

May Sands Montessori School, Inc.

A Charter School and Component Unit of
the Monroe County District School Board

Basic Financial Statements
For the Year Ended June 30, 2023



May Sands Montessori School, Inc.

Table of Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis	
Management's Discussion and Analysis (Not covered by Independent Auditor's Report)	4-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Basic Financial Statements:	
Balance Sheet - Governmental Fund	11
Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund to the Statement of Activities	14
Notes to Basic Financial Statements	15-21
Required Supplementary Information	
Schedule of Revenues and Expenditures Budget and Actual - General Fund	22
Other Independent Auditor's Reports	
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 <i>Government Auditing Standards</i>	23-24
Independent Auditor's Report to the Board of Directors	25-26

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
May Sands Montessori School, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of May Sands Montessori School, Inc. (the "School"), a component unit of the Monroe County District School Board, as of and for the year ended June 30, 2023, 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 and each major fund of the School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

CPAs + Trusted Advisors

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School’s internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



The May Sands Montessori School, Inc. (the "School") earned the distinction of being the first public charter school in Monroe County, Florida, established in 1997. Operating in Key West, the School offers an educational curriculum and program design that is authentically grounded in Montessori pedagogy. Over the years, the School has expanded its offerings to include four program levels: a primary (VPK and kindergarten) program, a lower elementary program (grades 1-3), an upper elementary program (grades 4-6), and an early secondary program (grades 7 & 8). Students in grades VPK preschool through eight participate in state mandated assessments, yearly, in accordance with the School's public charter status.

Our discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2023, with certain comparative information for 2022. Please read it in conjunction with the School's basic financial statements which immediately follow this discussion.

Overview of the Basic 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the statement of net position and the statement of activities, 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 financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education must be considered in order to reasonably assess the School's overall performance.

The statement of activities presents information showing how the School's net position changed during the 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.

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 has only one (1) category of funds - governmental funds.

Governmental 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 assessing the School's near-term financing requirements.

**May Sands Montessori School, Inc.
Management's Discussion and Analysis
June 30, 2023**

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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

Notes to the Basic 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.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position:

May Sands Montessori School, Inc.			
Net Position			
	June 30, 2023	June 30, 2022	Variance
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets	\$ 772,878	\$ 696,514	\$ 76,364
Noncurrent assets	<u>509,967</u>	<u>573,320</u>	<u>(63,353)</u>
Total assets	<u>1,282,845</u>	<u>1,269,834</u>	<u>13,011</u>
Liabilities:			
Current liabilities	105,709	69,396	36,313
Noncurrent liabilities	<u>376,751</u>	<u>427,996</u>	<u>(51,245)</u>
Total liabilities	<u>482,460</u>	<u>497,392</u>	<u>(14,932)</u>
Net Position:			
Net investment in capital assets	81,971	95,592	(13,621)
Unrestricted	<u>718,414</u>	<u>676,850</u>	<u>41,564</u>
Total net position	<u>\$ 800,385</u>	<u>\$ 772,442</u>	<u>\$ 27,943</u>

Current assets increased due to the increase in the cash balances compared to prior year. Capital assets, net of depreciation and amortization, decreased as a result of depreciation and amortization expense.

A portion of the School's net position reflects its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources that are subject to external restrictions on how they may be used are classified as restricted net position. As of June 30, 2023 and 2022, the School had no restricted net position. The remaining unrestricted balance may be used in any of the School's ongoing operations.

May Sands Montessori School, Inc.
Management's Discussion and Analysis
June 30, 2023

Government-Wide Financial Analysis (continued)

The following table presents comparative information of the condensed government-wide statements of changes in net position:

May Sands Montessori School, Inc.			
Change in Net Position			
	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 1,420,657	\$ 1,262,338	\$ 158,319
Program revenues:			
Charges for services	34,494	27,707	6,787
Operating grants and contributions	<u>45,866</u>	<u>91,108</u>	<u>(45,242)</u>
Total revenues	<u>1,501,017</u>	<u>1,381,153</u>	<u>119,864</u>
Expenses:			
Regular instruction	921,041	799,072	(121,969)
Instructional support services	43,959	32,922	(11,037)
School administration	355,973	399,333	43,360
Interest expense	13,652	13,564	(88)
After school program	8,460	1,667	(6,793)
Central services	8,483	7,083	(1,400)
Operating and maintenance of plant	<u>121,506</u>	<u>128,263</u>	<u>6,757</u>
Total expenses	<u>1,473,074</u>	<u>1,381,904</u>	<u>(91,170)</u>
Change in net position	\$ <u><u>27,943</u></u>	\$ <u><u>(751)</u></u>	\$ <u><u>28,694</u></u>

