

**OAK CREEK CHARTER SCHOOL OF BONITA
SPRINGS, INC.**

BONITA SPRINGS, FLORIDA
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF LEE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2023

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

TABLE OF CONTENTS

	PAGES
General Information.....	1
BASIC FINANCIAL STATEMENTS	
Independent Auditor’s Report.....	2-4
Management’s Discussion and Analysis (not covered by Independent Auditor’s Report).....	5-9
Basic Financial Statements	
<i>Government-wide Financial Statement:</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	15
<i>Notes to Basic Financial Statements</i>	16-26
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	27
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Revenue Fund.....	28
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund.....	29
<i>Notes to Required Supplemental Information</i>	30
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Management Letter.....	33-34

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.

28011 Performance Lane
Bonita Springs, FL 34135
(239) 498-6864

2022-2023

BOARD OF DIRECTORS

Mr. Mark McCabe, Chair
Mr. Thad Deitrich, Vice Chair
Mr. Brett Baugh
Ms. Gwen DaPore

SCHOOL ADMINISTRATION

Mr. Jose Rubio, Executive Director
Ms. Yesenia Gonzalez, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oak Creek Charter School of Bonita Springs
Bonita Springs, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Creek Charter School of Bonita Springs (the "School"), a charter school and a component unit of the District School Board of Lee County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Creek Charter School of Bonita Springs, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 6, 2023 on our consideration of the Academy’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 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 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 Academy’s internal control over financial reporting and compliance.

Coral Gables, Florida
September 6, 2023



CERTIFIED PUBLIC ACCOUNTANTS

Management’s Discussion and Analysis
Oak Creek Charter School of Bonita Springs, Inc.
June 30, 2023

The corporate officers of Oak Creek Charter School of Bonita Springs, Inc. (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$2,692,213, which includes \$1,516,113 of cash restricted for debt service and capital projects.
2. At year-end, the School’s fund balance was \$2,199,834.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

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 16 - 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of the School's financial position. A summary of the School's net position as of June 30, 2023 and 2022 follows:

	Net Position	
Assets	2023	2022
Cash and cash equivalents	\$ 974,596	\$ 653,078
Restricted cash	1,516,113	1,499,801
Prepaid expenses	10,000	10,000
Deposits receivable and other assets	191,504	-
Capital and right-of-use assets, net	14,987,813	15,441,773
Deferred outflows of resources, net	572,513	590,484
Total Assets	\$ 18,252,539	\$ 18,195,136
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 492,379	\$ 306,249
Lease liabilities	16,079	28,007
Notes payable	17,750,019	17,885,848
Total Liabilities	18,258,477	18,220,104
Net investment in capital assets	(689,659)	(381,797)
Restricted for debt service	1,201,925	1,151,882
Restricted for capital projects	314,188	347,919
Unrestricted (deficit)	(832,392)	(1,142,972)
Total Net Position (Deficit)	\$ (5,938)	\$ (24,968)
Total Liabilities and Net Position	\$ 18,252,539	\$ 18,195,136

At June 30, 2023, the School's total assets were \$18,252,539 and total liabilities were \$18,258,477. At June 30, 2023, the School reported a total deficit in net position of \$5,938.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2023 and 2022 follows:

REVENUES	<u>2023</u>	<u>2022</u>
Program Revenues		
Federal lunch program	\$ 420,746	\$ 794,089
Revenues from state sources	684,830	313,081
State capital outlay funding	312,083	392,432
Charges for services	82,736	63,286
General Revenues		
FEFP nonspecific revenue	4,818,136	4,618,597
Other local revenue	851,878	351,297
Total Revenues	<u>\$ 7,170,409</u>	<u>\$ 6,532,782</u>
 EXPENSES		
Instruction	\$ 2,497,533	\$ 2,595,686
Food services	305,619	668,751
General administration	1,000,644	997,696
School administration	370,907	360,280
Central services	58,982	34,739
School Board	20,327	19,297
Operation of plant	1,230,670	1,153,672
Maintenance of plant	485	-
Fiscal services	154,668	626
Transportation	296,814	223,886
Administrative technology services	16,929	34,222
Community services	61,704	27,057
Interest on long-term debt	1,136,097	938,277
Total Expenses	<u>\$ 7,151,379</u>	<u>\$ 7,054,189</u>
Change in Net Position	19,030	(521,407)
 Net Position (Deficit) at Beginning of Year	(24,968)	496,439
 Net Position (Deficit) at End of Year	<u>\$ (5,938)</u>	<u>\$ (24,968)</u>

