

**P.M. WELLS CHARTER  
ACADEMY  
(A division of the Foundation  
for Osceola Education, Inc.)**

**Basic Financial Statements and  
Supplemental Information**

**Year Ended  
June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
The Foundation for Osceola Education, Inc.  
Kissimmee, Florida

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of P.M. Wells Charter Academy (the "School"), a division of The Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of 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 Opinion***

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 and budgetary comparison information on pages 4–8 and 29–31 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole

### **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 November 3, 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 P.M Wells Charter Academy's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
November 3, 2022

## Management's Discussion and Analysis

As management of P.M. Wells Charter Academy School (the "School"), a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Basic Financial Statements found starting on page 9.

### Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$607,714 (net position).
- The School's total net position decreased by \$181,182 during the year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$437,341, a decrease of \$135,488 in comparison with the prior year.
- The School adopted GASB No. 87, Leases, during the year which resulted in a \$4,596,964 lease asset and lease liability being recorded at June 30, 2022.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a division of the Charterholder. The School District of Osceola County, Florida includes the operations of the School in its operational results.

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

**Fund 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. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

**Government funds.** Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, special revenue, and capital outlay funds, all of which are considered to be major funds.

The School adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided to demonstrate compliance with this budget and can be found on pages 29 to 31 of this report.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

## 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, assets exceeded liabilities by \$607,714 at June 30, 2022, compared to \$788,896 at June 30, 2021.

A portion of the School's net position reflects those invested in capital assets (e.g., improvements, furniture, fixtures, and equipment, IT equipment, and computer software), less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below.

### P.M. Wells Charter Academy Statement of Net Position

	Governmental Activities		
	June 30, 2022	June 30, 2021	Variance
<b>ASSETS</b>			
Current and other assets	\$ 1,022,463	\$ 981,412	\$ 41,051
Right of use leased assets	4,596,964	-	4,596,964
Capital assets, net of accumulated depreciation	170,373	233,603	(63,230)
Total assets	<u>5,789,800</u>	<u>1,215,015</u>	<u>4,574,785</u>
<b>LIABILITIES</b>			
Current and other liabilities	585,122	408,583	176,539
Noncurrent liabilities	4,596,964	17,536	4,579,428
Total liabilities	<u>5,182,086</u>	<u>426,119</u>	<u>4,755,967</u>
<b>NET POSITION</b>			
Invested in capital assets	170,373	233,603	(63,230)
Unrestricted	437,341	555,293	(117,952)
Total net position	<u>\$ 607,714</u>	<u>\$ 788,896</u>	<u>\$ (181,182)</u>



**P.M. Wells Charter Academy  
Statement of Activities**

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Variance</b>
Revenues:			
Program revenues:			
Charges for services	\$ 129,797	\$ 55,783	\$ 74,014
Operating grants and contributions	971,189	418,944	552,245
Capital grants and contributions	426,100	472,366	(46,266)
General revenues			
State passed through local school district	4,616,918	5,205,032	(588,114)
Other revenues	59,400	9,466	49,934
Total revenues	<u>6,203,404</u>	<u>6,161,591</u>	<u>41,813</u>
Expenses:			
Instruction	2,963,575	2,627,871	(335,704)
Other pupil services	61,970	76,905	14,935
Media services	11,917	-	(11,917)
Curriculum development	85,927	5,976	(79,951)
Staff development	714	2,730	2,016
Instruction related technology	-	91,739	91,739
Board of directors	54,251	42,010	(12,241)
General administration	17,223	-	(17,223)
School administration	779,946	858,049	78,103
Facilities and acquisitions	-	4,961	4,961
Fiscal services	749,518	885,246	135,728
Central services	35,739	29,129	(6,610)
Transportation	273,686	103,693	(169,993)
Operation of plant	1,024,935	1,012,252	(12,683)
Maintenance of plant	129,412	315,461	186,049
Community services	138,053	51,123	(86,930)
Administrative technology	57,720	-	(57,720)
Total expenses	<u>6,384,586</u>	<u>6,107,145</u>	<u>(277,441)</u>
Change in net position	(181,182)	54,446	(235,628)
Net position - beginning	<u>788,896</u>	<u>734,450</u>	<u>54,446</u>
Net position - ending	<u>\$ 607,714</u>	<u>\$ 788,896</u>	<u>\$ (181,182)</u>

The School saw an increase in revenues compared to the prior year of \$41,813 mainly due to the increase in the before and aftercare services provided. Total expenses increased mainly due to increases in the instruction, transportation, community services, and curriculum development due to changes in amount of personnel, materials for students, and transportation contract which were needed during the year. The School also had a decrease in fiscal services, maintenance of plant, and school administration.

