

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

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

**JUNE 30, 2022**



# CONTENTS

	<u>Page</u>
<b>Management’s Discussion and Analysis</b>	1 - 7
<b>Independent Auditor’s Report on Basic Financial Statements and Supplementary Information</b>	8 - 10
<b>Basic Financial Statements:</b>	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19 - 28
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule – General Fund	29
Budgetary Comparison Schedule – Special Revenue Fund	30
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	31 - 32
<b>Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers:</i></b>	
Management Letter	33 - 35

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- During 2022, the School's revenues exceeded expenses by \$78,298, which was a decrease from the prior year when revenues exceeded expenses by \$195,069.
- Overall, revenues increased by approximately \$35,000, which was a 2% increase from the prior year.
- Overall, expenses increased by approximately \$152,000, which was a 9% increase from the prior year.
- Total assets were \$1,374,285 and total liabilities were \$673,281, resulting in net position of \$701,004 as of June 30, 2022.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
  - The *fiduciary fund* financial statements provide information about the financial activities in which the School serves only as the custodian for assets that belong to others, such as student activities funds.

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

This document also includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

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

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

	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Fund</b>
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

The School has two types of funds:

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

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

Fiduciary Funds – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

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

**Net Position**

The School's combined net position as of June 30, 2022 and 2021 is summarized as follows – see table below:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2022</b>	<b>2021</b>	
Current and other assets	\$ 633,004	\$ 595,276	6%
Capital assets, net	741,281	147,039	404%
Total assets	<u>1,374,285</u>	<u>742,315</u>	<u>85%</u>
Current and other liabilities	117,026	119,609	-2%
Long-term liabilities	556,255	-	100%
Total liabilities	<u>673,281</u>	<u>119,609</u>	<u>463%</u>
Net position:			
Net investment in capital assets	185,026	147,039	26%
Restricted	61,672	60,148	3%
Unrestricted	454,306	415,519	9%
Total net position	<u>\$ 701,004</u>	<u>\$ 622,706</u>	<u>13%</u>

Net capital assets, long-term liabilities, and net investment in capital assets changed due to the increase in capital asset additions and the recognition of related lease liability, net of current year payments, as a result of implementing new lease accounting under GASB 87. Unrestricted net position increased due to the current year operating surplus and the activity noted above.

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

**Change in Net Position**

The School's total revenues increased by 2% to \$1,877,144, and the total cost of all programs and services increased by 9% to \$1,798,846 – see table below.

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2022</b>	<b>2021</b>	<b>(Decrease)</b>
<b>Revenues:</b>			
Federal sources passed through local school district	\$ 181,554	\$ 78,786	130%
State and local sources	1,536,372	1,585,810	-3%
Contributions and other revenue	159,218	177,155	-10%
Total revenues	<u>1,877,144</u>	<u>1,841,751</u>	<u>2%</u>
<b>Expenses:</b>			
Instruction	1,095,608	914,994	20%
Instructional staff training	17,640	15,525	14%
Board	28,012	24,981	12%
General administration	70,838	72,927	-3%
School administration	309,629	264,395	17%
Fiscal services	14,991	10,720	40%
Food services	4,861	3,754	29%
Student transportation services	55,000	55,000	0%
Operation of plant	143,101	265,734	-46%
Community services	24,349	18,652	31%
Interest	34,817	-	100%
Total expenses	<u>1,798,846</u>	<u>1,646,682</u>	<u>9%</u>
Change in net position	<u>\$ 78,298</u>	<u>\$ 195,069</u>	<u>-60%</u>

Federal sources increased due to the receipt of additional CARES Act-related grants in response to the coronavirus pandemic. Contributions and other revenue changed due to an increase in preschool tuition and related fees and fundraiser donations received in the current year, offset by a decrease in revenues from forgiveness of the School's Paycheck Protection Program loan in the prior year. Instruction increased due to increased staffing and depreciation in the current year. School administration changed due to an increase in supplies and equipment purchased and depreciation. Operation of plant decreased and interest increased as a result of the implementation of GASB 87.

Certain reclassifications were made in the 2021 amounts to conform to their classifications in 2022.

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

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

As the School completed the year, its governmental funds reported a fund balance of \$515,978. Both revenues and expenditures changed overall for the same reasons described above.

