

# Bonita Springs Charter School

A Department of Southwest Charter  
Foundation, Inc.  
(A Component Unit of the School  
District of Lee County, Florida)

Basic Financial Statements  
For the Year Ended June 30, 2021



# Bonita Springs Charter School

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bonita Springs Charter School  
A Department of Southwest Charter Foundation, Inc.  
Bonita Springs, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Springs Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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 the School, as of June 30, 2021, and the respective changes in financial position, and budgetary comparison for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund and aggregate remaining fund information of Southwest Charter Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2021 and the changes its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2021 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, 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 25, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 25, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS



**Bonita Springs Charter School  
Management's Discussion and Analysis  
June 30, 2021**

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As management of Bonita Springs Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2021 and 2020.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

**Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2021, the School's fund balances were \$ 1,814,642 as compared to \$ 1,817,532 as of June 30, 2020.
- The net position (deficit) of the School as of June 30, 2021 was \$ 95,381 as compared to \$ (91,248) as of June 30, 2020.

**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 basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements.

**Government-Wide Basic Financial Statements:** The government-wide basic 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 (deficit) presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

**Fund Basic Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 10 through 15 of this report.

**Notes to Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 26 of this report.

### **Government-Wide Financial Analysis**

The School has been in operation for nineteen years; therefore, comparative government-wide data is presented. The School's net position was \$ 95,381 at June 30, 2021, which represents net investment in capital assets (deficit) of \$ (187,749), restricted net position of \$ 196,116 and unrestricted net position of \$ 87,014. The School's net position (deficit) was \$ (91,248) June 30, 2020, which represented net investment in capital assets (deficit) of \$ (375,903), restricted net position of \$ 180,391 and unrestricted net position of \$ 104,264.

**Bonita Springs Charter School  
Management's Discussion and Analysis  
June 30, 2021**

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Our analysis in the table below focuses on the net position of the School's governmental activities:

Bonita Springs Charter School Net Position (Deficit)		
	June 30, 2021	June 30, 2020
	<u>                    </u>	<u>                    </u>
Assets:		
Current and other assets	\$ 1,511,626	\$ 1,047,009
Noncurrent assets	19,972,784	19,013,767
	<u>21,484,410</u>	<u>20,060,776</u>
Total assets		
Liabilities:		
Current liabilities	1,691,470	1,042,405
Noncurrent liabilities	19,697,559	19,109,619
	<u>21,389,029</u>	<u>20,152,024</u>
Total liabilities		
Net Position (Deficit):		
Net investment in capital assets (deficit)	(187,749)	(375,903)
Restricted	196,116	180,391
Unrestricted (deficit)	87,014	104,264
	<u>95,381</u>	<u>(91,248)</u>
Total net position (deficit) \$		

Current and other assets increased mainly due to an increase in the School's cash position and the amount due from the management company. Capital assets, net of depreciation increased due to asset purchases of \$ 2 million, constituting primarily of HVAC and computer equipment. These purchases were somewhat offset by depreciation expense of \$ 1 million. Current liabilities increased due to increases in accounts and salaries and wages payable. Noncurrent liabilities rose due to the School's new HVAC and computer equipment leases.

**Governmental Activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2021 and 2020:

Bonita Springs Charter School Change in Net Position		
	June 30, 2021	June 30, 2020
	<u>                    </u>	<u>                    </u>
Revenues:		
General revenues	\$ 9,931,409	\$ 9,094,884
Program revenues	1,765,378	2,169,019
	<u>11,696,787</u>	<u>11,263,903</u>
Total revenues		
Functions/Program Expenses:		
Instruction	5,203,086	4,987,603
Instructional support services	3,525,600	3,868,282
Non-instructional services	2,781,472	2,521,700
	<u>11,510,158</u>	<u>11,377,585</u>
Total governmental activities		
Change in net position	\$ 186,629	\$ (113,682)

**Bonita Springs Charter School  
Management’s Discussion and Analysis  
June 30, 2021**

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General revenues increased due to an increase in state source revenues compared to the previous year with the new teacher salary allocation funds. Program revenues decreased compared to last year due to a reduction in before and aftercare revenue. Total expenses increased due to an increase in instruction and non-instructional services expenses.