**Governmental activities.** Governmental activities decreased the School's net position by \$181,182 for the year ended June 30, 2022. Governmental activities increased the School's net position by \$54,446 for the year ended June 30, 2021.

## **Financial Analysis of the Government's Funds**

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

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

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned fund balance was \$107,029, and \$287,215 was committed for capital renovations.

The fund balance of the School's general fund decreased by \$135,488 during the current fiscal year ended June 30, 2022, primarily due to the expenses related to the transition of management companies.

**Capital assets.** The School's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$170,373 (net of accumulated depreciation). This investment in capital assets includes buildings and fixed equipment, improvements other than buildings, furniture fixture and equipment, information technology equipment, and computer software. Additional information on the School's capital assets can be found in Note C.

## **General Fund Budgetary Highlights**

Total revenues were lower than the final budget for the year ended June 30, 2022 due to lower enrollment than anticipated. Total expenditures were favorable to budget due to savings in instruction, instructional support services, facilities and acquisitions, resulting from number of teachers due to the Covid pandemic and less than anticipated renovations to the School. School administration and operation of plant increased as the transportation contract is greater than prior year and more admin staff were needed. Overall, the School ended the year with a change in fund balance that was unfavorable to the final budget by approximately \$177,937.

## **Economic Factors and Next Year's Budget**

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.

## **Request for Information**

This financial report is designed to provide a general overview of P.M. Wells Charter Academy's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jeffrey Hernandez, Chief Executive Officer, National Academic Educational Partners, 66 West Flagler Street, Suite 900, Miami, Florida 33130.

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

**STATEMENT OF NET POSITION**

**June 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 488,825
Accounts receivable	490,541
Deposits	28,082
Prepaid items	15,015
Total current assets	<u>1,022,463</u>
<b>NONCURRENT ASSETS</b>	
Right of use leased assets	<u>4,596,964</u>
Capital assets, net of accumulated depreciation	
Buildings and fixed equipment	2,000
Improvements other than buildings	45,844
Furniture, fixtures and equipment	20,738
Information technology equipment	101,791
Total capital assets	<u>170,373</u>
Total assets	<u>5,789,800</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	2,248
Accrued payroll and other expenses	345,555
Due to district	71,857
Due to management company	149,520
Due to Charter School USA	9,581
Due to other agencies	6,361
Total current liabilities	<u>585,122</u>
<b>NONCURRENT LIABILITIES</b>	
Leased liabilities - due within one year	391,871
Leased liabilities - due in more than one year	4,205,093
Total liabilities	<u>5,182,086</u>
<b>NET POSITION</b>	
Investment in capital assets	170,373
Unrestricted	437,341
Total net position	<u>\$ 607,714</u>

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

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, 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:					
Instruction	\$ 2,963,575	\$ -	\$ 971,189	\$ -	\$ (1,992,386)
Media services	11,917	-	-	-	(11,917)
Curriculum development	85,927	-	-	-	(85,927)
Staff development	714	-	-	-	(714)
Board of directors	54,251	-	-	-	(54,251)
General administration	17,223	-	-	-	(17,223)
School administration	779,946	-	-	-	(779,946)
Fiscal services	749,518	-	-	-	(749,518)
Central services	35,739	-	-	-	(35,739)
Student personnel services	61,970	-	-	-	(61,970)
Transportation	273,686	-	-	-	(273,686)
Operation of plant	1,024,935	-	-	426,100	(598,835)
Maintenance of plant	129,412	-	-	-	(129,412)
Community services	138,053	129,797	-	-	(8,256)
Administrative technology	57,720	-	-	-	(57,720)
Total governmental activities	\$ 6,384,586	\$ 129,797	\$ 971,189	\$ 426,100	(4,857,500)
		General revenues:			
					4,616,918
					59,400
					4,676,318
					(181,182)
					788,896
					\$ 607,714

