

**LAKELAND MONTESSORI
SCHOOLHOUSE, INC.**

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

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2024

King & Walker, CPAs, PL

Certified Public Accountants

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LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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Independent Auditor's Report

To the Board of Directors of the Lakeland Montessori Schoolhouse, 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, each major fund, and the aggregate remaining fund information of Lakeland Montessori Schoolhouse, Inc. ("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, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 GAAS 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 GAAS 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 Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report September 18, 2024, 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.

King & Walker, CPAs

September 18, 2024
Tampa, Florida

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Lakeland Montessori Schoolhouse, Inc., (“School”) provides an overview of the School’s financial activities for the fiscal year ended June 30, 2024.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$582,610.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$3,460,695.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the Net Position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s Net Position and the results of operations, during the fiscal year. An increase or decrease in Net Position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

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 balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates three funds, a General Fund, a Special Revenue Fund, and a Capital Projects Fund. For reporting purposes, the General Fund is considered a major fund. Data from the other governmental funds are combined into a single aggregate presentation.

The School adopts annual budgets 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 District School Board of Polk County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School’s current and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-23	6-30-24	
ASSETS			
Current and Other Assets	\$ 3,248,901	\$ 4,627,159	\$ 1,378,258
Capital Assets, Net	1,153,474	1,138,720	(14,754)
Total Assets	<u>4,402,375</u>	<u>5,765,879</u>	<u>1,363,504</u>
LIABILITIES			
Current Liabilities	329,223	1,144,162	814,939
Noncurrent Liabilities	532,342	498,297	(34,045)
Total Liabilities	<u>861,565</u>	<u>1,642,459</u>	<u>780,894</u>
NET POSITION			
Net Investment in Capital Assets	647,499	662,725	15,226
Unrestricted	2,893,311	3,460,695	567,384
Total Net Position	<u>\$ 3,540,810</u>	<u>\$ 4,123,420</u>	<u>\$ 582,610</u>

Current assets consist primarily of cash and cash equivalents. Current liabilities are primarily comprised of salaries and benefits payable, amounts due to related party, and deferred revenue. Total net position amounted to \$4,123,420, which included an unrestricted net position balance of \$3,460,695.

Current assets and current liabilities increased significantly in the current fiscal year due to the transfer of \$753,168 from Montessori Middle School, Inc., and the recording of a Due to Related Party for the consolidation of the schools.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the current and prior year:

	Operating Results for the Year		
	Governmental Activities		Increase (Decrease)
	6-30-23	6-30-24	
Revenues:			
Federal Through State and Local	\$ 307,810	\$ 170,089	\$ (137,721)
State	910,101	973,813	63,712
Local and Other	778,343	975,239	196,896
Total Revenues	1,996,254	2,119,141	122,887
Expenses:			
Instruction	800,201	864,290	64,089
Student Support Services	11,417	31,263	19,846
Instructional Staff Training	7,780	38,120	30,340
Board	12,381	16,481	4,100
School Administration	314,024	300,514	(13,510)
Central Services	15,898	-	(15,898)
Student Transportation	95	-	(95)
Operation of Plant	248,542	250,819	2,277
Debt Service - Interest	37,002	35,044	(1,958)
Total Expenses	1,447,340	1,536,531	89,191
Increase/(Decrease) in Net Position	\$ 548,914	\$ 582,610	\$ 33,696

The largest revenue source for the School is the State of Florida (46%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

Local and Other revenue increased mainly due to an increase in interest revenue from the School's investment in Florida PRIME.

The largest concentration of expenses was for Instruction related functions which comprised 61% of total expenses and consists primarily of instructional salaries. Instructional expenses increased from the prior year due to an increase in the purchase of instructional supplies and equipment.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$3,482,997.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2024, was developed based on the School's anticipated revenues and expenditure and, the expected student population. Over the course of the year, management monitors and may revise the budgets. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$1,138,720 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixed equipment, and furniture, fixtures, and equipment,. Additional information regarding the School's capital assets can be found in a subsequent note to the financial statements.

