

**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, 2023



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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, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- During 2023, the School's revenues exceeded expenses by \$321,820, which was an increase from the prior year when revenues exceeded expenses by \$82,297.
- Overall, revenues increased by approximately \$1,151,000, which was a 57% increase from the prior year.
- Overall, expenses increased by approximately \$911,000, which was a 47% increase from the prior year.
- Total assets were \$1,297,057 and total liabilities were \$831,706, resulting in net position of \$465,351 as of June 30, 2023.

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 following information required by the Uniform Guidance: schedule of expenditures of federal awards and accompanying note, independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance and the schedule of findings and questioned costs. In addition, it 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.

	Government-wide Statements	Fund Statements Governmental Funds
	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, 2023 and 2022 is summarized as follows – see table below:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Current and other assets	\$ 515,685	\$ 328,007	57%
Capital assets, net	781,372	922,692	-15%
Total assets	<u>1,297,057</u>	<u>1,250,699</u>	<u>4%</u>
Current and other liabilities	122,904	147,280	-17%
Long-term liabilities	708,802	959,888	-26%
Total liabilities	<u>831,706</u>	<u>1,107,168</u>	<u>-25%</u>
Net position:			
Net investment in capital assets	88,466	93,820	-6%
Restricted for food service	7,149	-	100%
Unrestricted	369,736	49,711	644%
Total net position	<u>\$ 465,351</u>	<u>\$ 143,531</u>	<u>224%</u>

Current and other assets increased as a result of the current year operating surplus. Net capital assets decreased due to depreciation expense in excess of capital asset purchases. Long-term liabilities decreased due to current year payments on the lease liability and the note payable. Net position increased overall due to the current year operating surplus and the activity noted above.

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

Change in Net Position

The School's total revenues increased by 57% to \$3,155,691, and the total cost of all programs and services increased by 47% to \$2,833,871 – see table below.

	Governmental Activities		Increase (Decrease)
	2023	2022	
Revenues:			
Federal sources passed through local school district	\$ 821,413	\$ 434,208	89%
State and local sources	1,773,116	1,272,254	39%
Contributions and other revenue	561,162	298,672	88%
Total revenues	<u>3,155,691</u>	<u>2,005,134</u>	<u>57%</u>
Expenses:			
Instruction	1,725,832	1,187,528	45%
Student support	41,547	38,399	8%
Instruction and curriculum development	9,167	459	1897%
Instructional staff training	76,986	71,055	8%
Instruction-related technology	16,586	-	100%
Board	16,141	23,166	-30%
General administration	78,619	62,002	27%
School administration	322,553	198,847	62%
Fiscal services	32,855	16,135	104%
Food services	115,990	60,001	93%
Student transportation services	28,855	30,000	-4%
Operation of plant	254,154	162,638	56%
Community services	66,746	19,643	240%
Interest	47,840	52,964	-10%
Total expenses	<u>2,833,871</u>	<u>1,922,837</u>	<u>47%</u>
Change in net position	<u>\$ 321,820</u>	<u>\$ 82,297</u>	<u>291%</u>

Federal sources increased due to additional food program and Education Stabilization Funds received during the current year. State and local sources increased due to an increase in enrollment. The increase in contributions and other revenue is the result of increased pre-school and extended care participation and the start of an infant/toddler care program.

Instruction increased due to increased staffing in the current year to serve a larger student body. School administration increased due to increased staffing, including the hiring of an assistant principal and a front desk clerk in the current year. Food services increased due to more students participating in the food program. Operation of plant increased due to the hiring of additional maintenance staff and an increase in depreciation expense charged to this function.

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

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$392,781. Both revenues and expenditures changed overall for the same reasons described above.

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.

For 2023, actual general fund revenues were approximately \$90,000 above the final budget, which represents a 4% budget variance. Actual general fund expenditures were approximately \$224,000 above the final budget, which represents a 12% budget variance.