The School's total revenues for the year ended June 30, 2023 were \$7,170,409 while its total expenses were \$7,151,379 for a net increase of \$19,030. The School had a deficit in net position at year-end of \$5,938.

SCHOOL LOCATION

The School operates in the Bonita Springs area located at 28011 Performance Lane, Bonita Springs, FL, 34135.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

For the year ended June 30, 2023, the School's governmental funds reported a positive in its change in fund balance of \$343,204 and reported a combined fund balance at year-end of \$2,199,834.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2023, amounts to \$14,987,813 (net of accumulated depreciation). This investment in capital assets includes facilities, improvements, vehicles, furniture, fixtures and equipment. Capital assets net book value decreased by \$448,793 mainly due to the net effect of depreciation expense over capital additions.

LONG-TERM DEBT

In March 2022, the School issued tax-exempt revenue bonds for \$17,090,000 (Series 2022A) and \$735,000 (Series 2022B), which are secured by their related reserve and indenture subaccounts. The bonds were issued to finance the acquisition, improvements, and related financing costs of the School's educational facilities.

The School also entered into note payable arrangements for the purchases of buses. The balance on these note payable arrangements totaled \$155,019 at June 30, 2023. In addition, the School financed certain equipment through a lease totaling \$51,670 in the prior year at a rate of 6%. The balance at June 30, 2023 totaled \$16,079.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local district	\$ 5,475,173	\$ 4,818,136	\$ 4,818,136
State capital outlay funding	370,800	312,083	312,083
Federal passed through state	800,000	1,105,576	1,105,576
Local and other revenue	63,000	934,614	934,614
TOTAL REVENUES	6,708,973	7,170,409	7,170,409
EXPENDITURES			
Instruction	1,791,361	2,391,993	2,391,993
Food services	800,000	305,619	305,619
General administration	1,183,329	1,000,644	1,000,644
School administration	475,549	370,907	370,907
Central services	20,200	58,982	58,982
School Board	18,200	20,327	20,327
Operation of plant	1,007,290	712,904	712,904
Maintenance of plant	-	485	485
Fiscal services	70,600	154,668	154,668
Transportation	173,537	251,770	251,770
Administrative technology services	36,000	16,929	16,929
Community services	23,252	61,704	61,704
Capital Outlay:			
Facilities acquisition and construction	115,000	214,390	214,390
Debt service	1,148,125	1,395,883	1,395,883
TOTAL EXPENDITURES	6,868,443	6,957,205	6,957,205
Change in fund balance before other financing sources	(159,470)	213,204	213,204
OTHER FINANCING SOURCES			
Proceeds from debt and capital lease financing	-	130,000	130,000
Net change in fund balance	\$ (159,470)	\$ 343,204	\$ 343,204

The School's final budget was amended to account for an increase in other income due to the employee retention credit.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Charles Maletesta of FORZA Education Management at P.O. Box 830, Parrish, FL, 34219.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 974,596
Restricted cash	1,516,113
Due from agencies	191,504
Prepaid and other	<u>10,000</u>
TOTAL CURRENT ASSETS	2,692,213
CAPITAL AND RIGHT-OF-USE ASSETS, NET	14,987,813
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on bond issuance, net of amortization	<u>572,513</u>
TOTAL ASSETS	<u>\$ 18,252,539</u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 271,486
Accrued payroll and related expenses	220,893
Lease liability - current portion	10,987
Bonds payable- current portion	245,000
Note payable, current portion	<u>41,885</u>
TOTAL CURRENT LIABILITIES	790,251
Lease liability - long-term portion	5,092
Note payable, long-term portion	113,134
Bonds payable- long-term portion	<u>17,350,000</u>
TOTAL LIABILITIES	18,258,477
NET POSITION	
Invested in capital assets, net of related debt	(689,659)
Restricted for debt service	1,201,925
Restricted for capital projects	314,188
Unrestricted- deficit	<u>(832,392)</u>
TOTAL DEFICIT IN NET POSITION	<u>(5,938)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 18,252,539</u>

