

**LANGUAGE & LITERACY
ACADEMY FOR LEARNING, INC.**

**Basic Financial Statements and
Supplemental Information**

June 30, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position (Deficit)	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position (Deficit)	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-32
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	33
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	34
Schedule of Proportionate Share of Net Pension Liability	35
Schedule of Contributions	36
Notes to Required Supplemental Information	37-38
SUPPLEMENTAL INFORMATION	
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>	39-40
MANAGEMENT LETTER	41-42
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	43



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, 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 Language & Literacy Academy for Learning, 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 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 the School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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, budgetary comparison, and pension and retirement information on pages 4 to 8 and 33 to 38 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 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 School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 6, 2022

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for 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 overall net position decreased by \$141,617.
- Total ending unrestricted net position was a deficit of \$1,248,165.
- The School had total expenses for the year of \$4,331,519, compared to revenues of \$4,189,902.
- The year ended June 30, 2022 was the School's fourth year of instruction during which the School educated 234 students, serving grades K-12, compared to 220 students for the prior year.
- During the current fiscal year, the School secured a \$35,449 loan for a motor vehicle.
- The School received forgiveness of a \$466,431 PPP loan from the prior year and recorded it as other revenue in the 2022 government-wide financial statements.

Overview of the Basic Financial Statements

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements. The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid, net position, the difference between assets and liabilities, can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements. Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Debt Service Fund, and Special Revenue Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds. Governmental funds are accounted for using modified accrual accounting.

Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of the School's financial position. In the case of the School, liabilities exceeded assets by \$750,699 at June 30, 2022, compared to \$609,082 at June 30, 2021.

Comparison of the condensed statement of net position (deficit) and the statement of activities are provided below:

The School's net position at June 30 was as follows:

	Governmental Activities		
	2022	2021	Change
Assets			
Current assets	\$ 140,932	\$ 341,818	\$ (200,886)
Right of use leased asset	388,905	-	388,905
Capital assets, net of accumulated depreciation	<u>497,466</u>	<u>583,932</u>	<u>(86,466)</u>
Total assets	<u>1,027,303</u>	<u>925,750</u>	<u>101,553</u>
Deferred outflows			
Related to changes in net position	<u>1,612,609</u>	<u>2,079,079</u>	<u>(466,470)</u>
Liabilities			
Current liabilities	43,511	43,401	110
Non-current liabilities	1,163,050	1,014,831	148,219
Net pension liability	<u>1,042,153</u>	<u>2,505,020</u>	<u>(1,462,867)</u>
Total liabilities	<u>2,248,714</u>	<u>3,563,252</u>	<u>(1,314,538)</u>
Deferred inflows			
Related to changes in net position	<u>1,141,897</u>	<u>50,659</u>	<u>1,091,238</u>
Net position (deficit)			
Investment in capital assets	497,466	583,932	(86,466)
Unrestricted (deficit)	<u>(1,248,165)</u>	<u>(1,193,014)</u>	<u>(55,151)</u>
Total net position (deficit)	<u>\$ (750,699)</u>	<u>\$ (609,082)</u>	<u>\$ (141,617)</u>

Right of use leased asset and liabilities (non-current) increased by \$388,905 due to the implementation of GASB 87, *Leases*. Deferred outflows, net pension liability, and deferred inflows all of which pertain to pensions, changed in total by \$98,841 during fiscal 2022.

The School's change in net position (deficit) was as follows:

