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ISLAND VILLAGE MONTESSORI NORTH, INC.

INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2007

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**RECEIVED**  
NOV 15 2007  
**AUDITOR GENERAL**

**MARK ESCOFFERY P.A.**  
CERTIFIED PUBLIC ACCOUNTANT

**ISLAND VILLAGE MONTESSORI NORTH, INC.**

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# **Mark Escoffery, P.A.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board Members of Island Village Montessori  
North, Inc.  
Venice, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of the Island Village Montessori North, Inc. ("the School") a component unit of the District School Board of Sarasota County as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 9, 2007, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

To The Board Members of Island Village Montessori  
North, Inc.  
Venice, Florida  
Page 2

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. I have applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprised the School's basic financial statements. The accompanying Supplementary Schedule of Expenditures, Budget and Actual – Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Mark Cicoffey, P.A.*

Palm Beach Gardens  
Florida  
October 9, 2007

**ISLAND VILLAGE MONTESSORI NORTH, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

Our discussion and analysis of Island Village Montessori North, Inc.'s ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2007.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School's financial statements which begin on page 7.

For financial statement purposes the School is considered a component unit of the District School Board of Sarasota County which is a primary government entity for financial reporting. The School used the option to present the governmental standards and fund statement on the same page. The Statement of Net Assets and the Statement of Activities report provide information on the activities of the School. The fund financial statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

### **NON FINANCIAL HIGHLIGHTS**

The School's average daily enrollment for fiscal year ended June 30, 2007 was 22 students. This was 18 students less than budgeted. The School expects to have an enrollment of 40 students for the school year 2007-2008.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

#### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the School's financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are recorded when received.

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

*The Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

#### ***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.

**ISLAND VILLAGE MONTESSORI NORTH, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**OVERVIEW OF FINANCIAL STATEMENTS (Cont'd.)**

*Fund Financial Statements (Cont'd.)*

*Governmental Funds* – All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

*Notes to Financial statements*

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 12-17 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$53,932 at June 30, 2007.

**NET ASSETS**

	<u>JUNE 30, 2007</u>	<u>JUNE 30 2006</u>
Current and Other Assets	\$ 52,755	\$ 1,310
Capital Assets	15,969	29,270
<b>Total Assets</b>	<b>\$ 68,724</b>	<b>\$ 30,580</b>
Long-Term Liabilities	-	-
Other Liabilities	14,792	10,264
<b>Total Liabilities</b>	<b>\$ 14,792</b>	<b>\$ 10,264</b>
Investment in Capital Assets	15,969	29,270
Unrestricted	37,963	(8,954)
<b>Total Net Assets</b>	<b>\$ 53,932</b>	<b>\$ 20,316</b>

Revenues from governmental activities totaled \$221,133 for the year ended June 30, 2007. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 63.6% of total revenue.

**ISLAND VILLAGE MONTESSORI NORTH, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)**

<u>Revenue Source</u>	<u>6/30/07</u>	<u>% of Total 6/30/07</u>	<u>6/30/06</u>	<u>% of Total 6/30/06</u>
State Sources	\$ 145,240	64.2	118,374	69.2
Federal Sources	75,893	33.5	51,569	30.1
Local Sources	5,197	2.3	1,088	.7
<b>Total</b>	<b>\$ 226,330</b>	<b>100.0</b>	<b>\$ 171,031</b>	<b>100.0</b>

The School received \$75,893 in Federal Start Up Grants for the year ended June 30, 2007.

Local revenue sources are primarily fund raising efforts conducted by the Board of Directors and parents on behalf of the School.

Changes in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/07</u>	<u>% of Total 6/30/07</u>	<u>6/30/06</u>	<u>% of Total 6/30/06</u>
Instruction	\$ 167,711	75.1	\$ 144,494	70.3
Pupil Personnel	1,540	.7	-	-
School Administration	31,998	14.2	13,806	6.7
Fiscal Services	4,000	1.8	2,000	1.0
Operation of Plant	5,123	2.3	31,585	15.3
Plant Maintenance	9,062	4.1	9,034	4.3
Depreciation	3,992	1.8	4,879	2.4
<b>Total</b>	<b>\$ 223,426</b>	<b>100.0</b>	<b>\$ 205,798</b>	<b>100.0</b>

**BUDGETARY HIGHLIGHTS**

State source revenue was \$112,160 less than budget because of lower actual enrollment. Federal source was \$75,893 greater than budget because the School received the Start Up Grant which was not budgeted.