The accompanying notes are an integral part of this financial statement.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$2,497,533	\$ -	684,830	\$ -	\$ (1,812,703)
Food services	305,619	19,889	420,746	-	135,016
General administration	1,000,644	-	-	-	(1,000,644)
School administration	370,907	-	-	-	(370,907)
Central services	58,982	-	-	-	(58,982)
School Board	20,327	-	-	-	(20,327)
Operation of plant	1,230,670	-	-	312,083	(918,587)
Maintenance of plant	485	-	-	-	(485)
Fiscal services	154,668	-	-	-	(154,668)
Transportation	296,814	-	-	-	(296,814)
Administrative technology services	16,929	-	-	-	(16,929)
Community services	61,704	62,847	-	-	1,143
Interest on long-term debt	1,136,097	-	-	-	(1,136,097)
Total Governmental Activities	<u>\$7,151,379</u>	<u>\$ 82,736</u>	<u>\$1,105,576</u>	<u>\$ 312,083</u>	<u>\$ (5,650,984)</u>
GENERAL REVENUES:					
					4,818,136
					851,878
					<u>5,670,014</u>
					19,030
					<u>(24,968)</u>
					<u>\$ (5,938)</u>

The accompanying notes are an integral part of this financial statement.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 839,692	\$ 134,904	\$ -	\$ -	\$ 974,596
Restricted cash	-	-	1,516,113	-	1,516,113
Due from agencies	-	191,504	-	-	191,504
Prepaid and other assets	10,000	-	-	-	10,000
Due from other funds	191,504	-	-	314,188	505,692
TOTAL ASSETS	<u>\$ 1,041,196</u>	<u>\$ 326,408</u>	<u>\$ 1,516,113</u>	<u>\$ 314,188</u>	<u>\$ 3,197,905</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 271,486	\$ -	\$ -	\$ -	\$ 271,486
Accrued payroll and related expenses	220,893	-	-	-	220,893
Due to other funds	-	191,504	314,188	-	505,692
TOTAL LIABILITIES	<u>492,379</u>	<u>191,504</u>	<u>314,188</u>	<u>-</u>	<u>998,071</u>
FUND BALANCE					
Restricted for:					
Debt service	-	-	1,201,925	-	1,201,925
Capital projects	-	-	-	314,188	314,188
Nonspendable	10,000				10,000
Unassigned	538,817	134,904	-	-	673,721
TOTAL FUND BALANCE	<u>548,817</u>	<u>134,904</u>	<u>1,201,925</u>	<u>314,188</u>	<u>2,199,834</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,041,196</u>	<u>\$ 326,408</u>	<u>\$ 1,516,113</u>	<u>\$ 314,188</u>	<u>\$ 3,197,905</u>

The accompanying notes are an integral part of this financial statement.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds	\$ 2,199,834
Capital assets, net of accumulated depreciation or amortization, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	14,987,813
Deferred outflow of resources are reported as a result of changes in fair value of deferred amounts on bond issuance costs in the statement of net position.	572,513
Long term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.	
Bond and Notes payable	(17,750,019)
Lease liabilities	<u>(16,079)</u>
Total Net Position - Governmental Activities	<u>\$ (5,938)</u>

