

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

Financial Statements
And
Independent Auditors' Reports

June 30, 2024

PRICE & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS, LLC

**9800 4th Street North, Suite 200
St Petersburg, Florida 33702**

(727) 937-3116

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2024

INNOVATION MONTESSORI OCOEE, INC.

A Component Unit of the Orange County District School Board

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Price & Associates Certified Public Accountants, LLC

9200 4th Street North, Suite 200 St. Petersburg, Florida 33702 727-937-3116 www.pricebussolutions.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Innovation Montessori Ocoee, Inc.

September 24, 2024

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Innovation Montessori Ocoee, Inc. (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Innovation Montessori Ocoee, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on the Audit of the Financial Statements (concluded)

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.

Auditor's Responsibilities for the Audit of the Financial Statements (concluded)

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Innovation Montessori Ocoee'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 Innovation Montessori Ocoee's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Price & Associates Certified Public Accountants, LLC

Management's Discussion and Analysis

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2024:

- The School's overall Net Position decreased by (\$92,356).
- Unrestricted Net Position at June 30, 2024 was \$736,034.
- The School had total expenses for the year of about \$11,100,000, compared to revenues of approximately \$11,000,000.
- The School served 926 students in 2024 and 900 students in 2023 in grades K-12
- CASA – Pre-School had total expenses of about \$620,000, compared to revenues of about \$920,000.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The School maintains three individual governmental funds, the General Fund, Capital Projects Fund and CASA – Pre-School. These funds are considered to be major funds and, accordingly, they are separately displayed.

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

Management's Discussion and Analysis

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about Net Position and changes in Net Position.

Net Position	2024 Governmental Activities	2023 Governmental Activities
Assets:		
Non-capital Assets	\$1,238,136	\$ 1,396,439
Capital Assets, Net	26,413,451	27,341,681
Total Assets	<u>27,651,587</u>	<u>28,738,120</u>
Liabilities:		
Current Liabilities	433,449	1,496,156
Non-current Liabilities	27,261,961	27,217,614
Total Liabilities	<u>27,743,943</u>	<u>28,713,770</u>
Net Position:		
Net Investment in Capital Assets	(862,662)	100,786
Restricted – Capital Outlay	34,272	--
Unrestricted	736,034	(76,436)
Total Net Position	<u>(92,356)</u>	<u>\$ 24,350</u>
Changes in Net Position		
Program Revenues:		
Charges for Services	1,263,619	\$ 888,249
Capital Grants & Contributions	661,153	669,854
General Revenues:		
Esser II Grant	335,569	--
Title IV Grant	10,588	--
Civics II Grant	4,483	--
Federal Start-up Grant	5,994	--
Florida Education Finance Program	7,159,245	7,327,692
Other State Revenue	246,324	882,155
Bond Interest Revenue (net of fees)	40,249	--
Unrestricted Grants & Contributions	1,293,043	348,200
Total Revenues	<u>11,020,267</u>	<u>10,116,150</u>
Program Expenses:		
Instruction	4,768,823	5,365,035
General Support	3,041,081	3,300,745
Community Service	790,469	--
Maintenance of Plant	913,931	926,897
Bond Interest Amortization	58,503	--
Interest on Long-Term Debt	1,564,166	1,458,374
Total Expenses	<u>11,136,973</u>	<u>11,051,051</u>
Change in Net Position	(116,706)	(934,901)
Beginning Net Position	24,350	959,251
Ending Net Position	<u>(92,356)</u>	<u>\$ 24,350</u>

Management's Discussion and Analysis

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$1,263,619 in program revenues and \$9,756,648 of general revenues and incurred \$11,136,973 of program expenses. This resulted in a \$116,706 decrease in Net Position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund increased by \$3,496,131 from a deficit of \$213,750 to a surplus of \$3,282,381. The increase was primarily due to a prior period adjustment of \$3,508,152 that resulted from including the prior year balances of the Bond Reserve accounts.

Capital Projects Fund. The fund balance of the Capital Projects Fund increased by \$34,372.

CASA – Pre-School – The fund balance of CASA – Pre-School increased by \$302,564.