Expenditures were not significantly different from the budget only by \$1,325. However, School Administration was \$21,198 more than budget because salaries of \$20,586 were not budgeted and there was no rental expense in Operation of Plant which was budgeted for \$24,000.

**ISLAND VILLAGE MONTESSORI NORTH, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**CAPITAL ASSETS**

The School's investment in capital assets at June 30, 2007 was \$15,969 (net of depreciation). The investment is comprised primarily of furniture, fixtures and equipment. The following is a summary of capital assets balances at June 30, 2007:

Furniture, Fixtures & Equipment	\$ 19,961
Less Accumulated Depreciation	<u>3,992</u>
	<u><b>\$ 15,969</b></u>

**PROSPECTS FOR THE FUTURE**

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- . The Administration believes that high test scores will to be achieved because of investments in reading and math computer based programs.
- . The School should surpass its budgeted amount of 40 students for the 2007-2008 school year.
- . The Administration believes that the School will continue to progress and contribute to the educational needs of Sarasota County.

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**Governmental Fund Balance Sheet/Statement of Net Assets**  
**June 30, 2007**

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Accounts receivable	\$49,671	\$	\$49,671
Grant Receivable	3,084		\$3,084
Capital Assets		15,969	15,969
<b>Total Assets</b>	<u>\$52,755</u>	<u>\$15,969</u>	<u>\$68,724</u>
<b>LIABILITIES</b>			
Cash Overdraft	\$3,543		\$3,543
Accounts Payable	11,249		11,249
<b>Total Liabilities</b>	<u>14,792</u>		<u>14,792</u>
<b>FUND BALANCE/NET ASSETS</b>			
Undesignated	<u>37,963</u>	<u>(37,963)</u>	
<b>Total Liabilities and Fund Balance</b>	<u>\$52,755</u>		
<b>Net Assets</b>			
Investment in capital assets ,net of related debt		15,969	15,969
Unrestricted		37,963	37,963
<b>Total Net Assets</b>		<u>\$53,932</u>	<u>\$53,932</u>

The accompanying notes are an integral part of this statement

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet To The Statement of Net Assets**  
**June 30, 2007**

Fund Balance- Governmental Funds		\$37,963
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$19,961	
Less accumulated depreciation	<u>(3,992)</u>	
		15,969
 Net Assets of Governmental activities		 <u><u>\$53,932</u></u>

The accompanying notes are an integral part of this statement

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**Statement of Governmental Fund/Revenues, Expenditures and**  
**Changes in Fund Balance/Statement of Activities**  
**Year ended June 30, 2007**

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES:</b>			
State sources	\$145,240	\$	145,240
Federal sources	75,893		75,893
Local sources	5,197		5,197
<b>TOTAL REVENUES</b>	<b>226,330</b>		<b>226,330</b>
<b>EXPENDITURES/EXPENSES</b>			
Instruction	167,711		167,711
Pupil Personnel	1,540		1,540
School Administration	31,998		31,998
Fiscal Services	4,000		4,000
Operation of Plant	5,123		5,123
Plant Maintenance	9,062		9,062
Capital Outlay	(9,309)	9,309	
Depreciation		3,992	3,992
<b>TOTAL EXPENSES</b>	<b>210,125</b>	<b>13,301</b>	<b>223,426</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	16,205	(13,301)	2,904
<b>FUND BALANCE/NET ASSETS</b>			
<b>Beginning of Year</b>	21,758		51,028
<b>End of Year</b>	<b>\$37,963</b>	<b>\$</b>	<b>\$53,932</b>

The accompanying notes are an integral part of this statement

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**Year Ended June 30, 2007**

