1,153,474	1,206,651	(53,177)	-4%
Total assets	4,402,375	3,833,674	568,701	15%
Liabilities:				
Current liabilities	329,223	282,025	47,198	17%
Long-term liabilities	532,342	559,753	(27,411)	-5%
Total liabilities	861,565	841,778	19,787	2%
Net position:				
Net investment in capital assets	647,499	672,653	(25,154)	-4%
Unrestricted	2,893,311	2,319,243	574,068	25%
Total net position	\$ 3,540,810	\$ 2,991,896	\$ 548,914	18%

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 \$647,499 as of June 30, 2023.

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 \$3,540,810 at the close of the current fiscal year. As of June 30, 2023, unrestricted net position is approximately 82% of the total net position (78% at the end of the prior year) and the School’s investment in capital assets makes up the remaining 18% (22% 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, 2023**

The key elements of the changes in the School's net position for the fiscal year ended June 30, 2023 and 2022 are as follows.

	Governmental Activities			
	For the year ended		Change	% Change
	June 30, 2023	June 30, 2022		
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 702,023	\$ 536,858	\$ 165,165	31%
Operating grants and contributions	373,963	246,942	127,021	51%
<i>General revenues:</i>				
State and local sources passed through local school district	844,075	797,692	46,383	6%
Grants and contributions not restricted to specific programs	-	157,681	(157,681)	-100%
Other general revenues	76,193	11,396	64,797	569%
Total revenues	1,996,254	1,750,569	245,685	14%
Expenses:				
Instruction	800,201	764,823	35,378	5%
Student support services	11,417	10,491	926	9%
Instructional staff training services	7,780	18,413	(10,633)	-58%
Governing board	12,381	12,501	(120)	-1%
School administration	314,024	291,340	22,684	8%
Central services	15,898	16,254	(356)	-2%
Pupil transportation services	95	-	95	----
Operation of plant	248,542	254,506	(5,964)	-2%
Interest on long-term debt	37,002	39,231	(2,229)	-6%
Total expenses	1,447,340	1,407,559	39,781	3%
Change in Net Position	\$ 548,914	\$ 343,010	\$ 205,904	

Governmental activities' change in net position for 2023 was an increase of \$548,914 as compared to an increase of \$343,010 in the prior year.

- Total revenue increased by \$245,685 or 14% mainly due to the following:
 - Operating grants and contributions increased by \$127,021 or 51% due to more Elementary and Secondary School Emergency Relief Fund (ESSER) grant funds being passed through the local school district and through the local early learning coalition.
 - Interest income increased by \$72,402 due to investments in Florida PRIME, a local government investment pool.
 - Charges for services increased by \$165,165 or 31% due to increased charges for prekindergarten and afterschool education and increased participation in these programs.
 - The above increases were partially offset by a decline in grants and contributions not restricted to specific programs of \$157,681 due to Paycheck Protection Program loan forgiveness reported as grant revenue in 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, 2023

- Total expenses increased by \$39,781 (3%) due to a myriad of changes in a diverse set of expenditure accounts.

The largest revenue source for the School is the state and local funds received through the School District of Polk County, Florida (56% of total revenue in 2023 and 59% in 2022). 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, 2023, the School’s general fund reported a positive fund balance of \$2,919,678 or 204% of 2022-23 general fund expenditures. 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.

The main reason for the improvement is due to a 32% increase in total revenue and a 1% increase in expenditures. The main reasons for the change in revenue and 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, 2023, 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, 2023, actual budgetary inflows were \$4,440 more than the final budgeted amount and actual outflows were \$21,722 less than budgeted appropriations resulting in an overall unfavorable budget variance of \$26,162.

The budget was amended by increasing budgeted inflows by \$659,583 and increasing budgeted outflows by \$105,212.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: On June 30, 2023, the School had \$1,709,604 in capital assets, less accumulated depreciation of \$556,130 for net capital assets of \$1,709,604. Depreciation charges for the current fiscal year totaled \$60,414. More information about the School’s capital assets is presented in the notes to financial statements.

Debt: On June 30, 2023, the School had \$532,342 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, 2023

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 2023-24 school year at 109 students compared to an actual average enrollment of 110 during the 2022-23 School year. The School expects enrollment in the prekindergarten program to remain steady at 51 students which is the same as 2023.