The accompanying notes are an integral part of this financial statement.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
REVENUES					
State passed through local school district	\$ 4,818,136	\$ -	\$ -	\$ -	\$ 4,818,136
Federal lunch program	-	420,746	-	-	420,746
Federal passed through state	-	684,830	-	-	684,830
State capital outlay funding	-	-	-	312,083	312,083
Local and other revenue:					
Charges for services	62,847	19,889	-	-	82,736
Other	791,376	-	60,502	-	851,878
TOTAL REVENUES	5,672,359	1,125,465	60,502	312,083	7,170,409
EXPENDITURES					
Current:					
Instruction	\$ 1,707,163	\$ 684,830	\$ -	\$ -	\$ 2,391,993
Food services	-	305,619	-	-	305,619
General administration	1,000,644	-	-	-	1,000,644
School administration	370,907	-	-	-	370,907
Central services	58,982	-	-	-	58,982
School Board	20,327	-	-	-	20,327
Operation of plant	451,480	-	-	261,424	712,904
Maintenance of plant	485	-	-	-	485
Fiscal services	154,668	-	-	-	154,668
Transportation	251,770	-	-	-	251,770
Administrative technology services	16,929	-	-	-	16,929
Community services	61,704	-	-	-	61,704
Capital Outlay:					
Facilities acquisition and construction	130,000	-	-	84,390	214,390
Debt service:					
Principal retirement	47,758	-	230,000	-	277,758
Interest	200,000	-	918,125	-	1,118,125
TOTAL EXPENDITURES	\$ 4,472,817	\$ 990,449	\$ 1,148,125	\$ 345,814	\$ 6,957,205
Change in fund balance before other financing sources	1,199,542	135,016	(1,087,623)	(33,731)	213,204
OTHER FINANCING SOURCES					
Transfers in (out)	(1,137,454)	(212)	1,137,666	-	-
Proceeds from note payable	130,000	-	-	-	130,000
Total other financing sources	(1,007,454)	(212)	1,137,666	-	130,000
NET CHANGE IN FUND BALANCE	192,088	134,804	50,043	(33,731)	343,204
Fund balance at beginning of year	356,729	100	1,151,882	347,919	1,856,630
Fund balance at end of year	<u>\$ 548,817</u>	<u>\$ 134,904</u>	<u>\$ 1,201,925</u>	<u>\$ 314,188</u>	<u>\$ 2,199,834</u>

The accompanying notes are an integral part of this financial statement.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Change in Fund Balance - Governmental Funds \$ 343,204

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 allocated over their estimated useful lives as a depreciation expense. In addition, various transactions involving capital assets decrease or increase net position as follows:

Capital outlays	214,390
Depreciation and amortization expense	(668,350)

Proceeds from issuance of long-term debt are reported as an other financing source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in notes payable. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums discounts and debt issuance costs, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from capital lease financing	(130,000)
Principal repayments	277,758
Amortization of deferred outflows	(17,972)

Change in Net Position of Governmental Activities	\$ 19,030
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The accompanying notes are an integral part of this financial statement.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Oak Creek Charter School of Bonita Springs, Inc. (the “School”) is a charter school sponsored by the School Board of Lee County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Oak Creek Charter School of Bonita Springs, Inc., 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 School is governed by a Board of Directors composed of three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School recently renewed their charter for a term of five years beginning July 1, 2019 through June 30, 2024. The charter may be renewed as provided in Section 1002.33 or 1002.331, Florida Statutes, upon mutual consent between the School and the District and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. The School contract provides, in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2023, when approximately 577 students were enrolled in grades Kindergarten through 8th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Major individual governmental funds, namely, the general, special revenue, debt service, and capital project funds are reported as separate columns in the fund financial statements:

The School utilizes the following major governmental funds:

General Fund – is the School’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects, such as the federal lunch program and other federal grants (including COVID-19 emergency relief funding).

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities, and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis of Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g. instructional, pupil personnel services, and school administration). Any revisions to the annual budget are approved by the Board.

