

**MONTESSORI ACADEMY OF
EARLY ENRICHMENT, INC.**

A Charter School sponsored by the
District School Board of Palm Beach County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2022

King & Walker, CPAs, PL

Certified Public Accountants

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MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.

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Independent Auditor's Report

To the Board of Directors Montessori Academy of Early Enrichment, Inc.,
a Charter School sponsored by the
District School Board of Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund information of Montessori Academy of Early Enrichment, Inc. ("School"), a charter school sponsored by the District School Board of Palm Beach 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2, the School implemented Government Accounting Standards Board (GASB) Statement No. 87 - Leases, which is a change in accounting principle that addresses accounting and financial reporting for leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 9, 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.

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2022
Tampa, Florida

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
a Charter School sponsored by the District School Board of Palm Beach County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Montessori Academy of Early Enrichment, Inc. (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2022.

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2022, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$181,103.
- As shown on the balance sheet – governmental funds, the School reported a combined fund balance of \$119,616.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
a Charter School sponsored by the District School Board of Palm Beach County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates three funds: a General Fund, a Special Revenue Fund, and a Capital Projects Fund. All funds are considered major funds.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budgets.

Notes to Financial Statements

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

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
a Charter School sponsored by the District School Board of Palm Beach County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Position, End of Year		
	<u>Governmental Activities</u>		
	<u>6-30-21</u>	<u>6-30-22</u>	<u>Increase (Decrease)</u>
ASSETS			
Current and Other Assets	\$ 213,731	\$ 182,948	\$ (30,783)
Capital Assets, Net	83,640	649,334	565,694
Total Assets	<u>297,371</u>	<u>832,282</u>	<u>534,911</u>
LIABILITIES			
Current Liabilities	58,217	63,332	5,115
Noncurrent Liabilities	205,242	553,935	348,693
Total Liabilities	<u>263,459</u>	<u>617,267</u>	<u>353,808</u>
NET POSITION			
Net Investment in Capital Assets	(470,295)	95,399	565,694
Unrestricted	504,207	119,616	(384,591)
Total Net Position	<u>\$ 33,912</u>	<u>\$ 215,015</u>	<u>\$ 181,103</u>

Assets consist primarily of cash and cash equivalents and the School’s investment in capital assets. Liabilities are comprised of salaries and wages payable and a Long-Term Lease Payable recorded due to the change in accounting principle that addresses accounting and financial reporting for leases (GASB 87).

Total net position amounted to \$215,015 as of June 30, 2022.

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
a Charter School sponsored by the District School Board of Palm Beach County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

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

	Operating Results for the Year		
	<u>Governmental Activities</u>		
	<u>6-30-21</u>	<u>6-30-22</u>	<u>Increase (Decrease)</u>
Revenues:			
Federal Through State and Local	\$ 119,618	\$ 181,428	\$ 61,810
State	1,596,041	1,519,375	(76,666)
Local and Other	8,591	247,583	238,992
Special Item - Forgiveness of Debt	-	205,242	205,242
Total Revenues	<u>1,724,250</u>	<u>2,153,628</u>	<u>429,378</u>
Expenses:			
Instruction	904,041	904,166	125
Student Support Services	40,110	51,360	11,250
Instructional Media	1,128	255	(873)
Instruction & Curriculum Development	73,227	73,807	580
Instructional Staff Training	1,869	5,154	3,285
Board	30,696	19,388	(11,308)
General Administration	78,011	70,943	(7,068)
School Administration	185,832	239,668	53,836
Facilities Acquisition & Construction	269,444	16,714	(252,730)
Fiscal Services	12,157	12,892	735
Food Services	46,228	55,905	9,677
Student Transportation	59,774	71,308	11,534
Operation of Plant	104,389	180,064	75,675
Maintenance of Plant	16,124	8,533	(7,591)
Community Service	29,128	15,120	(14,008)
Debt Service - Interest	-	39,457	39,457
Unallocated Depreciation/Amortization	16,725	207,791	191,066
Total Expenses	<u>1,868,883</u>	<u>1,972,525</u>	<u>103,642</u>
Increase/(Decrease) in Net Position	<u>\$ (144,633)</u>	<u>\$ 181,103</u>	<u>\$ 325,736</u>

The largest revenue source for the School is the State of Florida (78%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentrations of expenses were for Instruction related functions (52%). The increase in Debt Service – Interest and decrease in Facilities Acquisition and Construction are due to the change in accounting principle that addresses accounting and financial reporting for leases (GASB 87).