BUDGETARY HIGHLIGHTS

General Fund. There were no significant changes to the original budget. There were no differences between the final budget and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School had significant capital asset activity for the year. They completed major construction projects and had significant capital additions. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration. The School did not have any borrowings and made payments on the existing notes payable and bonds payable. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Heather Clay (Executive Director), Innovation Montessori Ocoee, Inc., 1644

N. Lakewood Avenue, Ocoee, Florida 34761.

Statement of Net Position

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

	Governmental Activities
Assets	
Cash	\$ 1,148,427
Prepays	31,195
Receivables	58,514
Bond Reserve Accounts	2,951,844
Capital Assets:	
Land	4,000,000
Depreciable Capital Assets, Net	<u>19,461,607</u>
Total Assets	<u>27,651,587</u>
Liabilities	
Accrued Expenses	433,449
Long-term liabilities:	
Due Within One Year	48,533
Due in More Than One Year <u>27,261,961</u>
Total Liabilities	<u>27,743,943</u>
Net Position	
Net Investment in Capital Assets	(862,662)
Restricted – Capital Outlay	34,373
Unrestricted	<u>736,034</u>
Total Net Position	<u>\$ (92,356)</u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2024
Innovation Montessori Ocoee, Inc.
A Component Unit of the Orange County District School Board

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (4,768,823)	\$ 1,263,619	\$ --	\$ --	\$ (3,505,204)
General Support	(3,041,081)	--	--	661,153	(2,379,928)
Community Service	(790,469)	--	--	--	(790,469)
Maintenance of Plant	(913,931)	--	--	--	(913,931)
Bond Interest Amortization	(58,503)	--	--	--	(58,503)
Interest on Long-Term Debt	<u>(1,564,166)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,564,166)</u>
Total	<u><u>\$ (11,136,973)</u></u>	<u><u>\$ 13,572</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 661,153</u></u>	<u><u>(9,212,201)</u></u>

General Revenues:

Federal through State:	
Essex II Grant	335,569
Title IV Grant	10,588
Civics II Grant	4,483
Federal Start-up Grant	5,994
State Revenue:	
Florida Education Finance Program	7,159,245
Other State Revenue	246,324
Bond Interest Revenue (net of fees)	40,249
Unrestricted Grants and Contributions	<u>1,293,043</u>

Total General Revenues **9,095,495**

Change in Net Position **(116,706)**

Net Position – Beginning of Year **24,350**

Net Position – End of Year **\$ (92,356)**

See accompanying notes.

Balance Sheet – Governmental Funds

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

	General Fund	Capital Projects Fund	CASA Pre-School	Total Governmental Funds
Assets				
Cash	\$ 842,163	\$ 34,372	\$271,992	\$ 1,148,427
Bond Reserve Accounts	2,951,844	--	--	2,951,844
Receivables	58,514	--	--	58,514
Prepaid Expenses	31,195	--	--	31,195
Due (to)/from	(167,886)	--	167,886	(167,886)
Total Assets	\$ 3,715,830	\$ 34,272	\$439,878	\$ 4,189,980
Liabilities and Fund Balances				
Liabilities:				
Accrued Expenses	433,439	--	--	433,439
Total Liabilities	433,439	--	--	433,439
Fund Balances:				
Non Spendable	31,195	--	--	31,195
Restricted – Bond Investments	2,951,844	--	--	2,951,844
Unassigned	299,342	34,272	439,878	773,492
Total Fund Balances	3,282,381	34,272	439,878	3,756,531
Total Liabilities and Fund Balances	\$ 3,715,830	\$ 34,272	\$439,878	\$ 4,189,980

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position -
Governmental Funds**

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

Fund Balances – Total Governmental Funds	\$3,756,531
Amounts reported for Governmental activities in the statement of Net Position	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital Assets – Net of Accumulated Depreciation	23,461,607
Long-term liabilities are not reported in the governmental funds.	
Compensated Absences	(34,381)
Bonds/Notes Payable	(27,276,113)
	<hr/>
Net Position of Governmental Activities	<u>\$ (92,356)</u>

