

**MONTESSORI ISLAND CHARTER SCHOOL,
INC.
D/B/A TREASURE VILLAGE MONTESSORI**

**BASIC FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2020

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MONTESSORI ISLAND CHARTER SCHOOL, INC.
D/B/A TREASURE VILLAGE MONTESSORI
(A Charter School Under Montessori Island Charter School, Inc.)

86731 Overseas Highway
Islamorada, FL 33036
(305) 852-3482

2019-2020

BOARD OF DIRECTORS

Ms. Rosie Donnelly, Chair
Ms. Michelle Kane, Vice-Chair
Mr. Frederick Matthews, Treasurer
Mr. Jack Bridges
Ms. Maureen McDonough
Mr. Craig Zabransky, Secretary
Mr. A.J. Engelmeier

SCHOOL ADMINISTRATION

Kelly Anne Mangel, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montessori Island Charter School, Inc.
(d/b/a Treasure Village Montessori)
Islamorada, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Montessori Island Charter School Inc., (d/b/a Treasure Village Montessori) (the "School"), a charter school under Montessori Island Charter School Inc., which is a component unit of the District School Board of Monroe County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2020, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 23, 2020

Management’s Discussion and Analysis
Montessori Island Charter School
(d/b/a Treasure Village Montessori)
June 30, 2020

The corporate officers of Montessori Island Charter School, Inc. (d/b/a Treasure Village Montessori) (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2020.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2020 by \$907,394 (net position).
2. At year-end, the School had current assets on hand of \$843,608.
3. The fund balance of the School increased by \$123,743 during the year and had a positive ending fund balance of \$605,425.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2020 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 – 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net assets as of June 30, 2020 and 2019 follows:

	Assets	
	2020	2019
Cash and cash equivalents	\$ 782,858	\$ 630,676
Accounts receivable, net	17,578	13,168
Prepaid expenses	33,313	19,032
Deposit receivable and other assets	26,359	27,587
Capital assets, net	627,437	634,515
Total Assets	\$ 1,487,545	\$ 1,324,978
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 227,967	\$ 203,889
Deferred revenue	26,716	4,892
Long-term debt	325,468	36,033
Total Liabilities	580,151	244,814
Net investment in capital assets	597,427	598,482
Unrestricted	309,967	481,682
Total Net Position	907,394	1,080,164
Total Liabilities and Net Position	\$ 1,487,545	\$ 1,324,978

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets.

A summary and analysis of the School’s revenues and expenses for the years ended June 30, 2020 and 2019 follows:

	<u>2020</u>	<u>2019</u>
REVENUES		
State capital outlay funding through local	\$ 99,762	\$ 117,760
Charges for services and other grants	114,731	173,860
State passed through local	2,184,586	2,159,145
Fundraising and other revenue	97,470	275,313
Total Revenues	<u>2,496,549</u>	<u>2,726,078</u>
EXPENSES		
Instructional services	1,674,406	1,544,211
Instructional support services	49,588	56,387
Instructional staff training services	27,427	48,631
Board	711	786
School administration	371,794	366,985
Facilities acquisition and construction	318,054	315,747
Fiscal services	59,187	56,783
Pupil transportation services	1,142	1,618
Operation of plant	165,510	165,753
Administrative technical services	-	12,990
Interest expense	1,500	3,350
Total Expenses	<u>2,669,319</u>	<u>2,573,241</u>
Change in Net Position	(172,770)	152,837
Net Position at Beginning of Year	<u>1,080,164</u>	<u>927,327</u>
Net Position at End of Year	<u>\$ 907,394</u>	<u>\$ 1,080,164</u>

The School’s total revenues were approximately \$2,497,000, while total expenses were approximately \$2,669,000. Overall, the Schools net position decreased by approximately \$172,000 for the year.