	Governmental Activities		
	2022	2021	Change
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 142,543	\$ 131,076	\$ 11,467
Capital grants and contributions	44,090	273,764	(229,674)
Title I	104,529	59,582	44,947
Title II	-	4,316	(4,316)
Medicaid	108,434	-	108,434
IDEA	311,388	269,862	41,526
General revenues:			
Florida Education Finance Program	2,967,920	3,090,286	(122,366)
Donations	10,149	8,574	1,575
Fundraisers	9,539	9,410	129
Student services	-	125,820	(125,820)
Other local revenue	24,879	26,744	(1,865)
Debt forgiveness	466,431	584,500	(118,069)
Total revenue	<u>4,189,902</u>	<u>4,583,934</u>	<u>(394,032)</u>
Program expenses:			
Instruction	-	260,423	(260,423)
Exceptional instruction	2,517,909	2,405,148	112,761
Instructional support	15,134	10,369	4,765
Board expenses	2,915	11,250	(8,335)
General administration	30,525	72,731	(42,206)
General support	616,086	617,788	(1,702)
Facility and acquisition	327,186	190,463	136,723
Fiscal services	42,620	2,750	39,870
Food services	171,322	108,258	63,064
Central services	1,595	-	1,595
Transportation	244,283	233,750	10,533
Operation of plant	259,763	451,867	(192,104)
Maintenance of plant	30,483	50,770	(20,287)
Administrative tech	13,804	25,514	(11,710)
Interest on long-term debt	57,894	81,361	(23,467)
Total expenses	<u>4,331,519</u>	<u>4,522,442</u>	<u>(190,923)</u>
Change in net position (deficit)	(141,617)	61,492	(203,109)
Net position (deficit) - beginning	(609,082)	(670,574)	61,492
Net position (deficit) - ending	<u>\$ (750,699)</u>	<u>\$ (609,082)</u>	<u>\$ (141,617)</u>

The School's student enrollment increased from 220 full-time equivalent ("FTE") students for fiscal 2021 to 234 for fiscal 2022. The Florida Education Finance Program ("FEFP") revenues did not increase to match the demand increase for instruction related expenditures. Student services and debt forgiveness revenues decreased from the prior year primarily from less therapy provided to ESE students through Medicaid and from less PPP loan forgiveness. In addition, capital grants and contributions decreased. Overall, the School instruction expenditures and operation of plant expenditures decreased due to less material and administration services required subsequent of COVID-19. Also, facility and acquisition costs increased due to depreciation of modular classrooms.

Governmental Activities. The governmental activities generated \$710,984 in program revenues and \$3,478,918 of general revenues, and incurred \$4,331,519 of program expenses. This resulted in a \$141,617 decrease in net position.

The School's Individual Funds

General Fund. The fund balance of the General Fund decreased by \$200,996 from \$298,417 to \$97,421.

Debt Service Fund. The fund balance of the Debt Service Fund remained the same at \$0 after transfers to the General Fund of \$167,851 which means that all debt funds were spent during the year.

Special Revenue Fund. The fund balance of the Special Revenue Fund remained the same at \$0 after transfers to the General Fund of \$710,984 which means that all special revenue funds were spent during the year.

Budgetary Highlights

General Fund. Actual revenues were less than originally budgeted by \$319,563 due to shortfall of forecasted FTE counts and Medicaid funds being budgeted as General Fund revenues and not General Fund revenues. Actual expenditures were less than originally budgeted expenditures by \$118,050 primarily due to the School budgeting for additional FTE and expected instruction costs. The Board of Directors amends the School's budget throughout the fiscal year to reflect changes in expected revenue and expenditures and changes in FTE counts. During fiscal 2022, no amendments were made, therefore, the original and final budget are the same. The budgetary information can be found on pages 33 through 34 of this report.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$497,466 (net of accumulated depreciation). This investment in capital assets include furniture, fixtures, and equipment, leasehold improvements, computer hardware and technology, and motor vehicles. Please refer to a note to the accompanying financial statements entitled capital assets and depreciation for more detailed information about the School's capital asset activity.

Debt Administration. During the current year, the School received debt forgiveness of \$466,431 in relation to PPP loan proceeds received in the prior year and financed the purchase of a motor vehicle for \$35,449. From time to time the School incurs advances on their FEFP funding through a third party loan servicer. Please refer to a note to the accompanying financial statements entitled long-term liabilities for more detailed information about the School's long-term debt activity.