DEBT

On June 30, 2024, the School had \$475,995 of long-term liabilities outstanding. Additional information regarding the School's long-term liabilities can be found in a subsequent note to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lakeland Montessori Schoolhouse, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Lakeland Montessori Schoolhouse, Inc., 1124 N. Lake Parker Avenue, Lakeland, FL 33805.

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

STATEMENT OF NET POSITION
June 30, 2024

	Government Activities
ASSETS	
Cash & Cash Equivalents	\$ 4,564,818
Due From Other Agencies	5,138
Accounts Receivable	6,589
Due From Related Party	39,544
Prepaid Items & Deposits	11,070
Capital Assets:	
Land	306,000
Buildings & Fixed Equipment, Net	770,159
Furniture, Fixtures, and Equipment, Net	62,561
Total Capital Assets	1,138,720
TOTAL ASSETS	5,765,879
LIABILITIES	
Salaries and Benefits Payable	159,058
Accounts Payable	600
Due to Related Party	753,168
Deferred Revenue	231,336
Noncurrent Liabilities:	
Due Within One Year:	
Note Payable	32,275
Due After One Year:	
Compensated Absences Payable	22,302
Note Payable	443,720
TOTAL LIABILITIES	1,642,459
NET POSITION	
Net Investment in Capital Assets	662,725
Unrestricted	3,460,695
TOTAL NET POSITION	\$ 4,123,420

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

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

		Program Revenues			Net (Expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities	
Governmental Activities:					
Instruction	\$ 864,290	\$ 668,924	\$ 91,708	\$ -	\$ (103,658)
Student Support Services	31,263	-	5,169	-	(26,094)
Instructional Staff Training	38,120	-	10,040	-	(28,080)
Board	16,481	-	-	-	(16,481)
School Administration	300,514	-	-	-	(300,514)
Operation of Plant	250,819	-	-	-	(250,819)
Debt Service - Interest	35,044	-	-	67,463	32,419
Total Governmental Activities	\$ 1,536,531	\$ 668,924	\$ 106,917	\$ 67,463	(693,227)
General Revenue					
State Sources					909,625
Grants and Contributions not restricted to specific program					63,172
Local and Other					303,040
Total General Revenues					1,275,837
Change in Net Position					582,610
Net Position - July 1, 2023					3,540,810
Net Position - June 30, 2024					\$ 4,123,420

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 4,564,818	\$ -	\$ 4,564,818
Due From Other Agencies	-	5,138	5,138
Accounts Receivable	6,589	-	6,589
Due From Related Party	39,544	-	39,544
Prepaid Items & Deposits	11,070	-	11,070
Due from Other Funds	5,138	-	5,138
Total Assets	<u>\$ 4,627,159</u>	<u>\$ 5,138</u>	<u>\$ 4,632,297</u>
LIABILITIES			
Salaries and Benefits Payable	\$ 159,058	\$ -	\$ 159,058
Accounts Payable	600	-	600
Due to Related Party	753,168	-	753,168
Deferred Revenue	231,336	-	231,336
Due to Other Funds	-	5,138	5,138
Total Liabilities	<u>1,144,162</u>	<u>5,138</u>	<u>1,149,300</u>
FUND BALANCES			
Nonspendable	11,070	-	11,070
Committed	314,514	-	314,514
Unassigned	3,157,413	-	3,157,413
Total Fund Balances	<u>3,482,997</u>	<u>-</u>	<u>3,482,997</u>
Total Liabilities and Fund Balances	<u>\$ 4,627,159</u>	<u>\$ 5,138</u>	<u>\$ 4,632,297</u>

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

LAKELAND MONTESSORI SCHOOLHOUSE, 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, 2024

Total Fund Balances - Governmental Funds		\$	3,482,997
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.			1,138,720
Compensated Absences are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.			(22,302)
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.			
Note Payable	<u>(475,995)</u>		<u>(475,995)</u>
Total Net Position - Governmental Activities		\$	<u><u>4,123,420</u></u>