**Governmental Fund Expenditures:** In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2021		2020	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 4,904,680	37%	\$ 4,720,277	43%
Debt service	1,817,420	14%	1,602,559	14%
Plant operations and maintenance	1,266,430	10%	1,277,380	11%
Transportation services	747,722	6%	664,549	6%
School administration	914,438	7%	722,191	6%
All other functions/programs	<u>3,414,732</u>	<u>26%</u>	<u>2,184,039</u>	<u>20%</u>
Total governmental expenditures	\$ <u>13,065,422</u>	<u>100%</u>	\$ <u>11,170,995</u>	<u>100%</u>

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2021, the School had capital assets of \$ 18,526,763, net of accumulated depreciation, invested in building, computers, furniture, fixtures and equipment and improvements other than building as compared to \$ 17,547,416 at June 30, 2020. A detailed schedule is on pages 21 and 22 in the notes to the basic financial statements.

**Debt:** At June 30, 2021, the School had outstanding debt of \$ 20,160,533 as compared to \$ 19,389,670 as of June 30, 2020. The debt relates to bonds issued to finance the acquisition of the School’s facilities and equipment. Additional information on the School’s debt can be found in Notes 7, 8 and 9 on pages 22 and 23.

**General Fund Budgetary Highlights**

State sources revenues were favorable to budget due to an increase in state source revenues. Local sources revenues were favorable to budget due to the contribution by CSUSA. Total General Fund revenues were favorable to budget by \$ 350,000. Total General Fund expenditures were favorable to budget by \$ 48,000 due to the reduction in the cost reimbursements to CSUSA. Overall, the School ended the year with a change in fund balance that was favorable to the budget by approximately \$ 266,500.

**Economic Factors and Next Year's Budget**

In fiscal year 2021, the State of Florida increased its Florida Education Finance Program (FEFP) base funding to include a teacher salary increase pool of \$ 500 million and mental health initiative allocations. The capital outlay funding pool increased to \$ 169.6 million. A 2% merit increase was paid out to eligible staff.

For fiscal year 2022, the Florida Education Finance Program funding and the capital outlay revenue assumed at a flat rate in comparison to the current rate per student. The teacher salary allocation will continue to be a part of the base FEFP funding. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School’s strategic objectives.

**Requests for Information**

If you have questions about this report or need additional information, please contact Vivien Tsirkas, Controller - Schools; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

# BASIC FINANCIAL STATEMENTS

**Bonita Springs Charter School**  
**Statement of Net Position**  
**June 30, 2021**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 887,204
Other receivables	1,096
Due from other governments	64,229
Due from management company	319,927
Due from related party	43,568
Prepaid items	7,761
Deposits	30,405
Interest receivable	46
Restricted investments	157,390
	<hr/>
Total current assets	1,511,626
<b>Noncurrent Assets:</b>	
Restricted investments	1,446,021
Capital assets (depreciable), net of accumulated depreciation	18,526,763
	<hr/>
Total noncurrent assets	19,972,784
	<hr/>
Total assets	21,484,410
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	307,112
Salaries and wages payable	653,818
Due to related party	161,759
Compensated absences	43,502
Accrued interest payable	47,805
Capital lease	167,474
Bonds payable	310,000
	<hr/>
Total current liabilities	1,691,470
<b>Noncurrent Liabilities:</b>	
Compensated absences	14,500
Capital lease	897,803
Bonds payable	18,785,256
	<hr/>
Total noncurrent liabilities	19,697,559
	<hr/>
Total liabilities	21,389,029
<b>Commitments (Note 10)</b>	
	-
<b>Net Position:</b>	
Net investment in capital assets (deficit)	(187,749)
Restricted for repair and replacement reserves	99,602
Restricted for extracurricular activities	96,514
Unrestricted	87,014
	<hr/>
Total net position	\$ 95,381
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The accompanying notes to basic financial statements are an integral part of these statements.