ACCOMPLISHMENTS

Treasure Village Montessori (TVM) is in its 22nd year of operation and continues to pave the way as a top charter school in Monroe County, maintaining a top ranking in the district. The staff has remained consistent with 27 full time employees whose dedication and contributions are second to none. As the largest charter school—with the most diverse program—in the Upper Keys, TVM has much to be proud of:

- Our continued growth and success as one of the oldest charter schools in Monroe County.
- Our ranking as a high performing charter school in the state of Florida, AdvancEd accreditation.

- Our successful integration between Florida state standards and the Montessori philosophy.
- Our successful blended curriculum, innovative classrooms, extended day opportunities, and one-of-a-kind campus environment.
- As a FLDOE recognized School of Excellence.

The School continues to strive to integrate leadership and communication skills. The School is focused on integrating engineering within the classroom as well as integrating student led projects in the community. The students at TVM remain active citizens within the community, partaking in a variety of community-based events. Our mottos are Be A Good Human and Kindness Matters!

SCHOOL LOCATION

The School operates in Islamorada, Florida from its facility located at 86731 Overseas Hwy, Islamorada, FL 33036.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

GOVERNMENTAL FUNDS

The focus of the School’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School’s governmental funds reported combined ending fund balances of \$605,425, an increase of \$123,743 in comparison with the prior year.

CAPITAL ASSETS

The School’s investment in capital assets as of June 30, 2020 amounts to \$627,437 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, vehicles, furniture, fixtures and computer equipment.

NOTE PAYABLE

The School received loan proceeds of \$295,458 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities, and interest expense. The loan matures on April 27, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above.

GENERAL FUND BUDGET ANALYSIS AND HIGHLIGHTS

Prior to the start of the School’s fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided below for the combined funds to demonstrate compliance with the School’s budget.

	Original Budget	Final Budget	Actual
REVENUES			
State government grants	\$ 2,018,400	\$ 2,018,400	\$ 2,184,586
Capital outlay funding and other grants	96,600	96,600	99,762
Charges for services and other grants	150,000	150,000	114,731
Other income	187,000	187,000	97,470
TOTAL REVENUE	<u>2,452,000</u>	<u>2,452,000</u>	<u>2,496,549</u>
EXPENDITURES			
Instructional services	1,544,000	1,544,000	1,674,406
Instructional support services	53,000	53,000	49,588
Instructional staff training services	25,000	25,000	27,427
Board	-	-	711
School administration	290,700	290,700	304,297
Facilities acquisition and construction	319,217	319,217	378,473
Fiscal services	47,000	47,000	59,187
Administrative technology services	6,000	6,000	-
Pupil transportation services	2,000	2,000	1,142
Operation of plant	163,500	163,500	165,510
Debt services	1,525	1,525	7,523
TOTAL EXPENDITURES	<u>2,451,942</u>	<u>2,451,942</u>	<u>2,668,264</u>
Loan proceeds	<u>-</u>	<u>-</u>	<u>295,458</u>
Net change in fund balance	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ 123,743</u>

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Kelly Anne Mangel, Principal located at 86731 Overseas Hwy, Islamorada, FL 33036.

MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 782,858
Accounts receivable, net	17,578
Prepaid expenses	33,313
Other assets	9,859
TOTAL CURRENT ASSETS	843,608
CAPITAL ASSETS	
Leasehold improvements	829,283
Less accumulated depreciation	(280,445)
Vehicles	95,673
Less accumulated depreciation	(67,303)
Furniture and equipment	356,124
Less accumulated depreciation	(305,895)
TOTAL CAPITAL ASSETS, NET	627,437
DEPOSITS	16,500
TOTAL ASSETS	\$ 1,487,545
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable	\$ 12,613
Accrued wages payable	215,354
Deferred revenue	26,716
Loan payable - current portion	6,282
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	260,965
Loan payable - long term portion	319,186
NET POSITION	
Net investment in capital assets	597,427
Unrestricted	309,967
TOTAL NET POSITION	907,394
TOTAL LIABILITIES AND NET POSITION	\$ 1,487,545