Cash

Cash deposits consist primarily of demand deposits included in pooled cash, held by banks which are qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Lives (years)
	<hr/>
Buildings	39
Improvements other than buildings	10
Furniture, fixtures and equipment	10
Software	3
Vehicles	5-10

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a “benefit year”). Teachers are eligible for up to seven days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not “rollover” all unused days for use in future benefit years. There is an opportunity for teachers to “cash out” unused days; however, teachers may only cash out if they have not used their seven eligible days by the end of the benefit year.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2023, was (\$689,659).
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. Restricted net assets at June 30, 2023 were \$1,516,113.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the non-spendable fund balance was \$10,000.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, the restricted fund balance totaled \$1,516,113.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2023, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2023, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds, and funds passed through the District. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Lee County (the “School Board”) pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the 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 Education 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 may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Special Revenue Fund and Capital Outlay Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Oak Creek Charter School of Bonita Springs, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements. The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions prior to year ending June 30, 2023.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 6, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - CASH DEPOSITS AND CREDIT RISK

The School maintains its cash and cash equivalents in one major banks. Deposits are insured by the Federal Depository Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per financial institution. As of June 30, 2023, bank balances held in financial institutions exceeded the FDIC limit by \$2,240,705.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - CASH DEPOSITS AND CREDIT RISK (Continued)

All School deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the "Florida Security for Public Deposits Act". Under the act, all public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from fifty percent to one-hundred-twenty-five percent depending upon the depository's financial condition and the length of time the depository has been established.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Reclassifications/ Retirements	Balance June 30, 2023
Capital Assets				
Building	\$ 14,508,196	\$ 44,190	\$ 222,053	\$ 14,774,439
Building improvements	1,147,425	40,200	(394,053)	793,572
Furniture, fixtures, and equipment	500,880	-	-	500,880
Vehicles	140,126	130,000	172,000	442,126
Audiovisual materials and computer software	214,510	-	-	214,510
Total Depreciable Assets	<u>16,511,137</u>	<u>214,390</u>	<u>-</u>	<u>16,725,527</u>
Less Accumulated Depreciation				
Building	(561,555)	(441,089)	(76,868)	(1,079,512)
Building improvements	(245,314)	(76,677)	78,531	(243,460)
Furniture, fixtures, and equipment	(185,151)	(43,972)	-	(229,123)
Vehicles	(43,245)	(39,877)	(1,663)	(84,785)
Audiovisual materials and computer software	(74,441)	(61,568)	-	(136,009)
Total Accumulated Depreciation	<u>(1,109,706)</u>	<u>(663,183)</u>	<u>-</u>	<u>(1,772,889)</u>
Total Depreciable Assets, net				
Lease Asset				
Vehicle, right-of-use	51,670	-	-	51,670
Less: accumulated amortization	(11,328)	(5,167)	-	(16,495)
Total leased assets, net	<u>\$ 40,342</u>	<u>\$ (5,167)</u>	<u>\$ -</u>	<u>\$ 35,175</u>
Capital Assets, net	<u>\$ 15,401,431</u>	<u>\$ (448,793)</u>	<u>\$ -</u>	<u>\$ 14,987,813</u>

For the year ended June 30, 2023, depreciation and amortization expense was allocated in the statement of activities as follows:

Operation of plant	\$ 517,766
Instructional	105,540
Transportation	45,044
Total	<u>\$ 668,350</u>

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – NOTES PAYABLE

In prior years, the School purchased two buses for a total of \$99,964 from Gulf Coast under separate note payable arrangements. The arrangements call for equal monthly non-interest bearing payments of \$1,190 through September 2026. In addition, in 2023, the School purchased two additional buses totaling \$130,000 from Gulf Coast under separate note payable arrangements. The two arrangements call for equal monthly non-interest bearing payments of \$1,833 through December 2030.