**Bonita Springs Charter School**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Activities</u> <u>Net Revenue</u> <u>(Expense) and</u> <u>Change in</u> <u>Net Position</u>
<b>Functions/Programs:</b>					
Instruction	\$ 5,203,086	\$ -	\$ 22,062	\$ -	\$ (5,181,024)
Student support services	439,939	-	1,142	-	(438,797)
Instructional media services	8,130	-	-	-	(8,130)
Instruction and curriculum development services	24,914	-	-	-	(24,914)
Instructional staff training services	43,446	-	-	-	(43,446)
Instruction related technology	98,457	-	-	-	(98,457)
Board	39,280	-	-	-	(39,280)
School administration	914,438	-	-	-	(914,438)
Fiscal services	6,457	-	-	-	(6,457)
Food services	359,591	32,528	344,496	-	17,433
Central services	128,557	-	-	-	(128,557)
Transportation services	747,722	-	247,264	-	(500,458)
Operation of plant	1,723,783	-	136,068	-	(1,587,715)
Maintenance of plant	272,493	-	-	-	(272,493)
Community services	158,009	121,947	-	-	(36,062)
Extracurricular activities	98,557	-	177,034	-	78,477
Interest on long-term debt	1,243,299	-	-	682,837	(560,462)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total governmental activities	\$ <u>11,510,158</u>	\$ <u>154,475</u>	\$ <u>928,066</u>	\$ <u>682,837</u>	<u>(9,744,780)</u>
General revenues:					
Grants and entitlements					9,475,673
Interest income					23,153
Contributions					431,559
Miscellaneous					1,024
					<u>                    </u>
Total general revenues					<u>9,931,409</u>
Change in net position					186,629
Net position (deficit), July 1, 2020, as restated (Note 13)					<u>(91,248)</u>
Net position, June 30, 2021					\$ <u>95,381</u>

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

**Bonita Springs Charter School  
Balance Sheet - Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Outlay Fund</u>	<u>Nonmajor Club and Activities Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 789,329	\$ -	\$ -	\$ 97,875	\$ 887,204
Other receivables	1,096	-	-	-	1,096
Due from other governments	-	64,229	-	-	64,229
Due from management company	319,927	-	-	-	319,927
Due from related party	43,568	-	-	-	43,568
Due from other funds	45,274	-	-	-	45,274
Prepaid items	7,761	-	-	-	7,761
Deposits	30,405	-	-	-	30,405
Interest receivable	46	-	-	-	46
Restricted investments	1,603,411	-	-	-	1,603,411
	<u>1,603,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,603,411</u>
Total assets	<u>\$ 2,840,817</u>	<u>\$ 64,229</u>	<u>\$ -</u>	<u>\$ 97,875</u>	<u>\$ 3,002,921</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 307,112	\$ -	\$ -	\$ -	\$ 307,112
Salaries and wages payables	653,818	-	-	-	653,818
Due to related party	161,759	-	-	-	161,759
Due to other funds	-	43,913	-	1,361	45,274
	<u>-</u>	<u>43,913</u>	<u>-</u>	<u>1,361</u>	<u>45,274</u>
Total liabilities	<u>1,122,689</u>	<u>43,913</u>	<u>-</u>	<u>1,361</u>	<u>1,167,963</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues	-	20,316	-	-	20,316
	<u>-</u>	<u>20,316</u>	<u>-</u>	<u>-</u>	<u>20,316</u>
<b>Commitments (Note 10)</b>					
	-	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	7,761	-	-	-	7,761
Deposits	30,405	-	-	-	30,405
Restricted for debt service	1,446,617	-	-	-	1,446,617
Restricted for repair and replacement reserves	99,602	-	-	-	99,602
Restricted for extracurricular activities	-	-	-	96,514	96,514
Unassigned	133,743	-	-	-	133,743
	<u>133,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,743</u>
Total fund balances	<u>1,718,128</u>	<u>-</u>	<u>-</u>	<u>96,514</u>	<u>1,814,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,840,817</u>	<u>\$ 64,229</u>	<u>\$ -</u>	<u>\$ 97,875</u>	<u>\$ 3,002,921</u>

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

**Bonita Springs Charter School  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2021**

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**Total Fund Balances - Governmental Funds** \$ 1,814,642

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

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

Cost of capital assets	\$ 24,158,859	
Less accumulated depreciation	<u>(5,632,096)</u>	18,526,763

Unavailable revenue in the governmental funds is susceptible to full accrual in the government-wide statements.