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

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 488,825	\$ -	\$ -	\$ 488,825
Accounts receivable	490,541	-	-	490,541
Deposits	28,082	-	-	28,082
Prepaid items	15,015	-	-	15,015
Total assets	\$ 1,022,463	\$ -	\$ -	\$ 1,022,463
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 2,248	\$ -	\$ -	\$ 2,248
Accrued payroll and other expenses	345,555	-	-	345,555
Due to other agencies	6,361	-	-	6,361
Due to management company	149,520	-	-	149,520
Due to district	71,857	-	-	71,857
Due to Charter School USA	9,581	-	-	9,581
Total liabilities	585,122	-	-	585,122
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid expenditures	15,015	-	-	15,015
Deposits	28,082	-	-	28,082
Committed				
Capital renovations	287,215	-	-	287,215
Unassigned	107,029	-	-	107,029
Total fund balances	437,341	-	-	437,341
Total liabilities and fund balances	\$ 1,022,463	\$ -	\$ -	\$ 1,022,463

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

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

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

**June 30, 2022**

Fund balances - total governmental funds		\$	437,341
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.		\$	4,596,964
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:			
Buildings and fixed equipment, net of \$275,304 accumulated depreciation	2,000		
Improvements other than buildings, net of \$423,613 accumulated depreciation	45,844		
Furniture, fixtures and equipment, net of \$538,176 accumulated depreciation	20,738		
Computer software, net of \$16,213 accumulated depreciation	-		
Information technology equipment, net of \$974,988 accumulated depreciation	<u>101,791</u>		
Total capital assets			170,373
Liabilities are not due and payable in the current period are not reported in the general fund			
Leased liabilities			<u>(4,596,964)</u>
Total net position of governmental activities		\$	<u><u>607,714</u></u>

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

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

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

**Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
<b>Revenues</b>				
Federal passed through state	\$ -	\$ 971,189	\$ -	\$ 971,189
State passed through local school district	4,616,918	-	426,100	5,043,018
Other revenues	189,197	-	-	189,197
Total revenues	<u>4,806,115</u>	<u>971,189</u>	<u>426,100</u>	<u>6,203,404</u>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	1,952,634	971,189	-	2,923,823
Student personnel services	61,970	-	-	61,970
Media services	11,917	-	-	11,917
Curriculum development	85,927	-	-	85,927
Staff development	714	-	-	714
Board of directors	54,251	-	-	54,251
General administration	17,223	-	-	17,223
School administration	760,698	-	-	760,698
Fiscal services	749,518	-	-	749,518
Central services	35,739	-	-	35,739
Transportation	273,686	-	-	273,686
Operation of plant	598,835	-	426,100	1,024,935
Maintenance of plant	85,134	-	-	85,134
Community services	138,053	-	-	138,053
Fixed capital outlay	57,585	-	-	57,585
Administrative technology	57,719	-	-	57,719
Total expenditures	<u>4,941,603</u>	<u>971,189</u>	<u>426,100</u>	<u>6,338,892</u>
Net change in fund balances	(135,488)	-	-	(135,488)
Fund balances at July 1, 2021	<u>572,829</u>	<u>-</u>	<u>-</u>	<u>572,829</u>
Fund balances at June 30, 2022	<u>\$ 437,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,341</u>

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

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, 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 \$ (135,488)

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.

Total fixed capital outlay	\$ 57,585	
Depreciation	<u>(120,815)</u>	
Total capital assets		(63,230)

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

17,536

Change in net position of governmental activities \$ (181,182)

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



**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

1. Reporting entity

P.M. Wells Charter Academy, (the "School") is a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, and is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Charterholder's Board of Directors (the "Board"), which is composed of forty-six members. The financial information presented is that of P.M. Wells Charter Academy only. The School's entire workforce is provided by the management company; therefore, all employee benefits are provided by the management company.

The general operating authority of P.M. Wells Charter Academy is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School District of Osceola County, Florida (the "District"). The current charter is for a term of ten school years commencing with the 2011 - 2012 school year. During 2022 the charter was renewed for another 10-year term until 2032. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. 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. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a division of the Charterholder.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets, restricted net assets, and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation. As of June 30, 2022, there were no net assets classified as restricted in the statement of net position.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, expenditures related to compensated absences are only recorded when due.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

**Restricted:** This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

**Committed:** This classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

**Assigned:** This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

**Unassigned:** This classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the general fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes., including all federal grant revenues passed through the School District (i.e., Title 1, 21<sup>st</sup> Century Grant, Title IV, and ESSER/GEER).

Capital Outlay Fund - in accordance with guidelines established by The School District of Osceola County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash is made up of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents. The School has committed cash of \$287,215, which is for future renovation of capital assets.

5. Receivables

The School's receivables consist of amounts due from other agencies and the local school district. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

6. Interfund receivables and payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated useful lives (years)</u>
Buildings and fixed equipment	5 - 15
Improvements other than buildings	5 - 7
Furniture, fixtures and equipment	5 - 7
Computer software	3
Information technology equipment	3 - 7

8. Prepaid items

Payment made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items in both government-wide and fund financial statements.