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
a Charter School sponsored by the District School Board of Palm Beach County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$119,616.

BUDGETARY HIGHLIGHTS

The general fund and special revenue fund budgets for the fiscal year ended June 30, 2022, were developed based on the School’s anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Over the course of the year, management monitors and may revise the budgets. For the fiscal year ended June 30, 2022, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School’s investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$649,334 (net of accumulated depreciation). This investment in capital assets includes improvements other than building, furniture, fixtures, and equipment, a motor vehicles, and a leased asset – building. Additional information regarding the School’s capital assets can be found in the notes to the financial statements.

DEBT

The School has entered into a long-term lease for its educational facility through December 2024. The lease has been reported as long-term debt under guidance from GASB 87 in the original amount of \$742,087. The long-term lease liability ends December 2024. Additional information regarding the School’s long-term debt is located in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President, Montessori Academy of Early Enrichment, Inc., 6300 Lake Worth Road, Greenacres, FL 33463.

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

STATEMENT OF NET POSITION
June 30, 2022

	Government Activities
ASSETS	
Cash & Cash Equivalents	\$ 159,180
Due From Other Agencies	9,735
Prepaid Items & Deposits	14,033
Capital Assets:	
Improvements Other Than Building, Net	87,969
Leased Asset - Building, Net	553,935
Furniture, Fixtures, and Equipment, Net	7,430
Motor Vehicles, Net	-
Total Capital Assets	649,334
TOTAL ASSETS	832,282
LIABILITIES	
Salaries and Benefits Payable	63,332
Noncurrent Liabilities:	
Due Within One Year:	
Long-Term Lease Payable	206,775
Due After One Year:	
Long-Term Lease Payable	347,160
TOTAL LIABILITIES	617,267
NET POSITION	
Net Investment in Capital Assets	95,399
Unrestricted	119,616
TOTAL NET POSITION	\$ 215,015

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

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 904,166	\$ -	\$ 104,396	\$ -	\$ (799,770)
Student Support Services	51,360	-	350	-	(51,010)
Instructional Media	255	-	-	-	(255)
Instruction & Curriculum Development	73,807	-	-	-	(73,807)
Instructional Staff Training	5,154	-	-	-	(5,154)
Board	19,388	-	-	-	(19,388)
General Administration	70,943	-	-	-	(70,943)
School Administration	239,668	-	2,565	-	(237,103)
Facilities Acquisition & Construction	16,714	-	-	-	(16,714)
Fiscal Services	12,892	-	-	-	(12,892)
Food Services	55,905	-	-	-	(55,905)
Student Transportation	71,308	-	1,123	-	(70,185)
Operation of Plant	180,064	-	34,299	-	(145,765)
Maintenance of Plant	8,533	-	-	-	(8,533)
Community Service	15,120	54,152	-	-	39,032
Debt Service - Interest	39,457	-	-	112,897	73,440
Unallocated Depreciation/Amortization	207,791	-	-	-	(207,791)
Total Governmental Activities	\$ 1,972,525	\$ 54,152	\$ 142,733	\$ 112,897	(1,662,743)
General Revenue					
State Sources					1,406,478
Grants and Contributions not restricted to specific program					38,695
Local and Other					193,431
Special Item - Forgiveness of Debt					205,242
Total General Revenues					1,843,846
Change in Net Position					181,103
Net Position - July 1, 2021					33,912
Net Position - June 30, 2022					\$ 215,015