Special Revenue Fund Budgetary Highlights

For 2023, actual special revenue fund revenues were approximately \$219,000, or 21%, below the final budget amounts. Actual special revenue fund expenditures were approximately \$222,000, or 21%, below the final budget amounts. These variances are because the School had not received or expended the full amount budgeted for the charter school program funding in the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2023 amounts to \$781,372 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Leased buildings	\$ 955,729	\$ 955,729	0%
Improvements other than buildings	172,644	86,469	100%
Furniture, fixtures and equipment	91,466	89,616	2%
Less accumulated depreciation	(438,467)	(209,122)	-110%
Total capital assets, net	<u>\$ 781,372</u>	<u>\$ 922,692</u>	<u>-15%</u>

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

- Air conditioning units – \$36,000
- Patio awning – \$26,000
- Fencing – \$19,689

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

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

Long-term Debt

As of June 30, 2023, the School had \$708,802 in long-term debt outstanding, consisting primarily of the lease liability. Scheduled payments reduced the amount outstanding in the current year, and the note payable from the prior year was paid off. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2024:

- Projected increase in student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$2,597,000, an increase of 13% from the final 2023 amount of \$2,307,834. FEFP revenue is expected to increase due to an increase in the number of students.

Budgeted expenditures are expected to be approximately \$2,532,000, an increase of 17% from the final 2023 amount of \$2,160,429. Instruction and related expenditures are expected to increase due to an increase in the expected number of students the School serves. The School has added no major new programs to the fiscal 2024 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to increase by the close of fiscal 2024.

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, 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 Mi Escuela Montessori, Inc. as of June 30, 2023, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023 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.



Orlando, Florida
September 12, 2023

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

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 438,933
Accounts receivable	67,013
Other assets	9,739
Capital assets, net	781,372
Total assets	\$ 1,297,057
LIABILITIES	
Accounts payable and accrued expenses	\$ 104,654
Unearned revenues	18,250
Long-term liabilities:	
Due within one year	193,143
Due in more than one year	515,659
Total liabilities	831,706
NET POSITION	
Net investment in capital assets	88,466
Restricted for food service	7,149
Unrestricted	369,736
Total net position	465,351
Total liabilities and net position	\$ 1,297,057

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**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 1,725,832	\$ 341,944	\$ 355,854	\$ -	\$ (1,028,034)	\$ (1,028,034)
Student support services	41,547	-	40,902	-	(645)	(645)
Instruction and curriculum development	9,167	-	9,167	-	-	-
Instructional staff training	76,986	-	76,514	-	(472)	(472)
Instruction-related technology	16,586	-	-	-	(16,586)	(16,586)
Board	16,141	-	10,500	-	(5,641)	(5,641)
General administration	78,619	-	-	-	(78,619)	(78,619)
School administration	322,553	25,578	38,421	-	(258,554)	(258,554)
Fiscal services	32,855	-	-	-	(32,855)	(32,855)
Food services	115,990	26,444	96,695	-	7,149	7,149
Student transportation services	28,855	-	-	-	(28,855)	(28,855)
Operation of plant	254,154	-	171,880	-	(82,274)	(82,274)
Community services	66,746	114,756	21,480	-	69,490	69,490
Interest	47,840	-	-	-	(47,840)	(47,840)
Total primary government	\$ 2,833,871	\$ 508,722	\$ 821,413	\$ -	(1,503,736)	(1,503,736)
General revenues:						
State and local sources					1,773,116	1,773,116
Contributions and other revenue					52,440	52,440
Total general revenues					1,825,556	1,825,556
Change in net position					321,820	321,820
Net position at beginning of year					143,531	143,531
Net position at end of year					<u>\$ 465,351</u>	<u>\$ 465,351</u>

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**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 431,784	\$ 7,149	\$ 438,933
Accounts receivable	-	67,013	67,013
Other assets	9,739	-	9,739
Due from special revenue fund	67,013	-	67,013
Total assets	\$ 508,536	\$ 74,162	\$ 582,698
 LIABILITIES			
Accounts payable and accrued expenditures	\$ 104,654	\$ -	\$ 104,654
Unearned revenues	18,250	-	18,250
Due to general fund	-	67,013	67,013
Total liabilities	122,904	67,013	189,917
 FUND BALANCES			
Nonspendable:			
Other assets	9,739	-	9,739
Restricted for:			
Food service	-	7,149	7,149
Unassigned	375,893	-	375,893
Total fund balances	385,632	7,149	392,781
Total liabilities and fund balances	\$ 508,536	\$ 74,162	\$ 582,698