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

MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional services	\$ 1,674,406	\$ 114,731	\$ -	\$ -	\$ (1,559,675)
Instructional support services	49,588	-	-	-	(49,588)
Instructional staff training services	27,427	-	-	-	(27,427)
Board	711	-	-	-	(711)
School administration	371,794	-	-	-	(371,794)
Facilities acquisition and construction	318,054	-	-	99,762	(218,292)
Fiscal services	59,187	-	-	-	(59,187)
Operation of plant	165,510	-	-	-	(165,510)
Pupil transportation services	1,142	-	-	-	(1,142)
Interest expense	1,500	-	-	-	(1,500)
Total Governmental Activities	\$ 2,669,319	\$ 114,731	\$ -	\$ 99,762	\$ (2,454,826)
GENERAL REVENUES:					
					2,184,586
					97,470
					<u>2,282,056</u>
					(172,770)
					<u>1,080,164</u>
					<u>\$ 907,394</u>

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

MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 782,858	\$ -	\$ 782,858
Accounts receivable, net	17,578	-	17,578
Prepaid expenses	33,313	-	33,313
Other assets	26,359	-	26,359
TOTAL ASSETS	<u><u>\$ 860,108</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 860,108</u></u>
 LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 12,613	\$ -	\$ 12,613
Accrued wages payable	215,354	-	215,354
Deferred insurance proceeds	26,716	-	26,716
TOTAL LIABILITIES	<u>254,683</u>	<u>-</u>	<u>254,683</u>
 FUND BALANCE			
Nonspendable	59,672	-	59,672
Unassigned	545,753	-	545,753
TOTAL FUND BALANCE	<u>605,425</u>	<u>-</u>	<u>605,425</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 860,108</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 860,108</u></u>

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

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Total Fund Balance - Governmental Funds		\$ 605,425
<p>Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.</p>		
	Capital assets	1,281,080
	Accumulated depreciation	(653,643)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
	Loan payable	(325,468)
Total Net Position - Governmental Activities		<u>\$ 907,394</u>

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

MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
State passed through local	\$ 2,184,586	\$ -	\$ 2,184,586
State capital outlay funding through local	-	99,762	99,762
Charges for services and other grants	114,731	-	114,731
Fundraising and other revenue	97,470	-	97,470
TOTAL REVENUES	\$ 2,396,787	\$ 99,762	\$ 2,496,549
EXPENDITURES			
Current:			
Instructional services	\$ 1,674,406	\$ -	\$ 1,674,406
Instructional support services	49,588	-	49,588
Instructional staff training services	27,427	-	27,427
Board	711	-	711
School administration	304,297	-	304,297
Facilities acquisition and construction	218,292	99,762	318,054
Fiscal services	59,187	-	59,187
Operation of plant	165,510	-	165,510
Pupil transportation services	1,142	-	1,142
Capital Outlay:			
Facilities acquisition and construction	60,419	-	60,419
Debt Service:			
Redemption of principal	6,023	-	6,023
Interest	1,500	-	1,500
TOTAL EXPENDITURES	2,568,502	99,762	2,668,264
Excess of expenditures over revenue	(171,715)	-	(171,715)
OTHER FINANCING SOURCES			
Proceeds from long-term financing	295,458	-	295,458
Total other financing sources	295,458	-	295,458
Net change in fund balance	123,743	-	123,743
Fund balance at beginning of year	481,682	-	481,682
Fund balance at end of year	\$ 605,425	\$ -	\$ 605,425

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

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Change in Fund Balance - Governmental Funds	\$	123,743
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Governmental funds report capital outlays 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	60,419
Depreciation expense	(67,497)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Loan financing	(295,458)
Principal repayments	6,023

Change in Net Position of Governmental Activities	\$	<u><u>(172,770)</u></u>
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The accompanying notes are an integral part of this financial statement.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Montessori Island Charter School, Inc., (d/b/a Treasure Village Montessori) (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 Board of Directors, which is comprised of 7 members.