20,316

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

Accrued interest payable	\$ (47,805)	
Capital leases	(1,065,277)	
Compensated absences	(58,002)	
Bonds payable	<u>(19,095,256)</u>	<u>(20,266,340)</u>

**Net Position of Governmental Activities** \$ 95,381

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

**Bonita Springs Charter School  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Outlay Fund</u>	<u>Nonmajor Club and Activities Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Federal through state	\$ -	\$ 428,929	\$ -	\$ -	\$ 428,929
State sources	9,780,269	3,391	682,837	-	10,466,497
Local sources	523,143	-	-	-	523,143
Aftercare	121,947	-	-	177,034	298,981
Total revenues	<u>10,425,359</u>	<u>432,320</u>	<u>682,837</u>	<u>177,034</u>	<u>11,717,550</u>
<b>Expenditures:</b>					
Instruction	4,870,684	33,996	-	-	4,904,680
Student support services	438,797	1,142	-	-	439,939
Instructional media services	8,130	-	-	-	8,130
Instruction and curriculum development services	24,914	-	-	-	24,914
Instructional staff training services	43,446	-	-	-	43,446
Instruction related technology	98,457	-	-	-	98,457
Board	39,280	-	-	-	39,280
School administration	914,438	-	-	-	914,438
Fiscal services	6,457	-	-	-	6,457
Food services	15,095	344,496	-	-	359,591
Central services	128,557	-	-	-	128,557
Transportation services	747,722	-	-	-	747,722
Operation of plant	993,912	-	-	-	993,912
Maintenance of plant	272,518	-	-	-	272,518
Community services	158,009	-	-	-	158,009
Extracurricular activities	-	-	-	98,557	98,557
Capital outlay	1,975,248	34,147	-	-	2,009,395
Debt service:					
Principal	574,705	-	-	-	574,705
Interest on long-term debt	559,878	-	682,837	-	1,242,715
Total expenditures	<u>11,870,247</u>	<u>413,781</u>	<u>682,837</u>	<u>98,557</u>	<u>13,065,422</u>
Excess (deficiency) of revenues over expenditures	<u>(1,444,888)</u>	<u>18,539</u>	<u>-</u>	<u>78,477</u>	<u>(1,347,872)</u>
<b>Other Financing Sources (Uses):</b>					
Transfer out	(20,316)	(38,855)	-	-	(59,171)
Transfer in	38,855	20,316	-	-	59,171
Proceeds from capital lease	1,344,982	-	-	-	1,344,982
Total other financing sources (uses)	<u>1,363,521</u>	<u>(18,539)</u>	<u>-</u>	<u>-</u>	<u>1,344,982</u>
Net change in fund balances	(81,367)	-	-	78,477	(2,890)
<b>Fund Balances, July 1, 2020, as restated (Note 14)</b>	<u>1,799,495</u>	<u>-</u>	<u>-</u>	<u>18,037</u>	<u>1,817,532</u>
<b>Fund Balances, June 30, 2021</b>	<u>\$ 1,718,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,514</u>	<u>\$ 1,814,642</u>

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

**Bonita Springs Charter School  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ (2,890)

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

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 2,009,395	
Less current year provision for depreciation	<u>(1,030,048)</u>	979,347

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Retirement of bonds payable		574,705
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Proceeds from capital lease		(1,344,982)
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Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available.