Economic Factors

In fiscal year 2022, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$550 million. The capital outlay funding pool ended up at \$183.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2023, the teacher salary increase allocation will be \$800 million and will continue to be part of FEFP funding. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Contacting The School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Callins, Principal, Language & Literacy Academy for Learning, Inc., 330 Avenue C South East, Winter Haven, FL 33880.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2022

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 67,659
Due from other agencies	57,773
Prepaid items	15,500
Total current assets	140,932
NONCURRENT ASSETS	
Right of use leased asset	388,905
Capital assets, net	497,466
Total assets	1,027,303
DEFERRED OUTFLOWS	
Related to changes in the net pension	1,612,609
LIABILITIES AND NET POSITION (DEFICIT)	
CURRENT LIABILITIES	
Accrued payroll	39,890
Accounts payable	3,621
Total current liabilities	43,511
NONCURRENT LIABILITIES	
Due within one year - long term debt	745,254
Due in more than one year - long term debt	28,891
Leased liabilities - due within one year	225,595
Leased liabilities - due in more than one year	163,310
Net pension liability	1,042,153
Total liabilities	2,248,714
DEFERRED INFLOWS	
Related to changes in the net pension	1,141,897
NET POSITION (DEFICIT)	
Investment in capital assets	497,466
Unrestricted	(1,248,165)
Total net position (deficit)	\$ (750,699)

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Exceptional instruction	\$ 2,517,909	108,434	\$ 104,529	\$ 44,090	\$ (2,260,856)
Instructional support	15,134	-	-	-	(15,134)
Board expenses	2,915	-	-	-	(2,915)
General administration	30,525	-	-	-	(30,525)
General support	616,086	-	-	311,388	(304,698)
Facility and acquisition	327,186	-	-	-	(327,186)
Fiscal services	42,620	-	-	-	(42,620)
Food services	171,322	-	142,543	-	(28,779)
Central services	1,595	-	-	-	(1,595)
Transportation	244,283	-	-	-	(244,283)
Operation of plant	259,763	-	-	-	(259,763)
Maintenance of plant	30,483	-	-	-	(30,483)
Administrative tech	13,804	-	-	-	(13,804)
Interest on long-term debt	57,894	-	-	-	(57,894)
Total governmental activities	<u>\$ 4,331,519</u>	<u>\$ 108,434</u>	<u>\$ 247,072</u>	<u>\$ 355,478</u>	<u>(3,620,535)</u>
General revenues:					
					2,967,920
					44,567
					466,431
					<u>3,478,918</u>
					(141,617)
					<u>(609,082)</u>
					<u>\$ (750,699)</u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 67,659	\$ -	\$ -	\$ 67,659
Due from other agencies	57,773	-	-	57,773
Prepaid expenses	15,500	-	-	15,500
Total assets	<u>\$ 140,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,932</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	\$ 39,890	\$ -	\$ -	\$ 39,890
Accounts payable	3,621	-	-	3,621
Total liabilities	<u>43,511</u>	<u>-</u>	<u>-</u>	<u>43,511</u>
FUND BALANCES				
Nonspendable				
Prepaid expenditures	15,500	-	-	15,500
Unassigned	81,921	-	-	81,921
Total fund balances	<u>97,421</u>	<u>-</u>	<u>-</u>	<u>97,421</u>
Total liabilities and fund balances	<u>\$ 140,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,932</u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2022

Fund balances - total governmental funds		\$ 97,421
The net position reported for governmental activities in the statement of net position is different because:		
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		388,905
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Furniture, fixtures, and equipment, net of \$54,477 of accumulated depreciation	\$ 69,311	
Leasehold improvements, net of \$161,031 of accumulated depreciation	319,204	
Computer hardware and technology, net of \$41,205 of accumulated depreciation	74,441	
Motor vehicles, net of \$939 of accumulated depreciation	<u>34,510</u>	
Total capital assets		497,466
Long-term debt are not due and payable in the current period and, therefore, not reported in the funds.		(774,145)
Leased liabilities		(388,905)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(571,441)</u>
Total net position (deficit) of governmental activities		<u><u>\$ (750,699)</u></u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