The general operating authority of Montessori Island Charter School, Inc., (d/b/a Treasure Village Montessori) (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 Monroe County, Florida (the “School Board”). The current charter is effective until June 30, 2027 and may be renewed by mutual 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 which case the School Board is required to notify the School in writing at least 90 days prior to the School’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, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the *Audit and Accounting Guide-State and Local Governments* issued by the American Institute of Certified Public Accountants; 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 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.

These financial statements are for the year ended June 30, 2020, when over 200 students were enrolled in grades kindergarten through eighth and 20 students were enrolled in the pre-school program at the School for the year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants *Audit and Accounting Guide – Audits per State and Local Governments* and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of the charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Montessori Island Charter School, Inc., (d/b/a Treasure Village Montessori) (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis 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, purchased services, and capital outlay).

Cash and cash equivalents

The School's cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of Pre-K tuition and after school care fees pending to be collected. The School's policy is to set an allowance for any amounts that may be uncollectible. Any bad debts are expensed in the period when they are determined to be uncollectible. At June 30, 2020, the School set an allowance for uncollectible amounts of approximately \$2,000.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Leasehold improvements	5-7 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month of sick/personal leave to up to ten days of active work during the ten month period after one year of employment. During the first year of employment, full-time employees are only eligible for up to a total of seven days of sick/personal leave as they are on a three month probationary period at the start of their employment. Employees and administrators cannot roll forward unused days at year-end.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Assets

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. This balance for the year ended June 30, 2020 was \$597,427.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2020 was \$0.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- 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). At June 30, 2020, the School had \$57,302 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2020, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2020, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2020, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2020, there are no minimum fund balance requirements for any of the School's funds.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Monroe County, Florida (the "School Board") pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 2% administrative fee from the School, which is reflected as a school administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances-governmental funds. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing and for the improvement of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are 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. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through October 23, 2020, which is the date the financial statements were available to be issued.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 – INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

NOTE 4 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Montessori Island Charter School, Inc. All bank accounts are opened under the account ownership of Montessori Island Charter School, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2020, bank balances in potential excess of FDIC coverage was \$358,618.

NOTE 5 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

Capital Assets	Balance at 7/1/2019	Additions	Disposals	Balance at 6/30/2020
Leasehold improvements	\$ 781,950	\$ 47,333	\$ -	\$ 829,283
Vehicle	95,673	-	-	95,673
Furniture & equipment	343,038	13,086	-	356,124
Total Capital Assets	1,220,661	60,419	-	1,281,080
Less Accumulated Depreciation				
Leasehold improvements	(248,146)	(32,299)	-	(280,445)
Vehicle	(48,168)	(19,135)	-	(67,303)
Furniture & equipment	(289,832)	(16,063)	-	(305,895)
Total Accumulated Depreciation	(586,146)	(67,497)	-	(653,643)
Capital Assets, net	<u>\$ 634,515</u>	<u>\$ (7,078)</u>	<u>\$ -</u>	<u>\$ 627,437</u>

Depreciation expense for the year ended June 30, 2020 was \$67,497 and was allocated to school administration.

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School has historically participated 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 the collectivity of any related receivable as of June 30, 2020 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.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Lease commitments

The School entered into an agreement to lease its facilities under an operating lease on July 1, 2006 for a term of 99 years. The lease contains multiple renewal options where each party has the right to terminate the lease at the end of each six year period. If no action is taken to terminate the lease at that time by either party, the lease will automatically renew for another six years. The lease requires the School to pay insurance and other costs.

The School also leases additional space under an operating lease that expires June 30, 2021 with a five year renewal option. Monthly rent under this lease is \$7,768.

Aggregate remaining minimum rental commitments as of June 30, 2020 under these leases are summarized as follows:

Year Ended June 30,	Amount
2021	\$ 294,420
2022	201,876
2023	205,908
2024	210,024
2025	214,224
Total	<u>\$ 1,126,452</u>

Rental expense for the year ended June 30, 2020 was \$292,227.

