

Financial Statements

INNOVATION MONTESSORI CASA - PRE-SCHOOL

June 30, 2022 and 2021

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Financial Statements

June 30, 2022 and 2021

(With Independent Auditor's Report Thereon)

INNOVATION MONTESSORI CASA - PRE-SCHOOL

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Independent Auditor's Report

To the Board of Directors
Innovation Montessori Casa - Pre-School

Opinion

We have audited the accompanying financial statements of Innovation Montessori Casa - Pre-School (the "Preschool") (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Innovation Montessori Casa - Pre-School as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Innovation Montessori Casa - Pre-School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Preschool's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 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, 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 Preschool'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Preschool'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.

Report on Summarized Comparative Information

We have previously audited the Annunciation Child Care Center, d/b/a Annunciation Catholic Pre-School's 2021 financial statements and expressed an unmodified audited opinion on those audited financial statements in our report dated November 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schatz, Tschang, Whitcomb, Mitchell & Shulman, LLP

Maitland, Florida
September 19, 2022

INNOVATION MONTESSORI CASH - PRE-SCHOOL

Statements of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 25,226	92,595
Prepaid expenses	<u>10,393</u>	<u>10,393</u>
Total assets	<u>\$ 35,619</u>	<u>102,988</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,500	13,271
Due to related party (note 3)	<u>65,151</u>	<u>111,491</u>
Total liabilities	69,651	124,762
Net assets without donor restrictions	<u>(34,032)</u>	<u>(21,774)</u>
Total liabilities and net assets	<u>\$ 35,619</u>	<u>102,988</u>

See accompanying notes to financial statements.

INNOVATION MONTESSORI CASA - PRE-SCHOOL

Statements of Activities

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Support and revenue:		
Tuitions and fees	\$ 723,958	510,642
Miscellaneous	9,160	5,805
Total support and revenue	<u>733,118</u>	<u>516,447</u>
Expenses:		
Program services:		
Instruction and care	600,165	403,871
Supporting services:		
Management and general	<u>145,211</u>	<u>110,833</u>
Total expenses	<u>745,376</u>	<u>514,704</u>
Change in net assets	(12,258)	1,743
Net assets, beginning of year	<u>(21,774)</u>	<u>(23,517)</u>
Net assets, end of year	<u>\$ (34,032)</u>	<u>(21,774)</u>

See accompanying notes to financial statements.

INNOVATION MONTESSORI CASA - PRE-SCHOOL

Statements of Functional Expenses

June 30, 2022 and 2021

	2022			2021		
	Instruction and Care	Management and General	Total	Instruction and Care	Management and General	Total
Payroll and related items	\$ 476,474	114,902	591,376	379,557	76,716	456,273
Fiscal service	-	28,119	28,119	-	32,570	32,570
Insurance	4,940	-	4,940	4,045	103	4,148
Telephone	5,349	-	5,349	4,051	-	4,051
Rent	83,590	-	83,590	-	-	-
Supplies	16,538	2,190	18,728	7,386	1,444	8,830
Utilities	4,274	-	4,274	2,377	-	2,377
Repairs and maintenance	3,066	-	3,066	3,913	-	3,913
Dues	3,108	-	3,108	625	-	625
Miscellaneous	2,826	-	2,826	1,917	-	1,917
	<u>\$ 600,165</u>	<u>145,211</u>	<u>745,376</u>	<u>403,871</u>	<u>110,833</u>	<u>514,704</u>

See accompanying notes to financial statements

INNOVATION MONTESSORI CASA - PRE-SCHOOL

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (12,258)	1,743
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	-
Change in operating assets and liabilities:		
Prepaid expenses	-	(850)
Accounts payable and accrued expenses	(8,771)	11,771
Due to related party	(46,340)	40,349
	(67,369)	53,013
Net cash provided by (used in) operating activities:	(67,369)	53,013
Change in cash and cash equivalents	(67,369)	53,013
Cash and cash equivalents at beginning of year	92,595	39,582
Cash and cash equivalents at end of year	\$ 25,226	92,595

See accompanying notes to financial statements.

INNOVATION MONTESSORI CASA - PRE-SCHOOL

Notes to Financial Statements

Years ended June 30, 2022 and 2021

(1) **Summary of Significant Accounting Policies**

(a) **Organization**

Innovation Montessori Casa - Pre-School (the “Pre-School”) operates in Ocoee, Florida as a related entity to Innovation Montessori Ocoee, a K-12 School. Our mission is to provide a strong Montessori foundation that enables our students to achieve their full potential, develop curiosity, creativity, and imagination, and become responsible citizens of the world. While children in who attend our K-8 School and IMHS (High School) apply through a lottery system, IMO also offers a private, tuition-based Casa program for children between the ages of two and a half and four.

(b) **Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Preschool.

The Preschool prepares its financial statements on an entity wide basis, focusing on the Preschool as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Preschool and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Preschool considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

INNOVATION MONTESSORI CASA - PRE-SCHOOL

Notes to Financial Statements

Years ended June 30, 2022 and 2021

(1) Summary of Significant Accounting Policies - Continued

(d) Income Taxes

The Preschool is a nonprofit organization exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code except for unrelated business income. The Preschool does not have any unrelated business income; therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, churches and certain church-affiliated organizations are exempt from filing any federal information tax returns unless for unrelated business income.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Preschool. The Preschool's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Preschool in its tax returns may be uncertain. These are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Preschool has any material uncertain tax positions at June 30, 2022.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

(e) 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. Actual results could differ from those estimates.

(f) Subsequent Events

In preparing these financial statements, the School has evaluated subsequent events and transactions for potential recognition and disclosure through September 19, 2022, which is the date the financial statements were available to be issued.

INNOVATION MONTESSORI CASA - PRE-SCHOOL

Notes to Financial Statements

Years ended June 30, 2022 and 2021

(2) Liquidity and Availability

As of June 30, 2022, the Preschool has \$25,226 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Preschool had no financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date as of June 30, 2022. The Preschool has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Preschool's financial assets as of June 30, 2022.

Cash and cash equivalents	<u>\$ 25,226</u>
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(3) Related Party Transactions

The Preschool is an affiliate of Innovation Montessori Ocoee (IMO). Transactions with the IMO for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Due to IMO	\$ 65,151	111,491