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

Year Ended June 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Federal passed through state				
National School Lunch Program	\$ -	\$ -	\$ 142,543	\$ 142,543
Grants	-	-	44,090	44,090
Title I	-	-	104,529	104,529
Medicaid	-	-	108,434	108,434
IDEA	-	-	311,388	311,388
State passed through local school district				
Florida Education Finance Program	2,967,920	-	-	2,967,920
Local revenue				
Donations	10,149	-	-	10,149
Fundraisers	9,539	-	-	9,539
Other local revenues	24,879	-	-	24,879
Total revenues	<u>3,012,487</u>	<u>-</u>	<u>710,984</u>	<u>3,723,471</u>
Expenditures				
Current:				
Exceptional instruction	2,375,265	-	-	2,375,265
Instructional support	15,134	-	-	15,134
Board expenses	2,915	-	-	2,915
General administration	30,525	-	-	30,525
General support	616,002	-	-	616,002
Facility and acquisition	231,787	-	-	231,787
Fiscal services	42,620	-	-	42,620
Food services	171,322	-	-	171,322
Central services	1,595	-	-	1,595
Transportation	244,283	-	-	244,283
Operation of plant	294,273	-	-	294,273
Maintenance of plant	52,793	-	-	52,793
Administrative technology	13,804	-	-	13,804
Debt service:				
Principal	-	2,838,518	-	2,838,518
Interest	-	57,894	-	57,894
Total expenditures	<u>4,092,318</u>	<u>2,896,412</u>	<u>-</u>	<u>6,988,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,079,831)</u>	<u>(2,896,412)</u>	<u>710,984</u>	<u>(3,265,259)</u>
Other financing sources (uses):				
Loan proceeds	-	3,064,263	-	3,064,263
Transfer in	878,835	-	-	878,835
Transfer out	-	(167,851)	(710,984)	(878,835)
Total other financing sources (uses)	<u>878,835</u>	<u>2,896,412</u>	<u>(710,984)</u>	<u>3,064,263</u>
Net change in fund balances	<u>(200,996)</u>	<u>-</u>	<u>-</u>	<u>(200,996)</u>
Fund balances at July 1, 2021	298,417	-	-	298,417
Fund balances at June 30, 2022	<u>\$ 97,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,421</u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

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

Year Ended June 30, 2022

Net change in fund balances - total government funds	\$	(200,996)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current year expenditures for capital assets	\$ 57,759	
Current year depreciation expense	<u>(144,225)</u>	
Total capital assets		(86,466)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Proceeds from note payable		(35,449)
Debt forgiveness		466,431
Proceeds from Charter School Capital advance		(3,028,814)
Principal payments on long-term debt		2,838,518
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Net pension	1,462,867	
Deferred inflows related to net pension	(1,091,238)	
Deferred outflows related to net pension	<u>(466,470)</u>	
		<u>(94,841)</u>
Change in net position of governmental activities	\$	<u>(141,617)</u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Language & Literacy Academy for Learning, Inc. 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 not-for-profit corporation began conducting business as Language & Literacy Academy for Learning, Inc. (the "School") in December 2017. The governing body of the School is the not-for-profit corporation's Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, The School Board of Polk County, Florida (the "District"). The current charter is effective until June 30, 2023, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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 provide 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.

2. Government-wide financial statements

The government-wide financial statements (the Statement of Net Position (Deficit) and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2. Government-wide financial statements (continued)

The Statement of Net Position (deficit) reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, other items not properly included among program revenues are reported instead as general revenues.

3. Fund financial statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund - The general fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Debt Service Fund - The debt service fund is used to account for the resources accumulated and payments made for principal and interest on the debt.

Special Revenue Fund - The special revenue fund is used to account for financial resources associated with grants that are restricted to operational uses – i.e., National School Lunch Program, Idea funds, CSP grant, Medicaid, etc.

In the accompanying fund financial statements, the general fund, debt service fund, and special revenue fund are considered to be major funds and, therefore, are separately displayed.

4. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

4. Measurement focus and basis of accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

5. Cash

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2022, there were \$0 held in excess of FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

6. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaid items do not represent available expendable resources.

7. Capital assets and depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$750 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5
Leasehold improvements	5
Computer hardware and technology	5
Motor vehicles	10

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

8. Revenue sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of FTE students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of 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 Educational Finance Program and the actual weighted FTE students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

9. Long-term liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

10. Net position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

11. Fund equity

Governmental funds report separate classifications of fund balance.

Non-Spendable: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

11. Fund equity (continued)

Restricted: The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned: Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Principal. Assigned fund balance includes spendable fund balance amounts established by the Principal that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Principal. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned: Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

12. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make various estimates. Actual results could differ from those estimates.

13. Transfers

The purpose of interfund transfers is to cover receipts and payments made from the general fund on behalf of the other funds.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

14. Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan, the Health Insurance Subsidy (HIS) defined benefit plan, and additions to/deductions from the FRS and the HIS, fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

15. Deferred outflows/ inflows of resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, represents an acquisition of net position that applies to a future period.

16. Income taxes

Language and Literacy Academy for Learning Inc. is a charter school, which qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Management has analyzed the School's various federal and state filing positions, including those pertaining to charter academy contracts and tax exempt status, and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The School remains subject to the examination by the Internal Revenue Service for the three years prior to June 30, 2022.

17. New GASB implementation

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. The provisions in GASB 87 were implemented in the year ended June 30, 2022. See Note E for a summary of the School's lease asset and liabilities.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 123,788	\$ -	\$ -	\$ 123,788
Leasehold improvements	457,925	22,310	-	480,235
Computer hardware and technology	115,646	-	-	115,646
Motor vehicles	-	35,449	-	35,449
Total assets depreciated	<u>697,359</u>	<u>57,759</u>	<u>-</u>	<u>755,118</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	29,719	24,758	-	54,477
Leasehold improvements	65,632	95,399	-	161,031
Computer hardware and technology	18,076	23,129	-	41,205
Motor vehicles	-	939	-	939
Total accumulated depreciation	<u>113,427</u>	<u>\$ 144,225</u>	<u>\$ -</u>	<u>257,652</u>
Total governmental activities capital assets, net	<u>\$ 583,932</u>			<u>\$ 497,466</u>

Depreciation expense in the amount of \$144,225 was charged to general support in the accompanying Statement of Activities.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE C - CONCENTRATIONS

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Source	Amount
School Board of Polk County, Florida:	
FEFP	\$ 1,174,021
ESE guarantee allocation	1,000,966
Supplemental academic instruction	58,858
Digital classroom allocation	265
Safe schools	12,225
Compression allocation	10,990
Teacher salary increase allocation	51,742
Discretionary local effort	79,498
Discretionary millage	70,400
Instructional materials allocation	19,735
Student transportation	208,864
Additional allocation	14,782
Lead teacher	2,835
Class size reduction	252,352
Reading allocation	10,387
Total passed through The School	
Board of Polk County, Florida	2,967,920
Federal passed through state	
National School Lunch Program	142,543
IDEA funds	311,388
Medicaid	108,434
ESSER / CARES funding	44,090
Title I	104,529
Local revenue	
Donations	10,149
Fundraisers	9,539
Other local revenues	24,879
Debt forgiveness	466,431
Total general revenues	\$ 4,189,902

The administration fee paid to the District during the year ended June 30, 2022, totaled \$30,525.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE D - LONG-TERM LIABILITIES

The School entered into various loan agreements during the year ended June 30, 2022. The following is a summary of changes:

	<u>Long-term obligations at July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Long-term obligations at June 30, 2022</u>	<u>Due within one year</u>
Charter School Capital	\$ 548,400	\$ 3,028,814	\$ (2,837,614)	\$ 739,600	\$ 739,600
Note Payable - Vehicle	-	35,449	(904)	34,545	5,654
PPP Loan	466,431	-	(466,431)	-	-
	<u>\$ 1,014,831</u>	<u>\$ 3,064,263</u>	<u>\$ (3,304,949)</u>	<u>\$ 774,145</u>	<u>\$ 745,254</u>