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

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 159,180	\$ -	\$ -	\$ 159,180
Due From Other Agencies	-	-	9,735	9,735
Prepaid Items & Deposits	14,033	-	-	14,033
Due from Other Funds	9,735	-	-	9,735
Total Assets	\$ 182,948	\$ -	\$ 9,735	\$ 192,683
LIABILITIES				
Salaries and Benefits Payable	\$ 63,332	\$ -	\$ -	\$ 63,332
Due to Other Funds	-	-	9,735	9,735
Total Liabilities	63,332	-	9,735	73,067
FUND BALANCES				
Nonspendable	14,033	-	-	14,033
Unassigned	105,583	-	-	105,583
Total Fund Balances	119,616	-	-	119,616
Total Liabilities and Fund Balances	\$ 182,948	\$ -	\$ 9,735	\$ 192,683

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

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

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

June 30, 2022

Total Fund Balances - Governmental Funds		\$ 119,616
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		649,334
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 Lease Payable	(553,935)	(553,935)
Total Net Position - Governmental Activities		\$ 215,015

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

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

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

For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ 38,695	\$ 142,733	\$ -	\$ 181,428
State	1,406,478	-	112,897	1,519,375
Local and Other	247,583	-	-	247,583
Total Revenues	1,692,756	142,733	112,897	1,948,386
Expenditures				
Current - Education:				
Instruction	799,770	104,396	-	904,166
Student Support Services	51,010	350	-	51,360
Instructional Media	255	-	-	255
Instruction & Curriculum Development	73,807	-	-	73,807
Instructional Staff Training	5,154	-	-	5,154
Board	19,388	-	-	19,388
General Administration	70,943	-	-	70,943
School Administration	237,103	2,565	-	239,668
Facilities Acquisition & Construction	16,714	-	-	16,714
Fiscal Services	12,892	-	-	12,892
Food Services	55,905	-	-	55,905
Student Transportation	70,185	1,123	-	71,308
Operation of Plant	177,163	2,901	-	180,064
Maintenance of Plant	8,533	-	-	8,533
Community Service	15,120	-	-	15,120
Fixed Capital Outlay:				
Facilities Acquisition & Construction	742,087	-	-	742,087
Other Capital Outlay	-	31,398	-	31,398
Debt Service:				
Principal	319,954	-	73,440	393,394
Interest	-	-	39,457	39,457
Total Expenditures	2,675,983	142,733	112,897	2,931,613
Excess/(Deficiency) of Revenues				
Over Expenditures	(983,227)	-	-	(983,227)
Other Financing Sources (Uses):				
Inception of Long-Term Lease	742,087	-	-	742,087
Special Item - Forgiveness of Debt	205,242	-	-	205,242
Total Other Financing Sources (Uses)	947,329	-	-	947,329
Net Change in Fund Balances	(35,898)	-	-	(35,898)
Fund Balances, July 1, 2021	155,514	-	-	155,514
Fund Balances, June 30, 2022	\$ 119,616	\$ -	\$ -	\$ 119,616

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

**MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
*For the Fiscal Year Ended June 30, 2022***

Net Change in Fund Balances - Governmental Funds		\$ (35,898)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.</p>		
Capital Outlays	773,485	
Depreciation/Amortization Expense	(207,791)	565,694
<p>The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.</p>		
		393,394
<p>Long-term debt proceeds are reported as other financing sources in the Governmental Funds and as long-term liabilities in the Statement of Net Position.</p>		
		(742,087)
Change in Net Position - Governmental Activities		\$ 181,103

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Montessori Academy of Early Enrichment, Inc. (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three 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 Palm Beach County, Florida. The current charter has been renewed for an additional 15 years through June 30, 2028. This charter agreement is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is not considered a component unit of the District; however, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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

The School's major governmental funds are as follows:

- General Fund: to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for certain Federal grant program resources.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with capital outlay funds.

➤ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources,

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits with financial institutions. The School's deposits are placed with banks and savings and loan which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. Monies deposited in amounts greater than FDIC insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other Than Building	5 - 10 years
Furniture, Fixtures and Equipment	3 - 7 years
Motor Vehicles	5 years
Leased Asset - Building	4 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Deferred Outflows/Inflows of Resources**

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

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

Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

➤ **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2022, the School reported 170.65 unweighted and 192.6856 weighted FTE.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

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

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

➤ **Income Taxes**

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

➤ **Use of Estimates**

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

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

2. ACCOUNTING CHANGE

The School implemented GASB Statement No. 87 - Leases, which establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset. This statement increases the usefulness of the Schools' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating. In the current fiscal year, the School recognized a lease liability and an intangible right-to-use asset (Leased Asset - Building) of \$742,087, which applies to their educational facility lease.