**General Fund Budgetary Highlights**

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

For 2022, actual general fund revenues were approximately \$70,000 above the final budget, which represents a 5% budget variance. Actual general fund expenditures were approximately \$729,000 above the final budget, which represents a 49% budget variance. The variance was due to higher than expected capital outlays as a result of the implementation of GASB 87, which was not budgeted.

**Special Revenue Fund Budgetary Highlights**

For 2022, actual special revenue fund revenues and expenditures were not significantly different from the final budget amounts.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The School's investment in capital assets at the end of fiscal 2022 amounts to \$741,281 (net of accumulated depreciation). See table below:

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
Leased building	\$ 664,938	\$ -	100%
Leasehold improvements	69,030	25,600	170%
Furniture, fixtures and equipment	237,843	199,724	19%
Less accumulated depreciation	<u>(230,530)</u>	<u>(78,285)</u>	<u>-194%</u>
Total capital assets, net	<u>\$ 741,281</u>	<u>\$ 147,039</u>	<u>404%</u>

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

- Leased building due to implementation of GASB 87 – \$664,938
- Fencing for playground – \$42,315
- Computers – \$14,388
- Copier and printer – \$11,387
- Cafeteria equipment – \$10,977



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

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

- Fencing – \$7,610
- Copier – \$6,250

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

### **Long-term Debt**

As of June 30, 2022, the School had \$556,255 in lease liability outstanding, which increased from the prior year due to the implementation of GASB 87. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

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

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

- Projected increase in student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$1,569,000, a decrease of 2% from the final 2022 amount of \$1,597,596.

Budgeted expenditures are expected to be approximately \$1,559,000, a decrease of 30% from the final 2022 amount of \$2,222,223, primarily due to a decrease in capital outlay expenditures. The School has added no major new programs to the fiscal 2023 budget.

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

### **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 220 5<sup>th</sup> Street SW, Winter Haven, Florida 33880.

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

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

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cypress Junction Montessori, Inc. (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cypress Junction Montessori, Inc. as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on pages 29 – 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Orlando, Florida  
September 23, 2022

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 530,187
Accounts receivable	86,774
Other assets	16,043
Capital assets, net	741,281
Total assets	\$ 1,374,285
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 106,701
Unearned revenues	10,325
Long-term liabilities:	
Due within one year	127,336
Due in more than one year	428,919
Total liabilities	673,281
<b>NET POSITION</b>	
Net investment in capital assets	185,026
Restricted for scholarships	52,900
Restricted for music and curriculum	8,772
Unrestricted	454,306
Total net position	701,004
Total liabilities and net position	\$ 1,374,285

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

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

**STATEMENT OF ACTIVITIES**

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

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 1,095,608	\$ 102,097	\$ 152,696	\$ -	\$ (840,815)	\$ (840,815)
Instructional staff training	17,640	-	11,963	-	(5,677)	(5,677)
Board	28,012	-	-	-	(28,012)	(28,012)
General administration	70,838	-	-	-	(70,838)	(70,838)
School administration	309,629	6,388	-	-	(303,241)	(303,241)
Fiscal services	14,991	-	-	-	(14,991)	(14,991)
Food services	4,861	-	-	-	(4,861)	(4,861)
Student transportation services	55,000	-	-	-	(55,000)	(55,000)
Operation of plant	143,101	-	16,895	-	(126,206)	(126,206)
Community services	24,349	24,595	-	-	246	246
Interest	34,817	-	-	-	(34,817)	(34,817)
<b>Total primary government</b>	<b>\$ 1,798,846</b>	<b>\$ 133,080</b>	<b>\$ 181,554</b>	<b>\$ -</b>	<b>(1,484,212)</b>	<b>(1,484,212)</b>
General revenues:						
State and local sources					1,536,372	1,536,372
Contributions and other revenue					26,138	26,138
Total general revenues					1,562,510	1,562,510
Change in net position					78,298	78,298
Net position at beginning of year					622,706	622,706
Net position at end of year					<u>\$ 701,004</u>	<u>\$ 701,004</u>