Charter School Capital

The School has a receivable purchase agreement with Charter School Capital, Inc. ("Charter School Capital") for purchasing of receivable balances of District FEFP funds. The School receives advances against the receivables for operational needs. The advances have no fixed payment and are considered to be due within one year, carrying interest rates at the date of advance based upon short-term LIBOR and Prime interest rates. During fiscal 2022, payments for interest totaled \$57,754, with rates between approximately 0.09% to 5.00%.

PPP Loan

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 outbreak. Under the CARES Act, the Paycheck Protection Program ("PPP") was established to provide assistance to small businesses with resources needed to maintain payroll and cover applicable overhead. On February 11, 2021, the School, through a financial institution, was approved for a loan in the amount of \$466,431 under the PPP. The proceeds of this loan were used by the School in accordance with Section 1102 of the CARES Act. During fiscal 2022, management obtained forgiveness of the loan and reclassified the loan to debt forgiveness.

Note Payable - Vehicle

On March 18, 2022, the School entered into a six-year note payable (the "note") for \$35,449 for the purchase of a motor vehicle. Monthly principle and interest payments total \$522 through April 2028. At June 30, 2022, payments for interest totaled \$140.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE D - LONG-TERM LIABILITIES (continued)

Note Payable - Vehicle (continued)

Future maturities of the note as of June 30, are as follows:

2023	\$	5,654
2024		5,762
2025		5,873
2026		5,985
2027		6,100
Thereafter		<u>5,171</u>
	<u>\$</u>	<u>34,545</u>

NOTE E - OPERATING LEASE

Beginning July 2018, the School leases its facilities under an operating lease with an unrelated party that expires in June 2021 and was subsequently renewed through October 2023. Minimum monthly lease payments include \$10,000 plus utilities and applicable sales and use tax, for the life of the agreement. The renewed lease requires minimum monthly lease payments of \$15,500.

Effective October 2020, the School leases three modular classroom buildings for student instruction with an unrelated party that expires September 2025. Monthly lease payments include rent and personal property tax of \$4,163.

Lease expense for the year ended June 30, 2022 totaled \$231,787 which is included in facility and acquisition of the accompanying financial statements.

For fiscal 2022, the School has implemented GASB Statement No. 87 for *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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 statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE E - OPERATING LEASE (continued)

At implementation of GASB Statement No. 87, *Leases*, the School, as the lessee, is recognizing a lease asset of \$388,905 and lease liability of \$388,905 for the present value of lease obligations as of June 30, 2022.

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 225,595	\$ 10,355	\$ 235,950
2024	109,793	2,157	111,950
2025	49,362	588	49,950
2026	<u>4,155</u>	<u>7</u>	<u>4,162</u>
	<u>\$ 388,905</u>	<u>\$ 13,107</u>	<u>\$ 402,012</u>

NOTE F - EMPLOYEE RETIREMENT SYSTEMS

General Information about the Pension Plan – Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F - EMPLOYEE RETIREMENT SYSTEMS (continued)

General Information about the Pension Plan – Plan Description and Administration (continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F - EMPLOYEE RETIREMENT SYSTEMS (continued)

General Information about the Pension Plan – Plan Description and Administration (continued)

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at June 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Employee Contribution Rate</u>	<u>Employee Contribution Rate</u>
Regular Class	3.00%	11.91%
Senior Management	3.00%	31.57%
DROP Employees	0.00%	18.60%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2022, were as follows:

School Contributions - FRS	\$ 164,137
School Contributions - HIS	\$ 37,797
Employee Contributions - FRS	\$ 67,156

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F - EMPLOYEE RETIREMENT SYSTEMS (continued)

General Information about the Pension Plan – Plan Description and Administration (continued)

At June 30, 2022, the School Reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 293,226
HIS	748,927
Total	<u>\$ 1,042,153</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined.