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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,096,650
Receivables, current:	
Intergovernmental	93,030
Due from Montessori Middle School, Inc.	43,912
Prepaid expenses	13,081
Security deposits	2,228
Capital assets:	
Non-depreciable	306,000
Depreciable, net	847,474
TOTAL ASSETS	4,402,375
LIABILITIES	
Accounts payable and accrued wages	165,669
Unearned revenue	163,554
Long-term liabilities:	
Due within one year	30,656
Due in more than one year	501,686
TOTAL LIABILITIES	861,565
NET POSITION	
Net investment in capital assets	647,499
Unrestricted	2,893,311
TOTAL NET POSITION	\$ 3,540,810

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, 2023

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	\$ 800,201	\$ 648,724	\$ 302,006	\$ -	\$ 150,529
Student support services	11,417	-	-	-	(11,417)
Instructional staff training services	7,780	-	8,691	-	911
Governing board	12,381	-	-	-	(12,381)
School administration	314,024	53,299	-	-	(260,725)
Central services	15,898	-	-	-	(15,898)
Pupil transportation services	95	-	-	-	(95)
Operation of plant	248,542	-	3,510	-	(245,032)
Interest on long-term debt	37,002	-	59,756	-	22,754
Total governmental activities	\$ 1,447,340	\$ 702,023	\$ 373,963	\$ -	(371,354)
GENERAL REVENUES:					
State and local sources passed through local school district					844,075
Interest income					74,298
Other general revenues					1,895
Total general revenues					920,268
CHANGE IN NET POSITION					548,914
NET POSITION, beginning of year					2,991,896
NET POSITION, end of year					\$ 3,540,810

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, 2023

	General Fund
ASSETS	
Cash and cash equivalents	\$ 3,096,650
Receivables, current:	
Intergovernmental	93,030
Prepaid expenditures	13,081
Due from Montessori Middle School, Inc.	43,912
Security deposits	2,228
TOTAL ASSETS	\$ 3,248,901
LIABILITIES	
Accounts payable and accrued wages	\$ 165,669
Unearned revenue	163,554
TOTAL LIABILITIES	329,223
FUND BALANCE	
Nonspendable:	
Prepaid expenditures	13,081
Security deposits	2,228
Unassigned	2,904,369
TOTAL FUND BALANCE	2,919,678
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,248,901

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, 2023

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,919,678

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. 1,153,474

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. (532,342)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,540,810

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, 2023

	General Fund
REVENUES:	
State and local sources:	
State and local sources passed through local school district	\$ 910,101
Charges for services	648,724
Contributions and other local sources	177,805
Total state and local sources	<u>1,736,630</u>
Federal sources:	
Federal sources passed through local school district	238,663
Federal sources passed through other entities	69,147
Total federal sources	<u>307,810</u>
Total revenues	<u>2,044,440</u>
EXPENDITURES:	
Current:	
Instruction	796,959
Student support services	11,417
Instructional staff training services	7,780
Governing board	12,381
School administration	313,460
Central services	15,898
Pupil transportation services	95
Operation of plant	191,323
Capital outlay	7,237
Debt service:	
Interest	37,002
Principal	28,023
Total expenditures	<u>1,421,575</u>
NET CHANGE IN FUND BALANCE	622,865
FUND BALANCE, beginning of year	<u>2,296,813</u>
FUND BALANCE, end of year	<u><u>\$ 2,919,678</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, 2023**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 622,865

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. 7,237

This is the amount of depreciation expense recorded in the current period. (60,414)

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 expenditure 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. 28,023

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. (612)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 548,914

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, 2023

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, 2023

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, 2023

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 assets 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 assets 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, 2023

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, 2020.

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, 2023

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, 2023, 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, 2023 that are comprised of deposits and prepaid expenditures.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023.
- 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, 2023.
- 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, 2023.
- 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" were comprised of the following:

Cash and cash equivalents:		
Cash deposits in financial institutions:		
Insured or fully collateralized bank deposits	\$	1,033,466
State Board of Administration - local government pool		2,063,184
		<hr/>
Total cash and cash equivalents	\$	<u>3,096,650</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, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (concluded)

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.

The State Board of Administration (SBA) component of cash and cash equivalents is an investment with Florida PRIME, an investment pool administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME meets all the necessary criteria to report their investments at amortized cost in accordance with GASB Cod. Sec. In5. As of June 30, 2023, there were no redemption fees, maximum transaction amounts or any other requirements that serve to limit the School’s access to one hundred percent of their account value. The fair value of the School’s position in the pool is the same as the value of the pool shares. Florid PRIME is rated by S&P as AAAm and on June 30, 2023 has a weighted average maturity of 37 days.

NOTE 4 – CHANGES IN CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<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	68,695	7,237	-	75,932
Total capital assets, being depreciated	1,396,367	7,237	-	1,403,604
Less accumulated depreciation for:				
Building	(451,298)	(53,108)	-	(504,406)
Furniture and equipment	(44,418)	(7,306)	-	(51,724)
Total accumulated depreciation	(495,716)	(60,414)	-	(556,130)
Total capital assets being depreciated, net	900,651	(53,177)	-	847,474
Governmental activities capital assets, net	<u>\$ 1,206,651</u>	<u>\$ (53,177)</u>	<u>\$ -</u>	<u>\$ 1,153,474</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, 2023

NOTE 4 – CHANGES IN CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

Instruction	\$	3,521
School administration		567
Operation of plant		56,326
Total depreciation expense - governmental activities	\$	<u>60,414</u>

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term debt:					
Installment note A	\$ 533,998	\$ -	\$ (28,023)	\$ 505,975	\$ 30,656
Total long-term debt	<u>533,998</u>	<u>-</u>	<u>(28,023)</u>	<u>505,975</u>	<u>30,656</u>
Other liabilities:					
Compensated absences	25,755	612	-	26,367	-
Total other liabilities	<u>25,755</u>	<u>612</u>	<u>-</u>	<u>26,367</u>	<u>-</u>
Total long-term liabilities	<u>\$ 559,753</u>	<u>\$ 612</u>	<u>\$ (28,023)</u>	532,342	<u>\$ 30,656</u>
Less amounts due in one year				<u>(30,656)</u>	
Net long-term liabilities due after one year				<u>\$ 501,686</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.