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

LAKELAND MONTESSORI SCHOOLHOUSE, 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 Fiscal Year Ended June 30, 2024

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ 63,172	\$ 106,917	\$ 170,089
State	909,625	64,188	973,813
Local and Other	971,964	3,275	975,239
Total Revenues	<u>1,944,761</u>	<u>174,380</u>	<u>2,119,141</u>
Expenditures			
Current - Education:			
Instruction	763,228	91,708	854,936
Student Support Services	26,094	5,169	31,263
Instructional Staff Training	28,080	10,040	38,120
Board	16,481	-	16,481
School Administration	305,229	-	305,229
Operation of Plant	190,427	2,439	192,866
Fixed Capital Outlay:		-	-
Other Capital Outlay	51,903	-	51,903
Debt Service:			
Principal	-	29,980	29,980
Interest	-	35,044	35,044
Total Expenditures	<u>1,381,442</u>	<u>174,380</u>	<u>1,555,822</u>
Net Change in Fund Balances	563,319	-	563,319
Fund Balances, July 1, 2023	<u>2,919,678</u>	-	<u>2,919,678</u>
Fund Balances, June 30, 2024	<u><u>\$ 3,482,997</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,482,997</u></u>

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

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Governmental Funds \$ 563,319

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	51,903	
Depreciation Expense	<u>(66,657)</u>	(14,754)

The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 29,980

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the fiscal year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current fiscal year. 4,065

Change in Net Position - Governmental Activities \$ 582,610

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Lakeland Montessori Schoolhouse, Inc., (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act on June 26, 2009. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than 3 or more than 7 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, (“District”). On May 15, 2024, the District approved the consolidation of Montessori Middle School, Inc., with the School effective July 1, 2024. The current charter is effective until June 30, 2029, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District 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 District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; 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 which should be reported within the School's basic financial statements are identified and described in the 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 on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Financial data from the remaining governmental funds are presented in the aggregate.

➤ Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using 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 the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS

June 30, 2024

judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School’s deposits are placed with banks and savings and loans qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general school purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Fixed Equipment	25 years
Furniture, Fixtures & Equipment	3-10 years

➤ **Investments**

The School had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

At June 30, 2024, the School reported as cash equivalents \$4,080,077 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The School’s investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are

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June 30, 2024

owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 45 days as of June 30, 2024. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

➤ **Noncurrent Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund.

In the government-wide financial statements, compensated absences for unused vacation or sick leave are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments.

Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation and sick leave) are recorded as an expenditure 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 current in the government-wide financial statements because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
 - Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
 - Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
 - Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
 - Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.
- **Order of Fund Balance Spending Policy**
- The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are

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determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ 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 students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (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 (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2024, the School reported 108.01 unweighted FTE and 117.179 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

LAKELAND MONTESSORI SCHOOLHOUSE, INC.

A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS

June 30, 2024

The School receives Federal or state 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 or state 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.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales, and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there is one subsequent event which requires disclosure. On May 15, 2024, the District approved the consolidation of Montessori Middle School, Inc., a charter school and component unit of the District School Board of Polk County, related through common board members with the School effective July 1, 2024. All assets and liabilities of Montessori Middle School, Inc. will be transferred to the School and reported as the Lakeland Montessori Schoolhouse, Inc. starting with the 2024-25 fiscal year.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.
A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. INVESTMENTS

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the School’s recurring fair value measurements as of June 30, 2024, are valued using quoted market prices (Level 1 inputs).

The School’s investments at June 30, 2024, are reported as follows:

	Amount
Investments measured at amortized cost	
External Investment Pool:	
SBA Florida PRIME	\$ 4,080,077
Total investments measured at amortized cost	4,080,077
Total Investments	\$ 4,080,077

Florida PRIME investments are reported as cash equivalents for financial statement reporting purposes.