- General revenues increased from the previous school year due to an increase in the Base Student Allocation as well as an increase in the Voted Operating WFTE share.
- Operating Grants & Contributions decreased from last year due to ESSER II being fully utilized in the previous school year and not receiving any grants from the Community Foundation of the Florida Keys in the current school year.
- Regular instruction and instructional support services both increased due to teacher allocation which went into effect February 2022 along with the addition of a new PE Teacher at the end of the 2022-2023 school year.
- School Administration decreased with the addition of a new Principal & Office Manager, decreasing the salary of new employees due to less experience in their field.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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.

As of the end of fiscal year 2022/2023 the School's governmental funds reported ending fund balance of \$ 718,414. The fund balance unassigned and available for spending at the School's discretion is \$ 697,475. These funds will be available for the School's future ongoing operations. The fund balance increased by \$ 41,564.

Budgetary Highlights

Safely Returning to School

The 2023 school year began as scheduled. The School implemented strategies to protect the health and safety of students and staff while on campus. Daily cleaning and sanitization was performed by Classroom Assistants as well as twice a week from a professional cleaning company. The School hired a new PE Teacher at the end of the school year. Classroom Teachers took over the daily responsibilities of the PE teacher prior to hiring a new PE instructor. Yoga instructors were contracted as well to keep the students active while maintaining social distancing. Two grants were received this school year from the Early Learning Coalition totaling \$42,120. All grant funding to be used in the 2022-2023 school year as well as two Early Learning Coalition Grants totaling \$40,501 to be used in the 2023-2024 school year. An ESSER Grant was used for funding a summer Academic & Arts program as well as an After School Academic Program with students identified as high needs in the academic area of reading. Funds to be reimbursed in the 2023-2024 school year.

Vision for School Year 2024

The School relies on a steadfast commitment from its parents, staff, and community partners to protect the future of Montessori public education in Key West. The continued engagement of all stakeholder groups on school improvement is a priority. The school must continue working on an actionable plan of improvement that will address programming and the expansion of its facilities along with recruiting and retaining capable personnel. Strengthening core academics among students using the Montessori method is of the highest priority as well as family participation and education to assist at home.

Capital Assets and Debt Administration

As of June 30, 2023, the School had an investment in capital assets of \$ 81,971, net of accumulated depreciation and amortization, compared to \$ 95,592 at June 30, 2022.

At June 30, 2023, the School had \$ 427,996 in outstanding lease obligation and zero outstanding debt, compared to \$ 477,728 outstanding lease obligation and zero in outstanding debt as of June 30, 2022.

Economic Factors

Facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2023-2024 include the following:

- The 2023-2024 school year represents the 25th year of operations of the School. Our past has shown that we can continue to provide high quality education for our students, within the School-based revenues. We have also been fortunate to have a strong business community and involved parents that participate in fundraising activities for school improvements.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the administration of May Sands Montessori School, Inc. at 1400 United Street, Key West, FL 33040.

BASIC FINANCIAL STATEMENTS

May Sands Montessori School, Inc.
Statement of Net Position
June 30, 2023

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 750,790
Accounts receivable	1,149
Prepaid items	20,939
	<hr/>
Total current assets	772,878
	<hr/>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation and amortization	509,967
	<hr/>
Total assets	1,282,845
	<hr/>
Current Liabilities:	
Accounts payable	13,575
Unearned revenue	40,889
Leases	51,245
	<hr/>
Total current liabilities	105,709
	<hr/>
Noncurrent Liabilities:	
Leases	376,751
	<hr/>
Total liabilities	482,460
	<hr/>
Net Position:	
Net investment in capital assets	81,971
Unrestricted	718,414
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Total net position	\$ 800,385
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The accompanying notes to basic financial statements are an integral part of these statements.