3. CASH DEPOSITS

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

4. DUE FROM OTHER AGENCIES

The amounts Due from Other Agencies included in the accompanying statement of net position and balance sheet – governmental funds consist of amounts due from the Palm Beach County District School Board for Capital Outlay recorded in the Capital Projects Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Improvements Other Than Building	\$ 524,524	\$ 27,432	\$ -	\$ 551,956
Furniture, Fixtures and Equipment	105,004	3,966	-	108,970
Motor Vehicles	40,782	-	-	40,782
Leased Asset - Building	-	742,087	-	742,087
Total Capital Assets	<u>670,310</u>	<u>773,485</u>	<u>-</u>	<u>1,443,795</u>
Less Accumulated Depreciation/Amortization for:				
Improvements Other Than Building	(448,450)	(15,537)	-	(463,987)
Furniture, Fixtures and Equipment	(97,438)	(4,102)	-	(101,540)
Motor Vehicles	(40,782)	-	-	(40,782)
Leased Asset - Building	-	(188,152)	-	(188,152)
Total Accumulated Depreciation/Amortization	<u>(586,670)</u>	<u>(207,791)</u>	<u>-</u>	<u>(794,461)</u>
Governmental Activities Capital Assets, net	<u>\$ 83,640</u>	<u>\$ 565,694</u>	<u>\$ -</u>	<u>\$ 649,334</u>

All depreciation/amortization expense was shown as unallocated on the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

6. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2022, the School’s Capital Projects Fund owed the General Fund \$9,735 for rent expenditures awaiting reimbursement from other agencies. These amounts are netted together and not reported in the statement of net position.

7. LONG-TERM LEASE PAYABLE

The School entered into a 10-year lease for its educational facility on December 15, 2009, with rent commencing in August of 2010. This lease contains a renewal option and requires the School to pay insurance and other costs. The primary term of the lease is ten (10) years with the right to extend the lease based on mutual consent of both parties. The lease was renewed for an additional 5-year term through December 15, 2024. The lease contains required monthly minimum lease payments as of that date and thereafter. The minimum required lease payment increases annually at 3 percent. The fair value of the leased asset is \$742,087. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

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

Fiscal Year	Total	Principal	Interest
Ending June 30			
2023	\$ 234,438	\$ 206,775	\$ 27,663
2024	241,471	226,756	14,715
2025	122,520	120,404	2,116
Total	\$ 598,429	\$ 553,935	\$ 44,494

The imputed interest rate is 6 percent.

8. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Loan Payable	\$ 205,242	-	\$ (205,242)	\$ -	\$ -
Long-Term Lease Payable	-	742,087	(188,152)	553,935	206,775
Total Governmental Activities	\$ 205,242	\$ 742,087	\$ (393,394)	\$ 553,935	\$ 206,775

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

9. SCHEDULE OF STATE REVENUE SOURCES

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 1,211,739
Categorical Programs:	
Class Size Reduction	191,859
Charter School Capital Outlay	112,897
Miscellaneous	2,880
Total State Revenue	<u>\$ 1,519,375</u>

As provided in the charter school contract, the District has charged the School an administrative fee of \$70,180.

10. SPECIAL ITEM – FORGIVENESS OF DEBT

The School was granted a loan from Anchor Bank in May 2020 in the amount of \$205,242, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The School met the qualifications under the PPP and was provided repayment forgiveness in September 2021. Revenue was recorded in the statement of activities and other financing sources in the statement of revenue, expenditures, and changes in fund balances – governmental funds of \$205,242.

11. PENSION PLAN

The School adopted a 403(b) tax sheltered annuity plan in the 2015-16 fiscal for its full time employees. Employees must complete two years of successful employment to participate. At the beginning of the employee's third year of employment the School will match employee's contributions up to 3% of their base salary. After five years of employment the School will match the employee's contributions up to 5% of the employee's base salary. Employees who have more than twelve years of employment, the School will match 9.5% of the employee's base salary.