4. DUE FROM OTHER AGENCIES

The amount Due from Other Agencies included in the accompanying statement of net position and balance sheet – governmental funds consist of amounts due from the Florida Department of Education funds for Charter School Capital Outlay recorded in the Capital Projects Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible is accrued.

5. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Land	\$ 306,000	\$ -	\$ -	\$ 306,000
Buildings & Fixed Equipment	1,327,672	-	-	1,327,672
Furniture, Fixtures and Equipment	75,932	51,903	-	127,835
Total Capital Assets	<u>1,709,604</u>	<u>51,903</u>	<u>-</u>	<u>1,761,507</u>
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	(504,406)	(53,107)	-	(557,513)
Furniture, Fixtures and Equipment	(51,724)	(13,550)	-	(65,274)
Total Accumulated Depreciation	<u>(556,130)</u>	<u>(66,657)</u>	<u>-</u>	<u>(622,787)</u>
Governmental Activities Capital Assets, net	<u>\$ 1,153,474</u>	<u>\$ (14,754)</u>	<u>\$ -</u>	<u>\$ 1,138,720</u>

Depreciation was charged to the following programs and functions:

<u>Governmental Activities:</u>	
Instruction	\$ 8,704
Operation of Plant	57,953
Total depreciation expenses - governmental activities	<u>\$ 66,657</u>

7. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state 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 the collectability of any related receivables at June 30, 2024, may be impaired.

In the opinion of the School, there are no significant 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.

LAKELAND MONTESSORI SCHOOLHOUSE, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

8. NOTE PAYABLE

The School reported a note payable as follows:

	<u>Balance at 6-30-24</u>
<u>NCB Capital Impact</u>	
Loan Agreement dated February 13, 2009, bearing interest rate of 7% per annum maturing September 2034. The loan was used to finance the purchase and renovation of the School's facilities and is secured by a lien on the land and building. In the event of default for non-payment, all principal and interest shall be immediately due 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 waived by the lender.	<u>\$ 475,995</u>
Total Note Payable	<u><u>\$ 475,995</u></u>

Annual requirements to amortize outstanding debt as of June 30, 2024, are as follows:

Fiscal Year	Total	Principal	Interest
Ending June 30	<u> </u>	<u> </u>	<u> </u>
2025	\$ 65,025	\$ 32,275	\$ 32,750
2026	65,025	34,642	30,383
2027	65,025	37,182	27,843
2028	65,025	39,840	25,185
2029	65,025	42,830	22,195
2030-34	325,125	266,091	59,034
2035	23,495	23,135	360
Total	<u>\$ 673,745</u>	<u>\$ 475,995</u>	<u>\$ 197,750</u>

9. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Compensated Absences	\$ 26,367	\$ -	\$ (4,065)	\$ 22,302	\$ -
Note Payable	505,975	-	(29,980)	475,995	32,275
Total Governmental Activities	<u>\$ 532,342</u>	<u>\$ -</u>	<u>\$ (34,045)</u>	<u>\$ 498,297</u>	<u>\$ 32,275</u>

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

10. INTERFUND RECEIVABLES & PAYABLES

At June 30, 2024, the School’s Capital Projects Fund owed the General Fund \$5,138 for expenditures awaiting reimbursement from other agencies. These amounts of interfund receivables and payables are netted together and not reported in the statement of net position.

11. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue:

Source	Amount
Florida Education Finance Program	\$ 776,935
Categorical Programs:	
Class Size Reduction	109,592
School Recognition	19,336
Charter School Capital Outlay	64,188
Miscellaneous	3,762
Total State Revenue	\$ 973,813

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$17,022.

12. RELATED PARTY TRANSACTIONS

The School is related to Montessori Middle School, Inc. (“MMS”), a charter school and component unit of the District School Board of Polk County, through common board members. During the fiscal year ended June 30, 2024, MMS paid the School \$14,907 pursuant to a cost sharing arrangement for administrative services provided by the Director of Finance and Strategic Planning. During the school year, MMS used space at the School for classroom and other educational support space and in return paid LMS \$70,000 as a cost sharing payment determined by the Board 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 service to MMS. Personnel costs for the personnel who provide service to MMS totaled \$80,706 for the fiscal year ended June 30, 2024. The School is typically reimbursed on a monthly basis.