The following schedule provides a summary of changes in long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Repayments	Balance at June 30, 2023
Note payable - Gulf Coast	\$ 60,848	\$130,000	\$ (35,829)	\$ 155,019
Total notes payable	<u>\$ 60,848</u>	<u>\$130,000</u>	<u>\$ (35,829)</u>	<u>\$ 155,019</u>

Future payments under these arrangements are as follows:

Fiscal Year Ending June 30,	
2024	\$ 41,885
2025	34,852
2026	29,282
2027	22,000
2028 and thereafter	27,000
	<u>\$ 155,019</u>

NOTE 6 – LEASE LIABILITY

The School previously entered into a lease agreement with Forza Education Management, L.L.C. (“FORZA”) to lease a vehicle, which was reflected as a capital lease. The School has implemented GASB Statement No. 87 Leases, and as a result, reflects this agreement as a lease right of use asset and liability in these financial statements. The interest rate of the lease is 6% which was used to discount the annual lease payments to present the intangible right to use asset and the lease liability as of June 30, 2023. Future minimum payments under lease as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 10,987	\$ 941
2025	5,092	268
	<u>\$ 16,079</u>	<u>\$ 1,209</u>

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – BONDS PAYABLE

In March 2022, the School issued tax-exempt revenue bonds for \$17,090,000 (Series 2022A) and \$735,000 (Series 2022B). The bonds are issued by Florida Development Finance Corporation on behalf of the School and are secured by their related reserve and indenture subaccounts. The Series 2022A bond calls for interest only payments through June 30, 2025, followed by principal and interest payments through the maturity date. The Series 2022B bond calls for interest only payments through June 30, 2023, followed by principal and interest payments through the maturity date. Bonds payable at June 30, 2023 totaled \$17,595,000 as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Florida Development Finance Corporation Educational Facilities Revenue Bonds (Oak Creek Charter School of Bonita Springs, Inc. Project) Series 2012A	\$ 17,090,000	5.125	2055
Florida Development Finance Corporation Educational Facilities Revenue Bonds (Oak Creek Charter School of Bonita Springs, Inc. Project) Series 2012B	505,000	5.75	2025
Total bonds payable	\$ 17,595,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
2024	\$ 1,149,901	\$ 245,000	\$ 904,901
2025	1,150,813	260,000	890,813
2026	1,125,863	250,000	875,863
2027	1,128,050	265,000	863,050
2028	1,129,469	280,000	849,469
2029 - 2033	5,641,719	1,625,000	4,016,719
2034 - 2038	5,636,751	2,080,000	3,556,751
2039 - 2043	5,632,120	2,665,000	2,967,120
2044 - 2048	5,639,131	3,430,000	2,209,131
2049 - 2053	5,640,381	4,405,000	1,235,381
2054 - 2055	2,251,951	2,090,000	161,951
	\$ 36,126,149	\$ 17,595,000	\$ 18,531,149

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – BONDS PAYABLE (Continued)

The bond payable agreement requires that the School be in compliance with certain debt covenants, including a 30 day cash on hand requirement beginning with fiscal year and June 30, 2023 and a debt service coverage ratio of at least 1.10:1.00 beginning with fiscal year end June 30, 2023. At June 30, 2023 the School’s debt covenants calculations as required per the bond agreement are as follows:

<u>Cash on Hand</u>	
Cash on hand general fund	<u>\$ 839,692</u>
Total expenditures total governmental funds year ending June 30, 2023	\$ 6,957,205
Less capital outlay - facilities acquisition and constructions	<u>(214,390)</u>
Total expenditures total governmental funds less capital outlay - facilities acquisition and constructions	<u>\$ 6,742,815</u>
Cash requirement (30 days) general fund at June 30, 2023	<u>\$ 417,488</u>
Excess cash on hand - general fund	<u>\$ 422,204</u>

The debt service coverage ratio is presented for the fiscal year end June 30, 2023 below:

<u>Debt Service Coverage Ratio</u>	
Excess of expenditures over revenues	\$ 213,204
Plus interest	918,125
Plus principal retirement	277,758
Plus capital outlay - facilities acquisition and constructions	<u>214,390</u>
Excess of revenues over expenditures	<u>\$ 1,623,477</u>
Debt service costs for year ending June 30, 2023	
Interest	\$ 918,125
Principal retirement	<u>277,758</u>
Total debt service costs for year ending June 30, 2023	<u>\$ 1,195,883</u>
Debt service ratio (excess of revenues over expenditures divided by total debt service costs for year ending June 30, 2023)	1.36