Net Pension Liability, Pension Expense, and deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	Share
FRS	0.003881624%
HIS	0.006105463%

For the plan year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 151,659
HIS	145,117
Total	<u>\$ 296,776</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F - EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability, Pension Expense, and deferred Outflows and Inflows of Resources Related to Pensions

Deferred outflows/inflows related to pensions:

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,257	\$ -	\$ 25,061	\$ 314
Changes of assumptions	200,631	-	58,849	30,858
Net difference between projected and actual investment earnings	-	1,022,945	781	-
Change in proportionate share	572,931	-	502,165	87,780
Contributions subsequent to measurement date	164,137	-	37,797	-
	<u>\$ 987,956</u>	<u>\$ 1,022,945</u>	<u>\$ 624,653</u>	<u>\$ 118,952</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Fiscal Years ending June 30,	FRS	HIS
2023	\$ 15,775	\$ 102,010
2024	(6,810)	91,965
2025	(58,282)	96,958
2026	(154,770)	100,130
2027	4,960	71,710
Thereafter	-	5,129
Total	<u>\$ (199,127)</u>	<u>\$ 467,902</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F - EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability, Pension Expense, and deferred Outflows and Inflows of Resources Related to Pensions (continued)

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2020 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the PUB-2010 base table with projected generationally with Scale MP-2018.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F - EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability, Pension Expense, and deferred Outflows and Inflows of Resources Related to Pensions (continued)

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.80%	\$ 1,311,266	\$ 293,213	\$ (557,766)
HIS	2.16%	865,832	748,927	653,149

NOTE G - RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global pandemic situation.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE H - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through October 6, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district				
Florida Education Finance Program	\$ 3,165,050	\$ 3,165,050	\$ 2,967,920	\$ (197,130)
Federal passed through state				
Medicaid	132,000	132,000	-	(132,000)
Local revenue				
Student lunches	25,000	25,000	-	(25,000)
Donations	10,000	10,000	10,149	149
Fundraisers	-	-	9,539	9,539
Other local revenues	-	-	24,879	24,879
Total revenues	<u>3,332,050</u>	<u>3,332,050</u>	<u>3,012,487</u>	<u>(319,563)</u>
Expenditures				
Current:				
Exceptional instruction	2,648,970	2,648,970	2,375,265	273,705
Instructional support	-	-	15,134	(15,134)
Board expenses	-	-	2,915	(2,915)
General administration	76,120	76,120	30,525	45,595
General support	536,220	536,220	616,002	(79,782)
Facility and acquisition	240,000	240,000	231,787	8,213
Information services	3,500	3,500	-	3,500
Fiscal services	-	-	42,620	(42,620)
Food services	183,560	183,560	171,322	12,238
Central services	-	-	1,595	(1,595)
Transportation	274,800	274,800	244,283	30,517
Operation of plant	192,698	192,698	294,273	(101,575)
Maintenance of plant	18,000	18,000	52,793	(34,793)
Administrative technology	-	-	13,804	(13,804)
Debt service	36,500	36,500	-	36,500
Total expenditures	<u>4,210,368</u>	<u>4,210,368</u>	<u>4,092,318</u>	<u>118,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(878,318)</u>	<u>(878,318)</u>	<u>(1,079,831)</u>	<u>(201,513)</u>
Other financing sources (uses):				
Transfer	-	-	878,835	(878,835)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>878,835</u>	<u>(878,835)</u>
Net change in fund balance (deficit)	<u>(878,318)</u>	<u>(878,318)</u>	<u>(200,996)</u>	<u>(677,322)</u>
Fund balance at July 1, 2021	298,417	298,417	298,417	-
Fund balance (deficit) at June 30, 2022	<u>\$ (579,901)</u>	<u>\$ (579,901)</u>	<u>\$ 97,421</u>	<u>\$ (677,322)</u>