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

	General Fund	Capital Projects Fund	CASA Pre- School	Total Governmental Funds
Revenues				
Federal through State:				
Essex II Grant	\$ 335,569	--	--	\$ 335,569
Title IV Grant	10,588	--	--	10,588
Civics II Grant	4,483	--	--	4,483
Federal Start-up Grant	5,994	--	--	5,994
State Revenue:				
Florida Education Finance Program	7,159,245	--	--	7,159,245
Public Education Capital Outlay	--	661,153	--	661,153
Other State Revenues	55,507	--	190,817	246,324
Local Revenue:				
After School Child Care Fees	246,968	--	--	246,968
Bond Interest Revenue (net)	40,249	--	--	40,249
Other Local Revenues	<u>1,578,660</u>	<u>--</u>	<u>731,034</u>	<u>2,309,694</u>
Total Revenues	<u>9,437,263</u>	<u>661,153</u>	<u>921,851</u>	<u>11,020,267</u>
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	4,631,896	--	--	4,631,896
General Support	2,154,824	--	--	2,144,627
Community Services	171,182	--	619,287	790,469
Maintenance of Plant	913,931	--	--	913,931
Debt Service				
Principal	13,285	--	--	13,285
Interest	1,564,166	--	--	1,564,166
Capital Outlay	<u>--</u>	<u>626,881</u>	<u>--</u>	<u>626,881</u>
Total Expenditures	<u>9,449,284</u>	<u>626,881</u>	<u>619,287</u>	<u>10,695,452</u>
Excess of Revenues Over/(Under) Expenditures	(12,021)	34,272	302,564	324,815
Net Change in Fund Balance	(12,021)	34,272	302,564	324,815
Fund Balance, July 1, 2023	(213,750)	--	137,314	(76,436)
Prior Period Adjustment – Bond Reserve Accounts	<u>3,508,152</u>	<u>--</u>	<u>--</u>	<u>3,505,152</u>
Fund Balances, June 30, 2024	<u>\$ 3,282,381</u>	<u>\$ 34,272</u>	<u>\$439,878</u>	<u>\$ 3,756,531</u>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities - Governmental Funds**

For the Year Ended June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

Net Change in Fund Balance – Total Governmental Funds \$ 324,815

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	626,881
Current Year Amortization Expense	(58,503)
Current Year Depreciation Expense	(988,803)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Also, some revenues are not available as current financial resources and therefore, are not reported as revenue in the governmental funds.

Net change in Compensated Absences	(34,381)
------------------------------------	----------

Issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. Repayment of principal is an expenditure in governmental funds but reduces long-term liabilities in the Statement of Net Position.

Repayment of Long-Term Debt	<u>13,285</u>
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Change in Net Position of Governmental Activities \$(116,706)

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Innovation Montessori Ocoee, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

Innovation Montessori Ocoee, Inc. (the “School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation’s Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Orange County District School Board (the District). The current charter is effective until June 30, 2031, and may be renewed up to an additional 15 years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria 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, Innovation Montessori CASA – Preschool is included within the reporting entity of the School.

Innovation Montessori CASA – Pre-School (the “School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act. The governing body of the School is the not-for-profit corporation’s Board of Directors, which is comprised of not less than three members.

Innovation Montessori CASA – Pre-School is a blended component unit of Innovation Montessori Ocoee, Inc. as they have the same governing body and management of Innovation Montessori Ocoee, Inc. has operational responsibility for Innovation Montessori CASA – Pre-School.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's Net Position is reported in three categories: Net Investment in Capital Assets; restricted Net Position; and unrestricted Net Position.

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

Fund Financial Statements

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

The following funds are used by the School:

GOVERNMENTAL FUNDS

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

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

Special Revenue Fund - CASA – Pre-School – CASA – Pre-School is used to account for financial resources associated with the preschool.

In the accompanying fund financial statements, the General Fund, Capital Projects Fund and CASA – Pre-School are considered to be major funds and, therefore, are separately displayed. The School has no non-major funds.

Measurement Focus and Basis of Accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash

Cash consists of deposits in qualified public depositories and the bank has identified the School's deposits as public deposits.

Prepays

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

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings	20
Leasehold Improvements	7 - 20
Improvements other than Buildings	20
Furniture, Fixtures and Equipment	5

Revenue Sources

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

Revenue sources for Innovation Montessori CASA – Pre-School are received from tuition charged to students and state revenues received for the VPK program.