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**

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

JUNE 30, 2023

Total fund balances - total governmental funds \$ 392,781

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,219,839 and the accumulated depreciation is \$438,467. 781,372

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:

Compensated absences	(15,896)
Lease liability	<u>(692,906)</u>

Total net position - governmental activities \$ 465,351

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

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

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal sources passed through local school district	\$ -	\$ 821,413	\$ 821,413
State and local sources	1,773,116	-	1,773,116
Contributions and other revenue	534,718	26,444	561,162
Total revenues	<u>2,307,834</u>	<u>847,857</u>	<u>3,155,691</u>
EXPENDITURES			
Current:			
Instruction	1,215,170	355,854	1,571,024
Student support services	645	40,902	41,547
Instruction and curriculum development	-	9,167	9,167
Instructional staff training	472	76,514	76,986
Instruction-related technology	16,586	-	16,586
Board	5,641	10,500	16,141
General administration	78,619	-	78,619
School administration	244,787	38,421	283,208
Fiscal services	32,855	-	32,855
Food services	-	115,990	115,990
Student transportation services	28,855	-	28,855
Operation of plant	39,490	171,880	211,370
Community services	45,266	21,480	66,746
Debt service:			
Principal	316,178	-	316,178
Interest	47,840	-	47,840
Other capital outlay	88,025	-	88,025
Total expenditures	<u>2,160,429</u>	<u>840,708</u>	<u>3,001,137</u>
Excess of revenues over expenditures	<u>147,405</u>	<u>7,149</u>	<u>154,554</u>
OTHER FINANCING SOURCES			
Proceeds from note payable	57,500	-	57,500
Total other financing sources	<u>57,500</u>	<u>-</u>	<u>57,500</u>
Net change in fund balances	204,905	7,149	212,054
Fund balances at beginning of year	180,727	-	180,727
Fund balances at end of year	<u>\$ 385,632</u>	<u>\$ 7,149</u>	<u>\$ 392,781</u>

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**

**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, 2023

Net changes in fund balances - total governmental funds \$ 212,054

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 depreciation expense (\$229,345) exceed capital outlays (\$88,025) in the current period. (141,320)

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. (7,592)

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

Proceeds from note payable (57,500)

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

Change in net position of governmental activities 316,178
\$ 321,820

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, 2023

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

**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, 2023, the School had deposits in a financial institution with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$206,000. The School has not historically experienced losses on its cash and cash equivalents.

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 Florida Department of Education ("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 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 5% 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 funds 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 12, 2023, the date these financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$67,013 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, 2023:

	Interfund Receivables	Interfund Payables
General fund	\$ 67,013	\$ -
Special revenue fund	-	67,013
Total interfund	\$ 67,013	\$ 67,013

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

4 CHANGES IN CAPITAL ASSETS

Capital asset activity during 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Leased buildings	\$ 955,729	\$ -	\$ -	\$ 955,729
Improvements other than buildings	86,469	86,175	-	172,644
Furniture, fixtures and equipment	89,616	1,850	-	91,466
Total capital assets	1,131,814	88,025	-	1,219,839
Less accumulated depreciation for:				
Leased buildings	(191,146)	(191,146)	-	(382,292)
Improvements other than buildings	(5,806)	(15,187)	-	(20,993)
Furniture, fixtures and equipment	(12,170)	(23,012)	-	(35,182)
Total accumulated depreciation	(209,122)	(229,345)	-	(438,467)
Governmental activities capital assets, net	\$ 922,692	\$ (141,320)	\$ -	\$ 781,372

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 149,114
School administration	37,447
Operation of plant	<u>42,784</u>
Total governmental activities depreciation expense	<u><u>\$ 229,345</u></u>

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, 2023 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.