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

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 530,187	\$ -	\$ -	\$ 530,187
Accounts receivable	13,687	64,541	8,546	86,774
Other assets	16,043	-	-	16,043
Due from other funds	73,087	-	-	73,087
Total assets	<u>\$ 633,004</u>	<u>\$ 64,541</u>	<u>\$ 8,546</u>	<u>\$ 706,091</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenditures	\$ 106,701	\$ -	\$ -	\$ 106,701
Unearned revenues	10,325	-	-	10,325
Due to general fund	-	64,541	8,546	73,087
Total liabilities	<u>117,026</u>	<u>64,541</u>	<u>8,546</u>	<u>190,113</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Other assets	16,043	-	-	16,043
Restricted for:				
Scholarships	52,900	-	-	52,900
Music and curriculum	8,772	-	-	8,772
Unassigned	438,263	-	-	438,263
Total fund balances	<u>515,978</u>	<u>-</u>	<u>-</u>	<u>515,978</u>
Total liabilities and fund balances	<u>\$ 633,004</u>	<u>\$ 64,541</u>	<u>\$ 8,546</u>	<u>\$ 706,091</u>

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

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

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

**JUNE 30, 2022**

<b>Total fund balances - total governmental funds</b>	<b>\$ 515,978</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$971,811 and the accumulated depreciation is \$230,530.	741,281
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:	
Lease liability	<u>(556,255)</u>
<b>Total net position - governmental activities</b>	<b><u><u>\$ 701,004</u></u></b>

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



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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Federal sources passed through local school district	\$ -	\$ 181,554	\$ -	\$ 181,554
State and local sources	1,434,754	-	101,618	1,536,372
Contributions and other revenue	162,842	-	-	162,842
Total revenues	<u>1,597,596</u>	<u>181,554</u>	<u>101,618</u>	<u>1,880,768</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	828,209	152,696	-	980,905
Instructional staff training	5,677	11,963	-	17,640
Board	28,012	-	-	28,012
General administration	70,838	-	-	70,838
School administration	274,406	-	-	274,406
Fiscal services	14,991	-	-	14,991
Food services	3,806	-	-	3,806
Student transportation services	55,000	-	-	55,000
Operation of plant	114,706	16,895	-	131,601
Community services	24,349	-	-	24,349
Debt service:				
Principal	7,065	-	101,618	108,683
Interest	34,817	-	-	34,817
Other capital outlay	760,347	-	-	760,347
Total expenditures	<u>2,222,223</u>	<u>181,554</u>	<u>101,618</u>	<u>2,505,395</u>
Excess of expenditures over revenues	<u>(624,627)</u>	<u>-</u>	<u>-</u>	<u>(624,627)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease liability	664,938	-	-	664,938
Total other financing sources	<u>664,938</u>	<u>-</u>	<u>-</u>	<u>664,938</u>
Net change in fund balances	40,311	-	-	40,311
Fund balances at beginning of year	475,667	-	-	475,667
Fund balances at end of year	<u>\$ 515,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,978</u>

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

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

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

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

<b>Net changes in fund balances - total governmental funds</b>	<b>\$</b>	<b>40,311</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$760,347) exceed depreciation expense (\$162,481) in the current period.		597,866
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(664,938)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		108,683
In the statement of activities, the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed.		(3,624)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>78,298</u></b>

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

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

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2022**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,359
Total assets	<u>\$ 2,359</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 943
Total liabilities	<u>943</u>
<b>NET POSITION</b>	
Restricted for:	
Student activities	<u>1,416</u>
Total liabilities and net position	<u>\$ 2,359</u>

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

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

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

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Collections for student activities	\$ 6,684
Total additions	6,684
<b>DEDUCTIONS</b>	
Payments for student activities	10,192
Total deductions	10,192
Change in net position	(3,508)
Net position at beginning of year	4,924
Net position at end of year	\$ 1,416

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

**Organization**

Cypress Junction Montessori, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of ten members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Polk County, Florida (the "School Board"). The current charter is effective until June 30, 2026 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") 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 Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**Basis of Presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

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

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

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

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

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

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

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

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

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay and local capital improvement funds.

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

Fiduciary Fund:

Custodial Fund – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

**Basis of Accounting**

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

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

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

**Budgetary Basis Accounting**

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

**Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of June 30, 2022, the School had deposits in a financial institution with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$101,000. The School has not historically experienced losses on its cash and cash equivalents.