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 - MANAGEMENT STRUCTURE

All policy decisions, including the annual budget, are formulated by the Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain, and discharge the duties of the School to include adopting budgets; enter into contracts; adopt, publish, promulgate and enforce rules and regulations; employ on behalf of the School; managers, independent contractors, and any other employees deemed necessary; and acquire, sell, operate, lease, manage, and otherwise trade and deal with property, real and personal.

In July 1, 2016, the School entered into an agreement with Forza Education Management, L.L.C. (“FORZA”), a Florida limited liability company, to facilitate the continuation of the School by performing certain functions relating to the provision of educational services, transportation, food service, personnel management, and the administration and operation of the School in accordance with enrollment, age, and grade level specifications for the School. This agreement will be effective and remain effective through the last day of the Charter Contract, and will automatically renew upon the renewal of the Charter Contract, unless written notice is provided one-hundred-eighty (180) days prior to the Charter Contract expiring. The agreement may be terminated with cause by either party upon a sixty-day notice of material breach, as defined in the contract. The Agreement will automatically renew for a period equal to the charter school agreement extension with the District, unless written notice to terminate by either party is received one-year prior to the expiration date of the agreement.

FORZA shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the School, 4) business administration of the School, and 5) installation of necessary technology. The annual management fee for these services is 14% of all sources of gross receipts of the School excluding borrowings undertaken by the School. During the year ended June 30, 2023, the School incurred management fees of \$845,659. At June 30, 2023, the School owed \$146,412 for fiscal year 2023 management fees, which are included in accounts payable.

Recoverable Grant

During the year June 30, 2022, the School was awarded a \$200,000 recoverable grant from FORZA, which is included in other revenue in the accompanying financial statements. The purpose of the grant is for the School to fund operating expenses. Under the terms of the grant, the School would repay the grant in the event the School experiences a surplus of its operating budget for any period ending on June 30 of the current fiscal year, following the execution of the agreement dated June 30, 2022. The maximum the School may be required to pay in the future should the School meet the requirements for repayment is \$200,000. The entire amount was repaid during the year ended June 30, 2023 and is included in interest and fees on the statement of activities.

NOTE 9 – PROFESSIONAL SERVICES CONTRACT

The School entered into an agreement with Building Hope Services to provide accounting services to the School. The contract, renewable annually, calls for an annual fee of \$100 per student based on enrollment at the beginning of the school year, payable in monthly installments. For the year ended June 30, 2023, the School incurred fees related to this agreement totaling \$54,585.

NOTE 10 – INTERFUND TRANSFERS

During the fiscal year 2023, the general fund transferred \$1,137,454 to other funds, consisting of a transfer to the debt service fund to pay a portion of required debt service. In addition, the debt service fund transferred \$212 to the special revenue fund.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - RELATED PARTY TRANSACTIONS

In July 2017, the School entered into an agreement to rent space to FORZA Child Development Center, Inc. for a Pre-K Program that is operated by the management company, FORZA Education Management, L.L.C. (FORZA). The term of the rental agreement has expired and the space is currently rented on a month-to-month basis as needed. Rental income for the year ended June 30, 2023 totaled \$7,200 and is included in local and other revenue.

The School purchased buses from Gulf Coast Charter Academy South, a charter school with common board of directors and management. See Note 5.

The School entered into a recoverable grant agreement (see Note 8) and a lease agreement (see Note 6) with FORZA.

NOTE 12 – EMPLOYEE RETENTION TAX CREDIT

The School applied for and, during the year ended June 30, 2023, received Employee Retention Tax Credit (ERTC) funds. The ERTC was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 to help businesses retain employees. Eligible businesses could receive a quarterly refundable payroll tax credit. The Academy was approved for and received a credit of \$742,407. As a result, the Academy has recorded income of \$742,407 on the statement of activities and statement of changes in fund balance.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the School receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. In management's opinion, there will be no adjustments resulting from future audits on grant periods through June 30, 2023, which will have a material effect on the financial statements.