	Governmental Funds		
	Budget	Actual	Variance
<b>REVENUES:</b>			
State sources	\$257,400	\$145,240	(\$112,160)
Federal sources		75,893	75,893
Local sources		5,197	5,197
<b>TOTAL REVENUES</b>	<b>257,400</b>	<b>226,330</b>	<b>(31,070)</b>
<b>EXPENDITURES:</b>			
Instructional	153,000	167,711	14,711
Pupil Personnel		1,540	1,540
School Administration	10,800	31,998	21,198
Fiscal Services	12,000	4,000	(8,000)
Operation of Plant	29,400	5,123	(24,277)
Plant maintenance	2,400	9,062	6,662
Capital Outlay	1,200	(9,309)	(10,509)
<b>TOTAL EXPENDITURES</b>	<b>208,800</b>	<b>210,125</b>	<b>1,325</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$48,600</b>	<b>16,205</b>	<b>(\$32,395)</b>
<b>Fund Balance, beginning of year</b>		<b>21,758</b>	
<b>Fund balance, end of year</b>		<b>\$37,963</b>	

The accompanying notes are an integral part of this statement

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**of Governmental Funds To The**  
**Statement of Activities**  
**June 30, 2007**

Net Changes in Fund Balances- Governmental Funds	\$6,896
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Amounts reported for governmental activities in the statement of net assets 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.

Expenditures for capital assets		
Less current year depreciation	(3,992)	
		(3,992)
Change in Net Assets of Governmental Activities		\$2,904

The accompanying notes are an integral part of this statement

**ISLAND VILLAGE MONTESSORI NORTH, INC.  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR  
ENDED JUNE 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Island Village Montessori North, Inc. (“the School”) established in August 2004, is a unit under the nonprofit organization Island Village Montessori Charter School, Inc., and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (the Contract) with the School District of Sarasota County, Florida. Under the Contract the School provides a Montessori education to children from kindergarten through third grade. For financial statement purposes the School is considered a component unit of the School District of Sarasota County which is a primary government entity for financial reporting.

The School District of Sarasota County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract is effective through June 2010. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School uses the tax exempt status of Island Village Montessori Charter School, Inc. which is a 501(C)(3) organization with the Internal Revenue Service.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

**Basic Financial Statements**

The School’s basic financial statements are the Statements of Net Assets and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general fund. All other governmental fund types are not major funds. In the Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after care and youth

**ISLAND VILLAGE MONTESSORI NORTH, INC.  
NOTES TO FINANCIAL STATEMENTS (Cont'd.)  
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Basic Financial Statements (Cont'd.)**

services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**Basis of Accounting**

Basic of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual**

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, the unrestricted resources as they are needed.

**Measurement Focus**

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

Financial instruments that subject the School to concentrations of credit risk include cash and deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

**Contributed Services**

The School does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

**Budgetary Basis of Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e. salaries, purchased services, and capital outlay).

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture, Fixtures and Equipment	5-10 Years
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**ISLAND VILLAGE MONTESSORI NORTH, INC.  
NOTES TO FINANCIAL STATEMENTS (Cont'd.)  
FOR THE YEAR ENDED JUNE 30, 2007.**

**NOTE 2 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 were as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Dis- posals</u>	<u>Balance Ending</u>
Furniture, Fixtures and Equipment	\$ 34,148	\$ -	\$ 14,187	\$ 19,961
Less Accumulated Depreciation	4,879	3,992	4,879	3,992
	<u>\$ 29,269</u>	<u>\$ 3,992</u>	<u>\$ 9,308</u>	<u>\$ 15,969</u>

Depreciation expense of \$3,992 was charged to administrative and general expenses during the year ended June 30, 2007.

The beginning balance has been restated to conform to current presentation.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The School paid management fee to Island Village Montessori Charter School, Inc., in the amount of \$16,341 for the year ended June 30, 2007. Computers at a cost of \$14,187 were transferred to Island Village Montessori Charter School during the year ended June 30, 2007.

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

**Risk Management**

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation.

The School receives funding from the state of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted to the State due to errors in the FTE count would not be material to the financial position of the School. A review of the last two years reveals that settled claims have not exceeded insurance coverage.