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Receivables**

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

**Capital Assets and Depreciation**

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

	<u>Years</u>
Leased building	5
Leasehold improvements	5 - 15
Furniture, fixtures and equipment	3 - 10

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

**Long-term Liabilities**

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

**Fund Balance Spending Policy**

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



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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Revenue Sources**

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

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

**Income Taxes**

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

**Use of Estimates**

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

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Subsequent Events**

The School has evaluated subsequent events through September 23, 2022, the date these financial statements were available to be issued.

**Recently Adopted Accounting Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The School adopted the standard on July 1, 2021 on a prospective basis. Upon adoption of the standard, \$664,938 in leased building and lease liability was recorded in the statement of net position. In addition, \$664,938 was recorded as other financing sources and capital outlay expenditures in the statement of revenues, expenditures and changes in fund balances – governmental funds. There was no effect on the School's beginning net position and fund balance.

**2 ACCOUNTS RECEIVABLE**

Accounts receivable in the accompanying financial statements include \$86,774 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

**3 INTERFUND ACTIVITIES**

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

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General fund	\$ 73,087	\$ -
Special revenue fund	-	64,541
Capital projects fund	-	8,546
Total interfund	\$ 73,087	\$ 73,087

The amounts payable by the special revenue and capital projects funds to the general fund is to cover temporary cash shortages related to the timing of receipts.

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 CHANGES IN CAPITAL ASSETS**

Capital asset activity during 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Leased building	\$ -	\$ 664,938	\$ -	\$ 664,938
Leasehold improvements	25,600	51,040	(7,610)	69,030
Furniture, fixtures and equipment	199,724	44,369	(6,250)	237,843
Total capital assets being depreciated	<u>225,324</u>	<u>760,347</u>	<u>(13,860)</u>	<u>971,811</u>
Less accumulated depreciation for:				
Leased building	-	(132,988)	-	(132,988)
Leasehold improvements	(15,522)	(4,575)	3,986	(16,111)
Furniture, fixtures and equipment	(62,763)	(24,918)	6,250	(81,431)
Total accumulated depreciation	<u>(78,285)</u>	<u>(162,481)</u>	<u>10,236</u>	<u>(230,530)</u>
Capital assets being depreciated, net	<u>147,039</u>	<u>597,866</u>	<u>(3,624)</u>	<u>741,281</u>
Governmental activities capital assets, net	<u>\$ 147,039</u>	<u>\$ 597,866</u>	<u>\$ (3,624)</u>	<u>\$ 741,281</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 114,703
School administration	35,223
Food service	1,055
Operation of plant	11,500
Total governmental activities depreciation expense	<u>\$ 162,481</u>

**5 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectibility of any related receivable as of June 30, 2022 may be impaired.

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal Matters**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**Risk Management Program**

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

**Employee Benefit Plan**

The School sponsors the Cypress Junction Montessori, Inc. 403(b) Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. Substantially all employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School may make matching contributions or a discretionary contribution to the Plan, which is determined annually by the Board of Directors. The School's contributions during 2022 totaled \$16,815, of which \$10,000 is included in instruction and \$6,815 is included in school administration in the accompanying financial statements.

**6 LONG-TERM LIABILITIES**

Long-term liabilities activity during 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Lease liability	\$ -	\$ 664,938	\$ (108,683)	\$ 556,255	\$ 127,336
Governmental activities, long-term liabilities	<u>\$ -</u>	<u>\$ 664,938</u>	<u>\$ (108,683)</u>	<u>\$ 556,255</u>	<u>\$ 127,336</u>

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Lease Liability**

The School leases its facility in an agreement that ends in June 2026. The lease requires monthly rent of \$11,958 through June 2022 and \$13,000 from July 2022 through June 2026. The discount rate used for this lease is 5.75%.

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

	<b>Governmental Activities</b>
Leased building	\$ 664,938
Less accumulated depreciation	(132,988)
	\$ 531,950

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

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 127,336	\$ 28,664	\$ 156,000
2024	134,854	21,146	156,000
2025	142,816	13,184	156,000
2026	151,249	4,751	156,000
	\$ 556,255	\$ 67,745	\$ 624,000

**Line of Credit**

The School has a revolving line of credit in the amount of \$50,000 which expires in February 2023. There were no draws on the line of credit during 2022. There is no outstanding line of credit balance as of June 30, 2022.