May Sands Montessori School, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instructional services	\$ 724,551	\$ -	\$ 45,866	\$ -	\$ (678,685)
Exceptional student education	196,490	-	-	-	(196,490)
Pupil personnel services	13,841	-	-	-	(13,841)
Instructional and curriculum services	6,806	-	-	-	(6,806)
Instructional staff training	19,900	-	-	-	(19,900)
School Board	15,968	-	-	-	(15,968)
School administration	306,472	-	-	-	(306,472)
Facility acquisition and construction	15,649	-	-	-	(15,649)
Fiscal services	33,533	-	-	-	(33,533)
Central services	8,483	-	-	-	(8,483)
Pupil transportation services	3,412	-	-	-	(3,412)
Operation of plant	104,542	-	-	-	(104,542)
Maintenance of plant	1,315	-	-	-	(1,315)
After school program	8,460	34,494	-	-	26,034
Interest expense	13,652	-	-	-	(13,652)
Total governmental activities	\$ <u>1,473,074</u>	\$ <u>34,494</u>	\$ <u>45,866</u>	\$ <u>-</u>	\$ <u>(1,392,714)</u>
General revenues:					
State sources					\$ 1,295,250
Other revenues					<u>125,407</u>
Total general revenues					<u>1,420,657</u>
Change in net position					27,943
Net position, July 1, 2022					<u>772,442</u>
Net position, June 30, 2023					\$ <u><u>800,385</u></u>

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

May Sands Montessori School, Inc.
Balance Sheet - Governmental Fund
June 30, 2023

	General Fund
Assets:	
Cash and cash equivalents	\$ 750,790
Accounts receivable	1,149
Prepaid items	<u>20,939</u>
Total assets	\$ <u><u>772,878</u></u>
Liabilities:	
Accounts payable	\$ 13,575
Unearned revenue	<u>40,889</u>
Total liabilities	<u>54,464</u>
Fund Balance:	
Nonspendable	20,939
Unassigned	<u>697,475</u>
Total fund balance	<u>718,414</u>
Total liabilities and fund balance	\$ <u><u>772,878</u></u>

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

**May Sands Montessori School, Inc.
 Reconciliation of the Balance Sheet - Governmental
 Fund to the Statement of Net Position
 June 30, 2023**

Total Fund Balance - Governmental Funds \$ 718,414

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the governmental funds:

Cost of capital assets	\$	834,808	
Accumulated depreciation and amortization		<u>(324,841)</u>	<u>509,967</u>

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the governmental-wide statements.

Leases			<u>(427,996)</u>
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Net Position of Governmental Activities \$ 800,385

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

**May Sands Montessori School, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2023**

	General Fund
Revenues:	
State sources	\$ 1,295,250
Federal sources	45,866
Interest income	4,557
After school program	34,494
Local sources	120,850
	<hr/>
Total revenues	1,501,017
	<hr/>
Expenditures:	
Instructional services	724,551
Exceptional student education	196,490
Pupil personnel services	13,841
Instructional and curriculum services	6,806
Instructional staff training	19,900
School Board	15,968
School administration	306,472
Facility acquisition and construction	15,649
Fiscal services	33,533
Central services	8,483
Pupil transportation services	3,412
Operation of plant	41,189
Maintenance of plant	1,315
After school program	8,460
Debt service:	
Principal payments	49,732
Interest expense	13,652
	<hr/>
Total expenditures	1,459,453
	<hr/>
Net change in fund balance	41,564
	<hr/>
Fund Balance, July 1, 2022	676,850
	<hr/>
Fund Balance, June 30, 2023	\$ <u><u>718,414</u></u>

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

**May Sands Montessori School, Inc.
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balance -
 Governmental Fund to the Statement of Activities
 For the Year Ended June 30, 2023**

Net Change in Fund Balance - Governmental Funds	\$	41,564
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>The governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over their estimated useful lives as provision for depreciation and amortization:</p>		
Provision for depreciation and amortization		(63,353)
<p>Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		<u>49,732</u>
Change in Net Position of Governmental Activities	\$	<u><u>27,943</u></u>

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

Note 1 - Organization and Operations

Reporting Entity: May Sands Montessori School, Inc. (the "School") was incorporated as a nonprofit corporation on October 23, 1997 organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporations Act and Section 228.056, Florida Statutes. The governing body of the School is the Board of Directors which is composed of not less than five and not more than nine members. Effective July 10, 2018, the School changed its name to May Sands Montessori School, Inc. from Key West Montessori Charter School, Inc.