NOTE 14 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 5,475,173	\$ 4,818,136	\$ 4,818,136
Charges for services	-	-	62,847
Local and other revenue	63,000	791,376	791,376
TOTAL REVENUES	\$ 5,538,173	\$ 5,609,512	\$ 5,672,359
EXPENDITURES			
Instruction	\$ 1,791,361	\$ 1,707,163	\$ 1,707,163
Instructional support services	6,000	-	-
Food services	-	-	-
General administration	1,183,329	1,000,644	1,000,644
School administration	475,549	370,907	370,907
Central services	20,200	58,982	58,982
School Board	18,200	20,327	20,327
Operation of plant	636,490	451,480	451,480
Maintenance of plant	-	485	485
Fiscal services	70,600	154,668	154,668
Transportation	173,537	251,770	251,770
Administrative technology services	36,000	16,929	16,929
Community services	23,252	61,704	61,704
Capital Outlay:			
Facilities acquisition and construction	115,000	130,000	130,000
Debt service	-	247,758	247,758
TOTAL EXPENDITURES	\$ 4,549,518	\$ 4,472,817	\$ 4,472,817
Change in fund balance before other financing sources	988,655	1,136,695	1,199,542
OTHER FINANCING SOURCES			
Transfers out	(1,148,125)	(1,137,454)	(1,137,454)
Proceeds from debt and capital lease financing	-	130,000	130,000
Net change in fund balance	\$ (159,470)	\$ 129,241	\$ 192,088

See accompanying note to the required supplemental information.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 800,000	\$ 420,746	\$ 420,746
Federal passed through state	972,394	684,830	684,830
Charges for services	-	19,889	19,889
TOTAL REVENUES	<u>1,772,394</u>	<u>1,125,465</u>	<u>1,125,465</u>
EXPENDITURES			
Food services	800,000	305,619	305,619
Instruction	972,394	684,830	684,830
TOTAL EXPENDITURES	<u>1,772,394</u>	<u>990,449</u>	<u>990,449</u>
Change in fund balance before other financing sources	-	135,016	135,016
OTHER FINANCING SOURCES			
Transfers out	-	(212)	(212)
Net change in fund balance	<u>\$ -</u>	<u>\$ 134,804</u>	<u>\$ 134,804</u>

See accompanying note to the required supplemental information.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Revenues	\$ -	\$ 60,502	\$ 60,502
TOTAL REVENUES	<u>-</u>	<u>60,502</u>	<u>60,502</u>
EXPENDITURES			
Debt service	1,148,125	1,148,125	1,148,125
TOTAL EXPENDITURES	<u>1,148,125</u>	<u>1,148,125</u>	<u>1,148,125</u>
Change in fund balance before other financing sources	(1,148,125)	(1,087,623)	(1,087,623)
OTHER FINANCING SOURCES			
Transfers in	1,148,125	1,137,666	1,137,666
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,043</u>	<u>\$ 50,043</u>

See accompanying note to the required supplemental information.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue and debt service funds for which a legally adopted budget exists.

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



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

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

Board of Directors of
Oak Creek Charter School of Bonita Springs, Inc.
Bonita Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Oak Creek Charter School of Bonita Springs, Inc. (the "School") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 6, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 6, 2023



MANAGEMENT LETTER

Board of Directors of
Oak Creek Charter School of Bonita Springs, Inc.
Bonita Springs, Florida

Report on the Financial Statements

We have audited the financial statements of Oak Creek Charter School of Bonita Springs, Inc. (the "School"), a non-major component unit of the District School Board of Lee County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 6, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 6, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no 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 that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Oak Creek Charter School of Bonita Springs and 364281.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit has lead us to believe that the School's overall financial condition as of June 30, 2023 is not deteriorating.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 6, 2023