12. COMMITMENTS AND CONTINGENT LIABILITIES

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

13. RISK MANAGEMENT PROGRAMS

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

14. FUNDING AND CREDIT CONCENTRATIONS

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

15. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

MONTESSORI ACADEMY OF EARLY ENRICHMENT, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

	General Fund				Major Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal Through State and Local State	\$ -	\$ 38,695	\$ 38,695	\$ -	\$ 83,750	\$ 142,733	\$ 142,733	\$ -
Local and Other	1,476,049	1,406,478	1,406,478	-	-	-	-	-
Total Revenues	69,000	247,583	247,583	-	-	-	-	-
	1,545,049	1,692,756	1,692,756	-	83,750	142,733	142,733	-
Expenditures:								
Current - Education:								
Instruction	780,570	799,770	799,770	-	83,750	104,396	104,396	-
Student Support Services	26,875	51,010	51,010	-	-	350	350	-
Instructional Media	-	255	255	-	-	-	-	-
Instruction & Curriculum Development	53,087	73,807	73,807	-	-	-	-	-
Instructional Staff Training	11,650	5,154	5,154	-	-	-	-	-
Board	24,798	19,388	19,388	-	-	-	-	-
General Administration	83,190	70,943	70,943	-	-	-	-	-
School Administration	187,200	237,103	237,103	-	-	2,565	2,565	-
Facilities Acquisition & Construction	132,400	16,714	16,714	-	-	-	-	-
Fiscal Services	12,100	12,892	12,892	-	-	-	-	-
Food Services	-	55,905	55,905	-	-	-	-	-
Student Transportation	60,800	70,185	70,185	-	-	1,123	1,123	-
Operation of Plant	96,200	177,163	177,163	-	-	2,901	2,901	-
Maintenance of Plant	25,800	8,533	8,533	-	-	-	-	-
Community Service	27,513	15,120	15,120	-	-	-	-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	-	742,087	742,087	-	-	-	-	-
Other Capital Outlay	-	-	-	-	-	31,398	31,398	-
Debt Service:								
Principal	-	319,954	319,954	-	-	-	-	-
Total Expenditures	1,522,183	2,675,983	2,675,983	-	83,750	142,733	142,733	-
Excess (Deficiency) of Revenues								
Over Expenditures	22,866	(983,227)	(983,227)	-	-	-	-	-
Other Financing Sources (Uses):								
Inception of Long-Term Lease	-	742,087	742,087	-	-	-	-	-
Special Item - Forgiveness of Debt	-	205,242	205,242	-	-	-	-	-
Total Other Financing Sources (Uses)	-	947,329	947,329	-	-	-	-	-
Net Change in Fund Balances	22,866	(35,898)	(35,898)	-	-	-	-	-
Fund Balances, July 1, 2021	155,514	155,514	155,514	-	-	-	-	-
Fund Balances, June 30, 2022	\$ 178,380	\$ 119,616	\$ 119,616	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

1. BUDGETARY BASIS OF ACCOUNTING

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

Members:
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**Report on Internal Control Over Financial Reporting and Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards***

Independent Auditor's Report

To the Board of Directors Montessori Academy of Early Enrichment, Inc.,
a Charter School sponsored by the
District School Board of Palm Beach County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Montessori Academy of Early Enrichment, Inc. ("School"), a charter school sponsored by the District School Board of Palm Beach 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, and have issued our report thereon dated September 9, 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

King & Walker, CPAs

September 9, 2022
Tampa, Florida

Members:
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Government Audit Quality Center

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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors Montessori Academy of Early Enrichment, Inc.,
a Charter School sponsored by the
District School Board of Palm Beach County, Florida

Report on the Financial Statements

We have audited the financial statements of the Montessori Academy of Early Enrichment, Inc. (“School”), a charter school sponsored by the District School Board of Palm Beach County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 9, 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 those reports and schedule, which are dated September 9, 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Montessori Academy of Early Enrichment, Inc., 503394.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2022
Tampa, Florida