Remedies in the Event of Default – Installment Note A – The lender may take whatever legal actions necessary to collect the amounts due in the event of default. Furthermore, 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.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Maturities: The table below reports the annual requirements to pay all long-term notes payable as of June 30, 2023:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,656	\$ 34,369
2025	32,873	32,152
2026	35,249	29,776
2027	37,797	27,228
2028	234,142	90,983
2029-2033	135,258	11,156
Total	<u>\$ 505,975</u>	<u>\$ 225,664</u>

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, 2023 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, 2023, 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.

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

June 30, 2023

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 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 11.91% and retirement contributions totaled \$94,873 which is accrued as a liability as of June 30, 2023.

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, 2023. The following is a schedule of revenue sources and amounts for the year ended June 30, 2023.

<u>Sources</u>	<u>Amount</u>
School District of Polk County, Florida	
Base funding and supplemental academic instruction	\$ 575,834
Elementary and Secondary School Emergency Relief Fund	223,256
Class size reduction	110,982
Capital outlay	59,756
Discretionary local effort	40,449
Discretionary millage	39,359
Teacher salary increase allocation	28,029
School Recognition	21,149
Instructional materials allocation	9,266
Federal Title II grant revenue	8,691
Federal IDEA grant revenue	6,716
Safe schools	6,671
Compression allocation	6,476
Reading allocation	5,860
Other	3,510
Teacher supply program	2,759
Total revenue through the School District of Polk County, Florida	1,148,763
Other revenue:	
Charges for services	648,724
Federal grant funds passed through the Early Learning Coalition	69,147
Parent support contributions	23,498
Field trip fees	20,290
Interest revenue	74,298
Other local sources	59,720
Total revenue	\$ 2,044,440

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 2022-2023 school year, MMS paid the School \$14,479 pursuant to a cost sharing arrangement for administrative services provided by the School's Director of Finance and Strategic Planning. During the 2022-2023 school year, MMS used space at the School for classroom and other educational support space and in return paid the School \$38,820 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 \$125,157 for the year ended June 30, 2023. The School is reimbursed for these costs by MMS typically on a monthly basis.

As of June 30, 2023, MMS owed the School \$43,912. This amount is reported as a separate component on the statement of net position and balance sheet.



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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, 2023

	<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	\$ 832,212	\$ 909,000	\$ 910,101	\$ 1,101
Pre kindergarten and aftercare fees	495,720	648,353	648,724	371
Contributions and other local sources	52,485	175,500	177,805	2,305
Total state and local sources	1,380,417	1,732,853	1,736,630	3,777
Federal sources:				
Federal sources passed through local school district	-	238,000	238,663	663
Federal sources passed through other entities	-	69,147	69,147	-
Total federal sources	-	307,147	307,810	663
Total resources (inflows)	1,380,417	2,040,000	2,044,440	4,440
CHARGES TO APPROPRIATIONS (outflows):				
Current:				
Instruction	800,407	808,300	801,092	7,208
Student support services	3,300	12,000	11,417	583
Instructional staff training services	14,349	8,000	7,780	220
Governing board	14,161	14,000	12,381	1,619
School administration	280,360	320,000	314,027	5,973
Central services	15,484	16,000	15,898	102
Pupil transportation services	-	500	95	405
Operation of plant	177,999	260,000	254,886	5,114
Debt service	65,028	37,500	37,002	498
Total charges to appropriations (outflows)	1,371,088	1,476,300	1,454,578	21,722
EXCESS (DEFICIENCY) OF RESOURCES OVER				
CHARGES TO APPROPRIATIONS	9,329	563,700	\$ 589,862	\$ 26,162
Budgeted excess inflows	(9,329)	(563,700)		
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	\$ 1,454,578
Differences - budget to GAAP:	
The change in the compensated absences liability is budgeted as an outflow	(612)
Depreciation expense is budgeted as an outflow	(60,414)
Principal payment debt service is budgeted as a reduction in long-term liabilities	28,023
Total expenditures as reported on the statement of revenues, expenditures and change in fund balance	<u>\$ 1,421,575</u>

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, 2023, 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 18, 2023.

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 or significant deficiencies may exist that were not 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 18, 2023

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, 2023, and have issued our report thereon dated September 18, 2023.

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 18, 2023, 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 18, 2023