NOTE 7 – LOAN PAYABLE

During the prior years, the School financed a school bus for a total of \$45,000 bearing interest at a rate of 4.50%. The loan requires 84 payments of \$628 and matures on November 28, 2024.

In addition, the School received loan proceeds of \$295,458 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities, and interest expense. The loan matures on April 27, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above.

Below is a summary of changes and the outstanding balance at June 30, 2020:

	Balance July 1, 2019	Advances	Payments	Balance June 30, 2020
Loan payable	\$ -	\$ 295,458	\$ -	\$ 295,458
Bus loan payable	36,033	-	6,023	30,010
	<u>\$ 36,033</u>	<u>\$ 295,458</u>	<u>\$ 6,023</u>	<u>\$ 325,468</u>

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 – LOAN PAYABLE (Continued)

Future maturities are as follows:

<u>Year Ended June 30</u>	
2021	\$ 6,282
2022	302,032
2023	6,878
2024	6,970
2025 and thereafter	<u>3,306</u>
Total	<u><u>\$ 325,468</u></u>

NOTE 8 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 9 -OTHER MATTERS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results.

REQUIRED SUPPLEMENTAL INFORMATION

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund Budget		
	Original Budget	Final Budget	Actual
REVENUES			
State government grants	\$ 2,018,400	\$ 2,018,400	\$ 2,184,586
Charges for services and other grants	150,000	150,000	114,731
Other income	187,000	187,000	97,470
TOTAL REVENUE	2,355,400	2,355,400	2,396,787
EXPENDITURES			
Instructional services	1,544,000	1,544,000	1,674,406
Instructional support services	53,000	53,000	49,588
Instructional staff training services	25,000	25,000	27,427
Board	-	-	711
School administration	290,700	290,700	304,297
Facilities acquisition and construction	222,617	222,617	278,711
Fiscal services	47,000	47,000	59,187
Administrative technology services	6,000	6,000	-
Pupil transportation services	2,000	2,000	1,142
Operation of plant	163,500	163,500	165,510
Debt service	1,525	1,525	7,523
TOTAL EXPENDITURES	2,355,342	2,355,342	2,568,502
Loan proceeds	-	-	295,458
Net change in fund balance	\$ 58	\$ 58	\$ 123,743

See accompanying note for required supplemental information.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
TO ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Capital outlay funding	\$ 96,600	\$ 96,600	\$ 99,762
TOTAL REVENUE	<u>96,600</u>	<u>96,600</u>	<u>99,762</u>
EXPENDITURES			
Facilities acquisition and construction	96,600	96,600	99,762
TOTAL EXPENDITURES	<u>96,600</u>	<u>96,600</u>	<u>99,762</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accompanying note for required supplemental information.

**MONTESSORI ISLAND CHARTER SCHOOL, INC.
(D/B/A TREASURE VILLAGE MONTESSORI)
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2020 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and capital projects funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



INDEPENDENT AUDITORS' 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*

Board of Directors of
Montessori Island Charter School, Inc.
(d/b/a Treasure Village Montessori)
Islamorada, 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 Montessori Island Charter School, Inc., (d/b/a Treasure Village Montessori) (the "School") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "Verdepin DeArmas Trujillo". The signature is written in a cursive style with a horizontal line above the "i" in "Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 23, 2020



MANAGEMENT LETTER

Board of Directors of
Montessori Island Charter School
(d/b/a Treasure Village Montessori)
Islamorada, Florida

Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of Montessori Island Charter School (d/b/a Treasure Village Montessori) (the “School”) as of and for the year ended June 30, 2020, and have issued our report dated October 23, 2020.

Auditor’s Responsibility

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; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated October 23, 2020, 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 noted 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 and the school code assigned by the Florida Department of Education of the school is Treasure Village Montessori Charter School and #440371.

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 procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2020 is not deteriorating.

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 that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 23, 2020