The School operates under a charter of the sponsoring school district, the District School Board of Monroe County (the "District"). The current charter is effective until June 30, 2031. At the end of the term of the charter, the District may choose not to renew the charter under the reasons specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to section 228.056(10) (e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, unencumbered funds and all school property purchased with public funds automatically revert to the District School Board of Monroe County. During the term of the charter, the District may also terminate the charter if good cause is shown. May Sands Montessori School, Inc. is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Government Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 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 with the reporting entity of the School.

Note 2 - Summary of Significant Accounting Policies

A summary of the School's significant accounting policies is as follows:

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants, Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all current and noncurrent assets and all current and noncurrent liabilities. The School's net position is reported in three (3) categories: net investment in capital assets; restricted; and unrestricted.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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: The School's accounts are organized on the basis of funds. The operations each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. 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 reports the following major governmental fund:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Measurement focus and basis of accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). Revenues susceptible to accrual include FTE nonspecific revenue, capital grant funds, operating grants and contributions and investment earnings. Intergovernmental revenues are recognized when all eligibility requirements have been met, if available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within three (3) months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred.

Cash and cash equivalents: The School maintains its cash accounts with several financial institutions. The School's accounts at these institutions, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 2 - Summary of Significant Accounting Policies (continued)

State funding (primary source of revenue): Student funding is provided by the State of Florida through the Monroe County District School Board. In accordance with the Charter Agreement, the District retains not more than 2% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent ("FTE") reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

Income taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statements. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, which include equipment acquired with state shared revenues are reported in the government-wide financial statements.

Depreciation and amortization on all assets is provided on the straight-line basis methods over the estimated useful lives or lease terms, whichever is shorter, as follows:

Improvements	15-39 years
Furniture and Equipment	5-15 years

Within the governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation and amortization expense is not reported within the governmental fund financial statements.

Right of use assets: The School has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the lives of the related leases.

Deferred outflows/inflows of resources: In addition to assets, the statement of net 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.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of net 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 that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School grants a specific number of non-cumulative sick/personal leave. Therefore, there is no compensated absences accrual for such days.

Net position classifications: *Government-wide financial statements*

Net position is displayed in three (3) components:

Net investment in capital assets - consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted - indicates that portion of net position that is available to fund future operations and that do not meet the definition of "restricted" or "net investment in capital assets".

Fund balance classifications: *Fund financial statements*

The School follows the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* - amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - amounts that are constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by formal account of the Board of Directors (the highest level of decision making authority). To be reported as committed, amounts cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

Note 2 - Summary of Significant Accounting Policies (continued)

- *Assigned Fund Balance* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Board of Directors or by an official or body which the Board of Directors delegated the authority at their direction.
- *Unassigned Fund Balance* - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The School uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed fund balance, followed by assigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements. For the year ended June 30, 2023, certain expenditures exceeded appropriations in the general fund. These overages were funded by the School's unassigned fund balance.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through October 27, 2023, which is the date the financial statements were available to be issued.

Note 3 - Deposits

At June 30, 2023, the carrying amount of the School's deposits and cash on hand totaled approximately \$ 751,000 with a bank balance of approximately \$ 766,000.

Subject to certain exemptions, State statutes require, and it is the School's policy, that certain deposits be made into, and be held by, financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2023. The School maintains balances at two financial institutions which are qualified public depositories at June 30, 2023 as defined by Chapter 280 of the Florida Statutes.

The School maintained a cash balance account with a financial institution which, at June 30, 2023, exceeded the federally insured limit.

May Sands Montessori School, Inc.
Notes to Basic Financial Statements
June 30, 2023

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2022	Increases	Decreases/ Transfers	Balance June 30, 2023
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets:				
Improvements	\$ 111,633	\$ -	\$ -	\$ 111,633
Furniture and Equipment	170,126	-	-	170,126
Intangible right to use:				
Building	479,047	-	-	479,047
Air purifiers	74,002	-	-	74,002
	<u>834,808</u>	<u>-</u>	<u>-</u>	<u>834,808</u>
Total capital assets				
Accumulated depreciation/ amortization:				
Improvements	40,878	4,643	-	45,521
Furniture and Equipment	134,602	3,989	-	138,591
Intangible right to use:				
Building	79,842	39,921	-	119,763
Air purifiers	6,166	14,800	-	20,966
	<u>261,488</u>	<u>63,353</u>	<u>-</u>	<u>324,841</u>
Total accumulated depreciation/amortization				
Net capital assets	\$ <u>573,320</u>	\$ <u>(63,353)</u>	\$ <u>-</u>	\$ <u>509,967</u>

The provision for depreciation and amortization for the year ended June 30, 2023 amounted to \$ 63,353. The School allocated depreciation and amortization to operation of plant.