9. Compensated absences

The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the general fund.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

10. Revenue recognition

Student funding is provided by the State of Florida through the School District. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements and is net of 5% administration fee retained by the School District. This funding is received on a prorate basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Charterholder and then to the School 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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, 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 revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

12. Income taxes

The School is a charter school under the Foundation for Osceola Education, Inc., which qualifies as a tax-exempt organization, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

13. Use of estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

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

14. 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 G for a summary of the School's lease assets and liabilities.

**NOTE B - CASH**

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The School maintains its cash balances in a financial institution insured by the Federal Deposit Insurance Corporation ("FDIC"). Under the FDIC program, all of the School's cash balances maintained in accounts of the financial institution are fully guaranteed by the FDIC up to \$250,000.

At June 30, 2022, the School's cash balance did exceed the FDIC coverage; however, the School's deposits are part of the Qualified Public Deposit program and are insured for more than the \$250,000 FDIC limit. The School has no history of loss due to exceeding coverage limitations.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE C - CAPITAL ASSETS**

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:				
Buildings and fixed equipment	\$ 277,304	\$ -	\$ -	\$ 277,304
Improvements other than buildings	469,457	-	-	469,457
Furniture, fixtures and equipment	558,914	-	-	558,914
Computer software	16,213	-	-	16,213
Information technology equipment	1,019,195	57,585	-	1,076,780
Total assets depreciated	<u>2,341,083</u>	<u>\$ 57,585</u>	<u>\$ -</u>	<u>2,398,668</u>
Less accumulated depreciation:				
Buildings and fixed equipment	271,304	\$ 4,000	\$ -	275,304
Improvements other than buildings	383,337	40,278	-	423,615
Furniture, fixtures and equipment	518,926	19,249	-	538,175
Computer software	16,213	-	-	16,213
Information technology equipment	917,700	57,288	-	974,988
Total accumulated depreciation	<u>2,107,480</u>	<u>\$ 120,815</u>	<u>\$ -</u>	<u>2,228,295</u>
Total governmental activities capital assets, net	<u>\$ 233,603</u>			<u>\$ 170,373</u>

Depreciation expense was charged to functions of the School as follows:

Basic instruction	\$ 57,288
School administration	19,249
Operation of plant	44,278
	<u>\$ 120,815</u>



**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE D - CONCENTRATIONS**

Revenue sources

As stated in Note A-10, 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:

Sources	Amounts
School District of Osceola County:	
Base funding	\$ 2,953,841
Discretionary millage	169,683
Discretionary local WFTE	219,079
Additional student reserve allocation	13,314
Digital classroom allocation	1,014
Industry certified career education	6,054
ESE guaranteed allocation	70,182
Supplemental academic instruction	140,295
Class size reduction funds	648,059
Safe school	33,771
Florida teachers classroom supply assistance program	12,483
Instructional materials allocation	56,034
Total funds compression allocation	50,091
Reading allocation	26,488
Teacher salary increase allocation	130,007
Student transportation	86,523
Subtotal	4,616,918
Capital outlay funding	426,100
Title federal revenue	208,529
21st Century Grant revenue	130,050
ESSER & GEER revenue	632,610
Total passed through the School District of Osceola County	6,014,207
Other revenue:	
Community service fees	129,797
Miscellaneous revenue	59,400
	\$ 6,203,404

The administration fee paid to the District during the year ended June 30, 2022 totaled \$35,739 and is reflected as a general administration expense/expenditure in the accompanying financial statements.

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE E - LONG-TERM LIABILITIES**

Changes in long-term liabilities:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due within one year
Accrued compensation	\$ 17,536	\$ -	\$ (17,536)	\$ -	\$ -
Total long-term liabilities	<u>\$ 17,536</u>	<u>\$ -</u>	<u>\$ (17,536)</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE F - COMMITMENTS AND CONTINGENCIES**

Management service contract

The School entered into a management agreement, commencing on July 1, 2021, with a management company (the "Company"). The agreement is for a term of five years commencing with the 2021-2022 school year. The contract terminates the earlier of June 30, 2026 or the termination date of the charter if the District chooses to terminate it.