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

NOTES TO FINANCIAL STATEMENTS
(continued)

6 LONG-TERM LIABILITIES

Long-term liabilities activity during 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 8,304	\$ 7,592	\$ -	\$ 15,896	\$ 15,896
Lease liability	828,872	-	(135,966)	692,906	177,247
Note payable	122,712	57,500	(180,212)	-	-
Governmental activities, long-term liabilities	<u>\$ 959,888</u>	<u>\$ 65,092</u>	<u>\$ (316,178)</u>	<u>\$ 708,802</u>	<u>\$ 193,143</u>

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, 2023 consist of the following:

	<u>Governmental Activities</u>
Leased building	\$ 955,729
Less accumulated depreciation	(382,292)
	<u>\$ 573,437</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 177,247	\$ 36,753	\$ 214,000
2025	225,186	24,814	250,000
2026	290,473	9,527	300,000
	<u>\$ 692,906</u>	<u>\$ 71,094</u>	<u>\$ 764,000</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)**

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, 2023, there was no outstanding balance on the note payable, as it was paid off in January 2023.

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	\$ 1,008,151
Class size reduction	209,839
VPK revenue	143,152
ESE guaranteed allocation	78,459
Discretionary local effort	76,132
Discretionary millage compression funds	72,557
Teacher salary increase allocation	52,755
Supplemental academic instruction	51,027
Instructional materials	17,082
Student transportation	14,612
Safe schools	12,297
Total funds compression	11,939
Reading allocation	11,030
Mental health assistance allocation	9,254
Teacher supply funds	4,830
Total	<u><u>\$ 1,773,116</u></u>

The administrative fee paid to the School Board during fiscal 2023 totaled \$78,619, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

MI ESCUELA MONTESSORI, 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, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
State and local sources	\$ 1,698,000	\$ 1,693,980	\$ 1,773,116	\$ 79,136
Contributions and other revenue	541,230	523,550	534,718	11,168
Total revenues	<u>2,239,230</u>	<u>2,217,530</u>	<u>2,307,834</u>	<u>90,304</u>
EXPENDITURES				
Current:				
Instruction	1,232,883	1,139,106	1,215,170	(76,064)
Student support services	3,354	1,570	645	925
Instructional staff training	6,000	2,800	472	2,328
Instruction-related technology	12,000	16,585	16,586	(1)
Board	5,500	6,150	5,641	509
General administration	-	-	78,619	(78,619)
School administration	257,975	339,453	244,787	94,666
Fiscal services	32,100	33,100	32,855	245
Student transportation services	35,400	29,700	28,855	845
Operation of plant	400,450	318,642	39,490	279,152
Community services	182,295	45,900	45,266	634
Debt service:				
Principal	-	-	316,178	(316,178)
Interest	3,000	3,000	47,840	(44,840)
Other capital outlay	-	-	88,025	(88,025)
Total expenditures	<u>2,170,957</u>	<u>1,936,006</u>	<u>2,160,429</u>	<u>(224,423)</u>
Excess (deficiency) of revenues over expenditures	<u>68,273</u>	<u>281,524</u>	<u>147,405</u>	<u>(134,119)</u>
OTHER FINANCING SOURCES				
Proceeds from notes payable	-	-	57,500	57,500
Total other financing sources	<u>-</u>	<u>-</u>	<u>57,500</u>	<u>57,500</u>
Net change in fund balance	68,273	281,524	204,905	(76,619)
Fund balance at beginning of year	180,727	180,727	180,727	-
Fund balance at end of year	<u>\$ 249,000</u>	<u>\$ 462,251</u>	<u>\$ 385,632</u>	<u>\$ (76,619)</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, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Federal sources passed through local school district	\$ 353,810	\$ 1,040,747	\$ 821,413	\$ (219,334)
Contributions and other revenue	20,000	26,000	26,444	444
Total revenues	<u>373,810</u>	<u>1,066,747</u>	<u>847,857</u>	<u>(218,890)</u>
EXPENDITURES				
Current:				
Instruction	192,830	450,622	355,854	94,768
Student support services	40,480	40,905	40,902	3
Instructional media services	-	1,500	-	1,500
Instruction and curriculum development	-	15,279	9,167	6,112
Instructional staff training	-	65,600	76,514	(10,914)
Board	-	10,749	10,500	249
School administration	-	53,419	38,421	14,998
Food services	60,000	117,070	115,990	1,080
Student transportation services	-	110,533	-	110,533
Operation of plant	90,500	175,597	171,880	3,717
Community services	-	21,485	21,480	5
Total expenditures	<u>383,810</u>	<u>1,062,759</u>	<u>840,708</u>	<u>222,051</u>
Net changes in fund balance	(10,000)	3,988	7,149	3,161
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (10,000)</u>	<u>\$ 3,988</u>	<u>\$ 7,149</u>	<u>\$ 3,161</u>