**ISLAND VILLAGE MONTESSORI NORTH, INC.**  
**Supplemental Schedule of Expenditures**  
**Budget and Actual- Governmental Funds**  
**Year Ended June 30, 2007**

	Governmental Funds		
	Original and Final Budget	Actual	Variance
<b>Instructional</b>			
Salaries	\$141,000	\$62,679	(\$78,321)
Payroll Taxes		6,520	6,520
Fringe Benefits		6,012	6,012
Purchased Services		16,045	16,045
Professional & Technical		18,022	18,022
Instructional materials	12,000	58,358	46,358
Travel		75	75
<b>Total Instructional</b>	<u>\$153,000</u>	<u>\$167,711</u>	<u>\$14,711</u>
<b>Pupil Personnel</b>			
Purchased Services		<u>\$1,540</u>	<u>\$1,540</u>
<b>School Administration</b>			
Professional	\$6,000	\$31,037	\$25,037
Equipment rental	1,800		(1,800)
Purchased services	3,000	961	(2,039)
<b>Total School Administration</b>	<u>\$10,800</u>	<u>\$31,998</u>	<u>\$21,198</u>
<b>Fiscal Services</b>			
Professional & Technical	<u>\$12,000</u>	<u>\$4,000</u>	<u>(\$8,000)</u>
<b>Operation of Plant</b>			
Utilities	\$3,000	\$1,992	(\$1,008)
Insurance	2,400	3,131	731
Rental	24,000		(24,000)
<b>Total Operation of Plant</b>	<u>\$29,400</u>	<u>\$5,123</u>	<u>(\$24,277)</u>
<b>Plant Maintenance</b>			
Repairs and Maintenance	<u>\$2,400</u>	<u>\$9,062</u>	<u>\$6,662</u>
<b>Capital Outlay</b>			
Building and Equipment	<u>\$1,200</u>	<u>-\$9,309</u>	<u>(\$10,509)</u>

# **Mark Escoffery, P.A.**

---

**Certified Public Accountant**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board Members of Island Village Montessori  
North, Inc.  
Venice, Florida

I have audited the basic financial statements of the Island Village Montessori North, Inc., as of and for the year ended June 30, 2007, and have issued my report thereon dated October 9, 2007. I conducted my 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 of America.

Internal Control over financial Reporting

In planning and performing my audit, I considered the School's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

Compliance and Other Matters

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

To the Board Members of Island Village Montessori  
North, Inc.  
Venice, Florida  
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This report is intended solely for the information and use of the Board Members, Management, others within the School and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mark Escoffey, P.A.*

Palm Beach Gardens  
Florida  
October 9, 2007

# **Mark Escoffery, P.A.**

## **Certified Public Accountant MANAGEMENT LETTER**

4241-A Northlake Boulevard  
Palm Beach Gardens, FL 33410

Tel (561) 627-1404  
Fax (561) 627-3844

To the Board Members of Island Village Montessori  
North, Inc.  
Venice, Florida

I have audited the basic financial statements of the Island Village Montessori North, Inc., as of and for the year ended June 30, 2007, and have issued my report thereon dated October 9, 2007.

I have issued my Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance dated October 9, 2007. Disclosures in that report, if any, should be considered in conjunction with this management letter.

I conducted my 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 of America. Additionally, my audit was conducted in accordance with the Provisions of Chapter 10.850, **Rules of the Auditor General**, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

The **Rules of the Auditor General** Section 10.854(1)(d)1 require that I comment as to whether or not recommendations made in the preceding annual financial report have been followed. The recommendations made in the prior year have been implemented.

The **Rules of the Auditor General** Section 10.854(1)(d)2 require that I comment on whether the School has met any of the conditions described in Section 218.503(1), Florida Statutes. The School has not met any of the conditions described in Section 218.503(1), Florida Statutes.

The **Rules of the Auditor General** Section 10.854(1)(d)5 require that I state whether there were any findings or recommendations made in the current year. There are no findings or recommendations made for the current year ended June 30, 2007.

My report did not disclose any additional items that would be required to be reported under Chapter 10.854(1)(d) **Rules of the Auditor General**.

This report is intended solely for the information and use of the School's Board Members, Management, pass-through entities and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Mark Escoffery, P. A.*

Palm Beach Gardens, Florida  
October 9, 2007