The Company managed and operated the School during the term of the agreement. The Company was paid ten percent of FEFP Funding received for each school year per the contract. Beginning the 2023-2024 school year, the Company will be eligible to earn a total of an additional two percent of FEFP Funding if they exceed the targets set in the contract. Current year management fees charged to operations totaled \$452,326. As of June 30, 2022, the School's balance sheet reflects a payable due to the management company in the amount of \$149,520.

The School contracted with a new management company effective July 1, 2021 and incurred costs of approximately \$185,000 related to the transition from the prior management company. These transition costs have been reported in the financial statements; however, some of these costs are in dispute.

**NOTE G - LEASES**

1. Facilities sub-lease

The real property, buildings, and other assets which comprise the School facilities, are owned by the Charterholder. Construction of the buildings was financed by the issuance of \$9,075,000 Series 2001A and \$350,000 Series 2001B Industrial Development Revenue Bonds, which are obligations of the Charterholder.

In March 2016, the Charterholder issued \$4,380,000 principal amount of Industrial Development Revenue Financing Bonds, Series 2016A, and \$2,205,000 principal amount of Taxable Industrial Development Revenue Financing Bonds, Series 2016B. The proceeds were used to refund the outstanding Series 2001 bonds. The Series 2016 bonds were issued to reduce the basic lease payments due under the lease and mature in August 2031 (Series 2016A) and August 2022 (Series 2016B).

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE G - LEASES (continued)**

**1. Facilities sub-lease (continued)**

The School is entitled to use the facilities under a sub-lease agreement with the Charterholder that requires annual payments in amounts equal to the annual debt service payments on the bonds.

Such annual payments range from \$474,310 to \$576,033. At the end of the charter, including renewals, if any, possession of the School facilities will revert to the Charterholder who will be liable for all future payments.

During the year ended June 30, 2022, a total facility use fee of \$558,019 was paid. Portions of the facility use fee of \$426,100 were reimbursed through capital outlay funds.

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.

At implementation of GASB Statement No. 87, Leases, the School, as the lessee, is recognizing a lease asset of \$4,565,000 and lease liability of \$4,565,000 for the present value of the lease obligation 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	\$ 385,000	\$ 143,162	\$ 528,162
2024	400,000	152,169	552,169
2025	415,000	136,572	551,572
2026	430,000	120,406	550,406
2027	445,000	103,672	548,672
Thereafter	<u>2,490,000</u>	<u>245,150</u>	<u>2,735,150</u>
	<u>\$ 4,565,000</u>	<u>\$ 901,131</u>	<u>\$ 5,466,131</u>

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE G - LEASES (continued)**

**2. Copier Lease**

During the fiscal year 2022, the School entered into a copier lease agreement with Supergroup Services LLC. The agreement is for a period of 63 months with monthly payments of \$645.

At implementation of GASB Statement No. 87, Leases, the School, as the lessee, is recognizing a lease asset of \$31,964 and lease liability of \$31,964 for the present value of the lease obligation 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:

	Principal	Interest	Total
2023	\$ 6,871	\$ 865	\$ 7,736
2024	7,080	656	7,736
2025	7,296	441	7,737
2026	7,518	219	7,737
2027	3,199	24	3,223
	\$ 31,964	\$ 2,205	\$ 34,169

**NOTE H - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, general liabilities, and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School's liability is \$100,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2022. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**NOTE I - 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.

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE J - SUBSEQUENT EVENTS**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through November 3, 2022 which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, 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 and local revenue	\$ 5,070,108	\$ 5,012,363	\$ 4,616,918	\$ (395,445)
Local sources	65,000	150,000	189,197	39,197
Gross school revenue	5,135,108	5,162,363	4,806,115	(356,248)
Expenditures				
Instruction	2,344,796	2,138,196	1,952,634	185,562
Instructional support services	197,423	150,992	61,970	89,022
General administration	-	-	17,223	(17,223)
Media services	-	-	11,917	(11,917)
Curriculum development	-	-	85,927	(85,927)
Staff development	-	-	714	(714)
Board of directors	40,000	25,000	54,251	(29,251)
School administration	418,400	584,800	760,698	(175,898)
Facilities and acquisition	554,019	557,819	-	557,819
Fiscal services	664,497	665,085	749,518	(84,433)
Central services	33,938	35,322	35,739	(417)
Transportation	241,200	280,000	273,686	6,314
Operation of plant	357,700	417,700	598,835	(181,135)
Maintenance of plant	70,000	80,000	85,134	(5,134)
Administrative technology services	45,000	60,000	-	60,000
Community services	60,000	125,000	138,053	(13,053)
Fixed capital outlay	-	-	57,585	(57,585)
Administrative technology	-	-	57,719	(57,719)
Total expenditures	5,026,973	5,119,914	4,941,603	178,311
Net change in fund balances	108,135	42,449	(135,488)	177,937
Fund balance at July 1, 2021	596,157	572,829	572,829	-
Fund balance at June 30, 2022	\$ 704,292	\$ 615,278	\$ 437,341	\$ 177,937

See accompanying note to required supplemental information.