Compensated Absences

The School pays employees 25% to 50% (depending on length of service) of unused sick and vacation time upon separation. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Long-term Liabilities

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

Net Position

Net Position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net Investment in Capital Assets* represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net Position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* Net Position is Net Position that does not meet the definition of the classifications previously described.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

Use of Estimates

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

NOTE 2 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Under the plan for property insurance, the School’s liability is \$1,000 per occurrence. Settled claims resulting from these risks did not exceed commercial coverage in the current or previous three years.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets not Being Depreciated:				
Land	\$ 4,000,000	\$ --	\$ --	\$ 4,000,000
Construction in Process	2,729,061	632	2,607,371	122,322
Total Capital Assets not Being Depreciated	<u>6,729,061</u>	<u>632</u>	<u>2,607,371</u>	<u>4,122,322</u>
Capital Assets Being Depreciated:				
Buildings				19,558,33
	16,887,453	2,670,882	--	5
Improvements other than Buildings	246,619	274,350	--	520,969
Furniture, Fixtures & Equipment	<u>1,238,610</u>	<u>288,387</u>	--	<u>1,526,997</u>
Total Capital Assets Being Depreciated	<u>18,372,682</u>	<u>3,233,619</u>	--	<u>21,606,30</u>
Accumulated Depreciation:				
Buildings	522,186	696,249	--	1,218,435
Improvements other than buildings	90,168	7,851	--	98,019
Furniture, Fixtures & Equipment	<u>665,858</u>	<u>284,704</u>	--	<u>950,562</u>
Total Accumulated Depreciation	<u>1,278,212</u>	<u>988,804</u>	--	<u>2,267,016</u>
Net Capital Assets	<u>\$23,823,531</u>	<u>\$ 2,037,557</u>	<u>\$2,607,371</u>	<u>07</u>

Depreciation was charged to functions/programs as follows:

Instructional	\$ 108,251
School Administration	<u>880,552</u>
Total	<u>\$ 988,803</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 4 – LEGAL MATTERS

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

NOTE 5 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance June 30, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2024</u>	Amount Due <u>In 1 Year</u>
Compensated Absences	\$ --	\$ 34,381	\$ --	\$ 34,381	\$ 34,381
Notes Payable	122,956	--	13,285	109,671	14,152
Bonds Payable	28,056,381	6,339	--	28,062,720	--
Unamortized Deferred Loan Costs	<u>(948,442)</u>	<u>--</u>	<u>52,164</u>	<u>(896,278)</u>	<u>--</u>
Totals	<u>\$27,230,895</u>	<u>\$ 40,720</u>	<u>\$ 65,449</u>	<u>\$27,310,494</u>	<u>\$ 48,53</u>

In March 2018, the School entered into a note to aid in the construction of solar power equipment. The construction of this project was completed in June 2018. The note payable is due in monthly installments of \$1,652, including interest at 5.5% through April 2031 at which date the balance is due. The note is collateralized by a mortgage on the facilities. Current year interest on the note was \$6,428 Future debt is schedule as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024-2025	\$ 14,152	\$ 5,672	\$ 19,824
2025-2026	14,950	4,874	19,824
2026-2027	15,793	4,031	19,824
2027-2028	16,684	3,140	19,824
2028-2029	17,625	2,199	19,824
Thereafter	<u>30,467</u>	<u>1,428</u>	<u>31,895</u>
Total	<u>\$109,671</u>	<u>\$21,344</u>	<u>\$131,015</u>

In June 2023, Florida Development Finance Corporation (the “Issuer”) issued Education Facilities Revenue Bonds, Series 2023, in the aggregate principal amount of \$28,100,000, and Taxable Educational Facilities Revenue Bonds, Series 2022B, in the aggregate amount of \$390,000. These bonds were issued at a discount of \$433,618 which is being amortized as interest expense utilizing a method that approximates the effective interest over the lives of the corresponding obligations.

The Borrower will use the proceeds of the Series 2022 Bonds to finance or refinance the acquisition, construction, improvement and equipping of an existing educational facility and site to be owned by the Borrower, on an approximately 6.9 acre site located in the City of Ocoee, Florida, which is currently being leased by the borrower, a public K-12th grade charter school; fund a debt service reserve fund for the Series 2022 Bonds; and pay certain costs of issuance of the Series 2022 Bonds.

Pursuant to the Loan Agreement, the Issuer will loan the proceeds of the Series 2022 Bonds to the Borrower. A bond principal fund, bond interest fund, and capitalized interest fund were established, and amounts are deposited from the Revenue Fund as appropriate according to the Loan

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 5 – LONG-TERM LIABILITIES - CONTINUED

Agreement. Upon the issuance of the Series 2022 Bonds, \$2,813,406 of the proceeds were deposited into a bond debt service reserve fund and capitalized interest fund. The balance of these accounts was \$2,744,677 at June 30, 2024.