**8 RESTRICTED NET POSITION AND FUND BALANCE**

Restricted net position and fund balance represents amounts that have been collected or are receivable by the School for specific purposes, which are restricted as to the use of such funds. Included in the restricted fund balance is \$61,672 in the general fund as of June 30, 2022, which \$52,900 is restricted for scholarships and \$8,772 is restricted for music and curriculum.

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

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

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

District School Board of Polk County, Florida:	
Florida Education Finance Program	\$ 861,117
Class size reduction	186,047
Capital outlay	101,618
Discretionary local effort	58,303
Discretionary millage compression	57,852
VPK income	56,131
ESE guaranteed allocation	48,792
Supplemental academic instruction	48,368
Teacher salary increase allocation	35,514
Student transportation	25,193
Instructional materials	16,218
Additional allocation	10,841
Safe schools	10,046
Total funds compression	9,032
Florida teachers classroom supply	7,618
Teacher lead	3,465
Digital classrooms allocation	217
Total	<u><u>\$ 1,536,372</u></u>

The administrative fee paid to the School Board during fiscal 2022 totaled \$68,758, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

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

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 1,279,000	\$ 1,365,985	\$ 1,434,754	\$ 68,769
Contributions and other revenue	177,825	162,090	162,842	752
Total revenues	<u>1,456,825</u>	<u>1,528,075</u>	<u>1,597,596</u>	<u>69,521</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	958,258	844,540	828,209	16,331
Instructional staff training	22,000	5,957	5,677	280
Board	27,000	28,015	28,012	3
General administration	2,000	2,100	70,838	(68,738)
School administration	188,393	280,320	274,406	5,914
Fiscal services	12,000	14,990	14,991	(1)
Food services	3,600	15,320	3,806	11,514
Student transportation services	55,000	55,000	55,000	-
Operation of plant	165,581	222,881	114,706	108,175
Community services	20,219	24,395	24,349	46
Debt service:				
Principal	-	-	7,065	(7,065)
Interest	-	-	34,817	(34,817)
Other capital outlay	-	-	760,347	(760,347)
Total expenditures	<u>1,454,051</u>	<u>1,493,518</u>	<u>2,222,223</u>	<u>(728,705)</u>
Excess (deficiency) of revenues over expenditures	<u>2,774</u>	<u>34,557</u>	<u>(624,627)</u>	<u>(659,184)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease liability	-	-	664,938	664,938
Total other financing sources	<u>-</u>	<u>-</u>	<u>664,938</u>	<u>664,938</u>
Net change in fund balance	2,774	34,557	40,311	5,754
Fund balance at beginning of year	475,667	475,667	475,667	-
Fund balance at end of year	<u>\$ 478,441</u>	<u>\$ 510,224</u>	<u>\$ 515,978</u>	<u>\$ 5,754</u>

See independent auditor's report.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**

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

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal sources passed through local school district	\$ 25,000	\$ 181,128	\$ 181,554	\$ 426
Total revenues	25,000	181,128	181,554	426
<b>EXPENDITURES</b>				
Current:				
Instruction	25,000	152,550	152,696	(146)
Instructional staff training	-	11,683	11,963	(280)
Operation of plant	-	16,895	16,895	-
Total expenditures	25,000	181,128	181,554	(426)
Net changes in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cypress Junction Montessori, Inc. (the "School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 23, 2022.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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



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

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

## **PURPOSE OF THIS REPORT**

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



Orlando, Florida  
September 23, 2022

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

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

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cypress Junction Montessori, Inc. (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2022, and have issued our report thereon dated September 23, 2022.

## **AUDITOR'S RESPONSIBILITY**

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

## **OTHER REPORTING REQUIREMENTS**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 23, 2022, should be considered in conjunction with this management letter.

## **PRIOR AUDIT FINDINGS**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations in the preceding annual financial audit report.

## **OFFICIAL TITLE**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Cypress Junction Montessori, Inc. and the school code assigned by the Florida Department of Education is 8171.

## **FINANCIAL CONDITION AND MANAGEMENT**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was done as of the fiscal year-end.

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

### **TRANSPARENCY**

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

### **ADDITIONAL MATTERS**

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

### **PURPOSE OF THIS LETTER**

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

*BKHM, P.A.*

Orlando, Florida  
September 23, 2022