Note 5 - Leases

Effective July 1, 2017, the School entered into a non-cancelable 15-year operating lease agreement for the rental of school facilities, which expires on June 30, 2032. Effective February 1, 2022, the School entered into a non-cancelable 5-year operating lease for classroom air purifiers, which expires on January 31, 2027. These lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the implementation date of July 1, 2021. The discount rate used to recognize the intangible right of use assets and the lease liabilities was 3%.

Note 5 - Leases (continued)

The following is a schedule of the School's future base rent payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 51,245	\$ 12,139	\$ 63,384
2025	52,804	10,580	63,384
2026	54,410	8,974	63,384
2027	49,399	7,353	56,752
2028	41,430	6,038	47,468
2029-2032	178,708	11,160	189,868
	\$ <u>427,996</u>	\$ <u>56,244</u>	\$ <u>484,240</u>

The lease activity of the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Lease - building	\$ 409,649	\$ -	\$ 35,665	\$ 373,984	\$ 36,750
Lease - air purifiers	68,079	-	14,067	54,012	14,495
Total	\$ <u>477,728</u>	\$ <u>-</u>	\$ <u>49,732</u>	\$ <u>427,996</u>	\$ <u>51,245</u>

Note 6 - Contingencies

Grant Agreements: The School received financial assistance from federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Florida Single Audit Act, the School is not required to conduct "single audits" since the required threshold for federal awards and state financial assistance is currently \$ 750,000 and the School did not exceed this threshold.

Note 7 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, employee health, workers' compensation and natural disasters for which the School carried commercial insurance. Settlement amounts have not exceeded insurance coverage. In addition, there were no reductions in insurance coverage from those in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

May Sands Montessori School, Inc.
Schedule of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	\$ 1,070,673	\$ 1,295,250	\$ 224,577
Federal sources	72,520	45,866	(26,654)
Interest income	994	4,557	3,563
After school program	40,000	34,494	(5,506)
Contributions	<u>148,375</u>	<u>120,850</u>	<u>(27,525)</u>
Total revenues	<u>1,332,562</u>	<u>1,501,017</u>	<u>168,455</u>
Expenditures:			
Instructional services	764,552	724,551	40,001
Exceptional student education	186,072	196,490	(10,418)
Pupil personnel services	12,417	13,841	(1,424)
Instructional and curriculum services	7,038	6,806	232
Instructional staff training	3,299	19,900	(16,601)
School Board	18,145	15,968	2,177
School administration	315,141	306,472	8,669
Facility acquisition and construction	59,570	15,649	43,921
Fiscal services	29,840	33,533	(3,693)
Food services	100	-	100
Central services	6,159	8,483	(2,324)
Pupil transportation services	300	3,412	(3,112)
Operation of plant	25,440	41,189	(15,749)
Maintenance of plant	100	1,315	(1,215)
After school program	4,389	8,460	(4,071)
Debt service:			
Principal payments	-	49,732	(49,732)
Interest expense	<u>-</u>	<u>13,652</u>	<u>(13,652)</u>
Total expenditures	<u>1,432,562</u>	<u>1,459,453</u>	<u>(26,891)</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ 41,564</u>	<u>\$ 195,346</u>

OTHER INDEPENDENT AUDITOR'S REPORTS



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*

To the Board of Directors
May Sands Montessori School, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

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 May Sands Montessori School, Inc. (the "School"), a component unit of the Monroe County District School Board, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 27, 2023.

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

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

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

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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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2023

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
May Sands Montessori School, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

Report on the Financial Statements

We have audited the financial statements of the May Sands Montessori School, Inc. (the "School"), a component unit of the Monroe County District School Board, as of and for the year ended June 30, 2023, and have issued our report thereon dated October 27, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 27, 2023, 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 recommendations made in the preceding audit report.

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 school code assigned by the Florida Department of Education of the entity are May Sands Montessori School, Inc. and 440351.

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Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2023