The loan agreement requires the borrower to make monthly payments at (varying amounts defined in the loan agreement) of principal and interest at rates from 4% to 5.125% per annum based on a 35-year amortization schedule. The loan is collateralized by certain real and personal property with a carrying value of \$23,471,804 at June 30, 2024 and any funds in reserve accounts.

The underlying loan documents contain certain financials and other covenants, the most restrictive of which requires the Borrower to maintain a minimum debt service coverage ratio and minimum liquidity, as those terms are defined in the loan documents. As of June 30, 2024, management believes the Borrower was in compliance with these covenants. The loan's stated maturity date is June 2056 (the maturity date of the bonds). The balance of the outstanding note payable was \$28,062,720 at June 30, 2024.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024-2025	\$ --	\$ 1,557,738	\$ 1,557,738
2025-2026	325,000	1,548,663	1,873,663
2026-2027	340,000	1,530,088	1,870,088
2027-2028	360,000	1,511,588	1,871,588
2028-2029	380,000	1,493,088	1,873,088
Thereafter	<u>27,085,000</u>	<u>29,671,778</u>	<u>56,756,77</u>
Total	<u>\$28,490,000</u>	<u>\$37,312,943</u>	<u>\$65,802,94</u>

Deferred loan costs

Net deferred loan costs, which totaled \$896,278 at June 30, 2024, consist of underwriting, legal, and other fees for services rendered in connection with the issuance of notes payable. Each of these individual costs is amortized utilizing a method that approximates the effective interest over the lives of the corresponding obligations.

The net book value of the deferred loan costs is presented in the balance sheet as a reduction in the carrying amount of the associated liability. The amortization expense associated with the deferred loan costs is reflected as non-cash interest expense in the accompanying statements of activities and cash flows.

As of June 30, 2024, accumulated non-cash interest expense related to the deferred loan costs totaled \$80,059. For the year ended June 30, 2023, non-cash interest expense related to the deferred loan costs was \$52,164 and is included in bond interest amortization expense in the accompanying statement of activities.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The School made contributions on behalf of its employees to 401(k), 403(b) and 457 pension plans. The School matches 50% of employee contributions up to 6% of the employee’s gross pay. The Board of Directors has the authority to amend or terminate the plan, although it has not expressed an intention to do so.

<u>Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
2022	\$ 321,067	\$ 49,966
2023	\$ 159,421	\$ 51,661

NOTE 7 – PRIOR PERIOD ADJUSTMENT

As indicated in **NOTE 5** above, the school issued bonds in June 2023. As part of the bond agreement, they are required to maintain bond reserve accounts with the bond trustee. In 2023, the bond reserve accounts balances were not included in the school fund statements. As a result, a prior period adjustment for those balances - \$3,508,152 was required.

NOTE 8 – COMMITMENTS AND CONTINGENT LIABILITIES

The school participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money may be required and the collectability of any related receivables at June 30, 2024 may be impaired.

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2024
Innovation Montessori Ocoee, Inc.

A Component Unit of the Orange County District School Board

	<u>BUDGETED AMOUNTS</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal through State:				
Esser II Grant	\$ 808,000	\$ 335,569	\$ 335,569	\$ --
Title IV Grant	12,690	10,588	10,588	--
Civics II Grant	--	4,483	4,483	--
Federal Start-up Grant	--	5,994	5,994	--
State Revenue:				
Florida Education Finance Program	7,784,317	7,159,245	7,159,245	--
Other State Revenues	--	55,507	55,507	--
Local Revenue:				
After School Child Care Fees	--	246,968	246,968	--
Bond Interest Revenue (net)	--	40,249	40,249	--
Other Local Revenues	<u>1,501,277</u>	<u>1,578,660</u>	<u>1,578,660</u>	<u>--</u>
Total Revenues	<u>10,106,284</u>	<u>9,437,263</u>	<u>9,437,263</u>	<u>--</u>
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	5,386,268	4,631,896	4,631,896	--
General Support	2,049,721	2,154,824	2,154,823	--
Community Services	201,696	171,182	171,182	--
Maintenance of Plant	1,024,462	913,931	913,931	--
Debt Service				
Principal	--	13,285	13,285	--
Interest	<u>1,577,563</u>	<u>1,564,166</u>	<u>1,564,166</u>	<u>--</u>
Total Expenditures	<u>10,239,710</u>	<u>9,449,284</u>	<u>9,449,284</u>	<u>--</u>
Excess of Revenues Over/(Under)				
Expenditures	(133,426)	(12,021)	(12,021)	--
Net Change in Fund Balance	(133,426)	(12,021)	(12,021)	--
Fund Balances, July 1, 2023	--	(213,750)	(213,750)	--
Prior Period Adjustment – Bond Reserve Accounts	<u>--</u>	<u>3,508,152</u>	<u>3,508,152</u>	<u>--</u>
Fund Balances, June 30, 2024	<u>\$ (133,426)</u>	<u>\$ 3,282,381</u>	<u>\$ 3,282,381</u>	<u>\$ --</u>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. A final budget amendment is made so that final budgeted amounts agree to actual amounts. The fund is the legal level of control.

Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2024
Innovation Montessori CASA – Pre-School
A Component Unit of the Orange County District School Board

	<u>BUDGETED AMOUNTS</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State Revenue:				
VPK Revenues	230,000	190,817	190,817	--
Local Revenue:				
Other Local Revenues	<u>778,600</u>	<u>731,034</u>	<u>731,034</u>	<u>--</u>
Total Revenues	<u>1,008,600</u>	<u>921,851</u>	<u>921,851</u>	<u>--</u>
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	635,296	277,419	217,419	--
General Support	--	340,368	340,368	--
Community Services	<u>--</u>	<u>1,500</u>	<u>1,500</u>	<u>--</u>
Total Expenditures	<u>635,296</u>	<u>619,287</u>	<u>619,287</u>	<u>--</u>
Excess of Revenues Over/(Under) Expenditures	373,304	302,564	302,564	--
Net Change in Fund Balance	373,304	302,564	302,564	--
Fund Balances, July 1, 2023	<u>--</u>	<u>137,314</u>	<u>137,314</u>	<u>--</u>
Fund Balances, June 30, 2024	<u>\$ 373,304</u>	<u>\$ 439,878</u>	<u>\$ 439,878</u>	<u>\$ --</u>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. A final budget amendment is made so that final budgeted amounts agree to actual amounts. The fund is the legal level of control.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 24, 2024

To the Board of Directors
Innovation Montessori Ocoee, Inc.

We have audited the financial statements of Innovation Montessori Ocoee, Inc. (the School) for the year ended June 30, 2024 and have issued our report thereon dated September 24, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 25, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

Disclosures. There are no disclosures that are particularly sensitive.

Corrected and Uncorrected Misstatements. Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There are no material uncorrected misstatements.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management. For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants. In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Consultations Prior to Engagement. We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Price & Associates, Certified Public Accountants, LLC

Price & Associates Certified Public Accountants, LLC

9800 4th Street North, Suite 200 St. Petersburg, Florida 33702 TEL: 727-937-3116 FAX: 407-339-1087 www.pricebussolutions.com

MANAGEMENT LETTER

To the Board of Directors,
Innovation Montessori Ocoee, Inc.

September 24, 2024

Report on the Financial Statements. We have audited the financial statements of Innovation Montessori Ocoee, Inc.(the School), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 24, 2024.

Auditors' 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 Auditors' 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* and Schedule of Findings. Disclosures in that report and Schedule, which are dated September 24, 2024, 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. The School did not have any 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 of the entity is Innovation Montessori Ocoee, Inc. and the school code assigned by the Florida Department of Education is 48-0172.

Financial Condition.

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have no 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 did maintain on its website the information specified in Section 1002.33(9)(p), Florida Statutes at September 6, 2024, the date of our procedures.

Additional Matters

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

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

* * * * *

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Price & Associates Certified Public Accountants, LLC

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,
Innovation Montessori Ocoee, Inc.

We have audited, 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, the financial statements of the governmental activities and each major fund of Innovation Montessori Ocoee, Inc. (the School), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 24, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

* * * * *

As required by the Rules of the Auditor General of the State of Florida, we reported certain matters to management of the School in the attached Management Letter dated September 24, 2024.

Price & Associates Certified Public Accountants, LLC

September 24, 2024
St Petersburg, Florida