At June 30, 2024, MMS owed the School \$39,544 for unreimbursed shared costs. The amount is reported as Due from Related Party on the statement of net position and balance sheet.

At June 30, 2024, the School recorded a Due to Related Party of \$753,168 for funds that have been transferred to the School from MMS for the consolidation of the schools. On May 15, 2024, the District approved the consolidation of Montessori Middle School, Inc., a charter school and component unit of the District School Board of Polk County, related

LAKELAND MONTESSORI SCHOOLHOUSE, INC.
A Charter School and Component Unit of the District School Board of
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through common board members with the School effective July 1, 2024. All remaining assets and liabilities of Montessori Middle School, Inc., will be transferred to the School and reported as the Lakeland Montessori Schoolhouse, Inc., starting with the 2024-25 fiscal year.

13. DEFINED CONTRIBUTION PLAN

The School leases their employees from a professional employer organization. Part of the leasing agreement, the School has adopted an IRC Section 403(b) defined contribution pension plan for all non-part time employees over 21 years of age and who have met the definition of a year of service as defined in the retirement plan. Benefits are 100% vested after completion of the third year of vesting service based on the vesting schedule in the retirement plan. Participation is mandatory, and the employee may contribute up to the maximum allowable under the IRC rules. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors. For the current fiscal year, the contribution rate was 13.57% and totaled \$100,977 which is accrued as a liability at June 30, 2024.

14. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

15. 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.

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal Through State and Local	\$ -	\$ 167,850	\$ 63,172	\$ (104,678)
State	811,904	909,550	909,625	75
Local and Other	629,091	970,180	971,964	1,784
Total Revenues	<u>1,440,995</u>	<u>2,047,580</u>	<u>1,944,761</u>	<u>(102,819)</u>
Expenditures:				
Current - Education:				
Instruction	841,453	907,300	763,228	144,072
Student Support Services	21,876	32,200	26,094	6,106
Instructional Staff Training	15,009	39,000	28,080	10,920
Board	15,004	17,200	16,481	719
School Administration	304,394	303,800	305,229	(1,429)
Operation of Plant	187,240	205,325	190,427	14,898
Fixed Capital Outlay:				
Other Capital Outlay	-	-	51,903	(51,903)
Debt Service:				
Principal	7,028	-	-	-
Total Expenditures	<u>1,392,004</u>	<u>1,504,825</u>	<u>1,381,442</u>	<u>123,383</u>
Net Change in Fund Balance	48,991	542,755	563,319	20,564
Fund Balance, July 1, 2023	2,919,678	2,919,678	2,919,678	-
Fund Balance, June 30, 2024	<u>\$ 2,968,669</u>	<u>\$ 3,462,433</u>	<u>\$ 3,482,997</u>	<u>\$ 20,564</u>

See Independent Auditor's Report.

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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**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

To the Board of Directors of the Lakeland Montessori Schoolhouse, 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, each major fund, and the aggregate remaining fund information of Lakeland Montessori Schoolhouse, Inc. ("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, 2024, 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, 2024.

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. 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 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.

King & Walker, CPAs

September 18, 2024
Tampa, Florida



Members:
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American Institute of CPAs
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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Lakeland Montessori Schoolhouse, 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 Lakeland Montessori Schoolhouse, Inc., (“School”), a Charter School and Component Unit of the District School Board of Polk County, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 18, 2024.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 18, 2024, 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 or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 and the school code assigned by the Florida Department of Education of the entity are Lakeland Montessori Schoolhouse, Inc., 538141.

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 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.

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 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 that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 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.

King & Walker, CPAs

September 18, 2024
Tampa, Florida