See note to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through state				
National School Lunch Program	\$ 100,000	\$ 100,000	\$ 142,543	\$ 42,543
Grants	447,782	447,782	463,912	16,130
Title I	103,000	103,000	104,529	1,529
Title II	7,808	7,808	-	(7,808)
Total revenues	<u>658,590</u>	<u>658,590</u>	<u>710,984</u>	<u>52,394</u>
Expenditures				
Exceptional instruction	-	-	-	-
Food services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>658,590</u>	<u>658,590</u>	<u>710,984</u>	<u>52,394</u>
Other financing sources (uses):				
Loan proceeds	-	-	-	-
Transfer	<u>(658,590)</u>	<u>(658,590)</u>	<u>(710,984)</u>	<u>52,394</u>
Total other financing sources (uses)	<u>(658,590)</u>	<u>(658,590)</u>	<u>(710,984)</u>	<u>52,394</u>
Net change in fund balance	-	-	-	-
Fund balance at July 1, 2021	-	-	-	-
Fund balance at June 30, 2022	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See note to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF JUNE 30**

	2022	2021	2020
<u>Florida Retirement System (FRS)</u>			
Proportion of the net pension liability	0.003881624%	0.003795843%	0.001440509%
Proportionate share of the net pension liability (asset)	\$ 293,226	\$ 1,645,174	\$ 496,091
Covered-employee payroll	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.88%	76.03%	19.87%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%
<u>Health Insurance Subsidy Program (HIS)</u>			
Proportion of the net pension liability	0.006105463%	0.007044213%	0.002184023%
Proportionate share of the net pension liability (asset)	\$ 748,927	\$ 859,833	\$ 244,370
Covered-employee payroll	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.90%	39.74%	9.79%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

See notes to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	2022	2021	2020
<u>Florida Retirement System (FRS)</u>			
Contractually required contribution	\$ 164,137	\$ 147,873	\$ 126,119
Contributions in relation to the contractually required contribution	(164,137)	(147,873)	(126,119)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Contributions as a percentage of covered-employee payroll	7.21%	6.83%	5.05%
<u>Health Insurance Subsidy (HIS)</u>			
Contractually required contribution	\$ 37,797	\$ 35,888	\$ 40,581
Contributions in relation to the contractually required contribution	(37,797)	(35,888)	(40,581)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.63%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

See notes to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2022

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and the debt service fund for which a legally adopted budget exists.

NOTE B - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The most recent study for the FRS Pension Plan was completed in 2014 for the period of July 1, 2008 through June 30, 2013. There were no changes in the Pension Plan benefit terms. The following were changes in actuarial assumptions in 2022:

- The inflation rate assumption remained the same at 2.4 percent.
- Payroll growth, including inflation, remained at 3.25 percent.
- The long-term expected rate of return remained the same at 6.8 percent.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at:
http://www.dms.myflorida.com/workforceoperations/retirement/publications/annual_reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at:
http://www.dms.myflorida.com/workforceoperations/retirement/publications/actuarial_valuations

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2022

NOTE C - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HIS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent study for the FRS Pension Plan was completed in 2014 for the period of July 1, 2008 through June 30, 2013. There were no changes in the HIS Program benefit terms. The following were changes in actuarial assumptions in 2022:

- The inflation rate assumption remained the same at 2.4 percent.
- Payroll growth, including inflation, remained at 3.25 percent.
- The long-term expected rate of return remained the same at 6.8 percent.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at:
http://www.dms.myflorida.com/workforceoperations/retirement/publications/annual_reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at:
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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
Language & Literacy Academy for Learning, Inc.
Winter Haven, 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 Language & Literacy Academy for Learning, 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 October 6, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 6, 2022



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MANAGEMENT LETTER

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of Language & Literacy Academy for Learning, Inc. (the "School"), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 6, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 6, 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. In connection with our audit, the School did not have prior year findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is *Language & Literacy Academy for Learning, Inc. and 8008*.

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 conditions 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.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 6, 2022

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2022, there were no management finding, recommendations or responses.