See independent auditor's report.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / School Breakfast Program	10.553	7/1/22 - 6/30/23	\$ 17,499
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program	10.555	7/1/22 - 6/30/23	44,250
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / After School Snack Program	10.555	7/1/22 - 6/30/23	10,178
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program (Supply Chain Assistance Funding)	10.555	7/1/22 - 6/30/23	<u>24,768</u>
Total Child Nutrition Cluster			<u>96,695</u>
United States Department of Education / Florida Department of Education / Polk County School District / Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	84.367A	7/1/22 - 6/30/23	<u>11,365</u>
United States Department of Education / Florida Department of Education / Polk County School District / Special Education-Grants to States (IDEA, Part B) [part of the Special Education Cluster (IDEA)]	84.027	7/1/22 - 6/30/23	<u>24,587</u>
United States Department of Education / Florida Department of Education / Polk County School District / Public Charter School Program (CSP) (Planning, Program Design and Implementation)	84.282A	7/27/21 - 7/26/26	<u>113,963</u>
United States Department of Education / Florida Department of Education / Polk County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Lump Sum)	84.425D	7/1/21 - 9/30/23	* 99,031

See accompanying note to schedule of expenditures of federal awards.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(continued)**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Education / Florida Department of Education / Polk County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Literacy - Reading Tutoring for K-3 Students)	84.425D	1/1/22 - 9/30/23 *	1,846
United States Department of Education / Florida Department of Education / Polk County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Coronavirus Response and Relief Supplement Appropriation [CRRSA] - Supplemental Programming)	84.425D	5/1/22 - 9/30/23 *	15,998
United States Department of Education / Florida Department of Education / Polk County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan - Learning Loss)	84.425U	11/12/21 - 9/30/24 *	70,540
United States Department of Education / Florida Department of Education / Polk County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan - Lump Sum)	84.425U	11/12/21 - 9/30/24 *	120,383
Total Education Stabilization Funds			<u>307,798</u>
Federal Communications Commission / Emergency Connectivity Fund (ECF) Program	32.009	7/1/22 - 6/30/23	<u>21,044</u>
United States Department of Health and Human Services / Florida Department of Education - Division of Early Learning / Early Learning Coalition / Child Child Care Stabilization (American Rescue Plan)	93.575	7/1/21 - 9/30/23 *	245,961
Total Expenditures of Federal Awards			<u><u>\$ 821,413</u></u>

* Represents COVID-19 funds

See accompanying note to schedule of expenditures of federal awards.

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

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

For fiscal year 2023, the School did not elect to use the 10% de minimis indirect cost rate.

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, 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 12, 2023.

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 12, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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 COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Mi Escuela Montessori, Inc.’s, (the “School”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2023. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of School’s compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKHM, P.A.

Orlando, Florida
September 12, 2023

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

Federal Assistance Listing Number	Grant Period	Name of Federal Program
84.282A	7/27/21 – 7/26/26	Public Charter School Program (CSP) (Planning, Program Design and Implementation)
84.425D	7/1/21 – 9/30/23	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Lump Sum)
84.425D	1/1/22 – 9/30/23	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II – Literacy – Reading Tutoring for K-3 Students)

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)**

Federal Assistance Listing Number	Grant Period	Name of Federal Program
84.425D	5/1/22 – 9/30/23	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II – Coronavirus Response and Relief Supplement Appropriation [CRRSA] - Supplemental Programming)
84.425U	11/12/21 – 9/30/24	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan - Learning Loss)
84.425U	11/12/21 – 9/30/24	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan - Lump Sum)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

The prior year audit was not required to be conducted in accordance with the Uniform Guidance; therefore, there were no prior year audit findings.

**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, 2023, and have issued our report thereon dated September 12, 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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in that report, which is dated September 12, 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 findings and recommendations in the preceding annual financial audit report.

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity 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 12, 2023