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

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

**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal passed through state	\$ 976,032	\$ 976,032	\$ 971,189	\$ (4,843)
Gross school revenue	976,032	976,032	971,189	(4,843)
Expenditures				
Instruction	976,032	976,032	971,189	4,843
Total expenditures	976,032	976,032	971,189	4,843
Net change in fund balances	-	-	-	-
Fund balance at July 1, 2021	-	-	-	-
Fund balance at June 30, 2022	\$ -	\$ -	\$ -	\$ -

See accompanying note to required supplemental information.



**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**NOTE 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"). The budgets presented for fiscal year ended June 30, 2022, have been amended according to Board procedures. 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 each major fund for which a legally adopted budget exists.

**SUPPLEMENTAL INFORMATION**



**Partners**

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Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
Thomas F. Regan  
Ernie R. Janvrin  
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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  
The Foundation for Osceola Education, Inc.  
Kissimmee, 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 P.M. Wells Charter Academy, a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise P.M. Wells Charter Academy's basic financial statements, and have issued our report thereon dated November 3, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered P.M. Wells Charter Academy'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 P.M. Wells Charter Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of P.M. Wells Charter Academy'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 P.M. Wells Charter Academy'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  
November 3, 2022



**Partners**

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
The Foundation for Osceola Education, Inc.  
Kissimmee, Florida

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited P.M Wells Charter Academy’s, (the “School”) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of School’s major federal programs for the year ended June 30, 2022. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School’s federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material

weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
November 3, 2022

**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS**

**June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor’s report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted?                                  | No            |

**Federal Awards**

- |   |               |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs:                                  | Unmodified    |
| 2. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?             | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                            | \$750,000     |
| 5. Auditee qualified as a low-risk auditee?   | No            |

Identification of major programs:

Name of Federal Programs

ALN Number

Education Stabilization Fund

84.425D, 84.425U



**P.M. Wells Charter Academy  
(A division of The Foundation for Osceola Education, Inc.)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS**

**June 30, 2022**

**Section II – Financial Statement Findings**

No current year findings (no corrective action plan or management letter required)

**Section III – Federal Findings and Questioned Costs**

None (there are no items related to Federal Programs required to be reported in the management letter, therefore no management letter issued)

**Section IV – Status of Prior Year Audit Findings**

None reported (no corrective action plan or management letter required)

**P.M. Wells Charter Academy**  
**(A division of The Foundation for Osceola Education, Inc.)**

**SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2022**

Grantor/Program Title	ALN #	Award Number	Expenditures
Federal Awards:			
<b>U.S. Department of Education</b>			
<i>Passed through Florida Department of Education and District School Board of Osceola County, Florida</i>			
Title I Grants to Local Educational Agencies	84.010	490-2122B-2CB01	\$ 208,529
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D/ 84.425U	490-1241A-1CR01/ 490-2442B-2CCC5	632,610
Student Support and Academic Enrichment Grants	84.424	490-2442B-2CCC5	130,050
Total passed through Florida Department of Education			<u>971,189</u>
Total Expenditures of Federal Awards			<u>\$ 971,189</u>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Indirect Cost Rates**

The School has elected to not use the 10% de minimis indirect cost rate for its federal programs for the year ended June 30, 2022. The indirect cost rates used on the School's federal programs are determined by the relevant federal agency.



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**MANAGEMENT LETTER**

To the Board of Directors  
The Foundation for Osceola Education, Inc.  
Kissimmee, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of P.M. Wells Charter Academy (the “School”), a division of the Foundation for Osceola Education, Inc. (the “Charterholder”), which is a component unit of the School District of Osceola County, Florida as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 3, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated November 3, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is *P.M. Wells Charter Academy, 0881*, which is a division of The Foundation for Osceola Education, Inc., which is a component unit of the School District of Osceola County.

## **Financial Condition and Management**

Section 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 the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with the 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 the 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 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 the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, P.M. Wells Charter Academy's management, The Foundation for Osceola Education, Inc., the School District of Osceola County, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
November 3, 2022

## **MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES**

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