		(20,761)
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Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	\$ 1,796	
Provision for amortization of bond discount	<u>(586)</u>	<u>1,210</u>

**Change in Net Position of Governmental Activities** \$ 186,629

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

**Bonita Springs Charter School  
Statement of Revenues and Expenditures -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
State sources	\$ 9,568,126	\$ 9,780,269	\$ 212,143
Local sources	212,153	523,143	310,990
Aftercare	295,198	121,947	(173,251)
	<u>10,075,477</u>	<u>10,425,359</u>	<u>349,882</u>
<b>Expenditures:</b>			
Instruction	4,426,603	4,870,684	(444,081)
Student support services	269,445	438,797	(169,352)
Instructional media services	-	8,130	(8,130)
Instruction and curriculum development services	11,484	24,914	(13,430)
Instructional staff training services	34,240	43,446	(9,206)
Instruction related technology	201,128	98,457	102,671
Board	35,975	39,280	(3,305)
School administration	940,662	914,438	26,224
Fiscal services	422,496	6,457	416,039
Food services	136,801	15,095	121,706
Central services	51,140	128,557	(77,417)
Transportation services	854,245	747,722	106,523
Operation of plant	1,011,698	993,912	17,786
Maintenance of plant	468,601	272,518	196,083
Community services	112,128	158,009	(45,881)
Capital outlay	1,840,610	1,975,248	(134,638)
Debt service:			
Principal	589,385	574,705	14,680
Interest on long-term debt	511,701	559,878	(48,177)
	<u>11,918,342</u>	<u>11,870,247</u>	<u>48,095</u>
Excess (deficiency) of revenues over expenditures	<u>(1,842,865)</u>	<u>(1,444,888)</u>	<u>397,977</u>
<b>Other Financing Sources (Uses):</b>			
Transfer out	-	(20,316)	(20,316)
Transfer in	-	38,855	38,855
Proceeds from debt	1,494,981	1,344,982	(149,999)
	<u>1,494,981</u>	<u>1,363,521</u>	<u>(131,460)</u>
Net change in fund balance	<u>\$ (347,884)</u>	<u>\$ (81,367)</u>	<u>\$ 266,517</u>

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

**Bonita Springs Charter School  
Statement of Revenues and Expenditures -  
Budget and Actual - Grants Fund  
For the Year Ended June 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Federal sources:			
National School Lunch Program	\$ 207,502	\$ 320,789	\$ 113,287
Title II	27,890	-	(27,890)
Title III	284	-	(284)
Title IV	24,229	38,855	14,626
Federal Emergency Management Agency	26,094	-	(26,094)
Elementary and Secondary School Emergency Relief	-	69,285	69,285
State sources:			
National School Lunch Program	2,604	3,391	787
<b>Total revenues</b>	<u>288,603</u>	<u>432,320</u>	<u>143,717</u>
<b>Expenditures:</b>			
Instruction	34,273	33,996	277
Student support services	-	1,142	(1,142)
Instructional staff training services	27,890	-	27,890
Food services	187,251	344,496	(157,245)
Community services	22,855	-	22,855
Capital outlay	16,334	34,147	(17,813)
<b>Total expenditures</b>	<u>288,603</u>	<u>413,781</u>	<u>(125,178)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>18,539</u>	<u>18,539</u>
<b>Other Financing Sources (Uses):</b>			
Transfer out	-	(38,855)	(38,855)
Transfer in	-	20,316	20,316
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(18,539)</u>	<u>(18,539)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Note 1 - Organization and Operations**

The Southwest Charter Foundation, Inc. (the "Foundation"), formerly known as the Lee Charter Foundation, Inc., was organized in September 2001 as a Florida nonprofit corporation. Bonita Springs Charter School (the "School") is a Department of the Foundation and is established as a charter school for students from kindergarten to eighth grade in Lee County. There were 1,301 students enrolled for the 2020/2021 school year.

The financial statements of Bonita Springs Charter School, a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2021, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Note 2 - Summary of Significant Accounting Policies**

**Reporting entity:** The School operates under a charter granted by the sponsoring School District, the Lee County School District. The current charter is effective until June 2023. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. Bonita Springs Charter School is considered a component unit of the School District of Lee County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

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

**Government-wide financial statements:** Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

**Note 2 - Summary of Significant Accounting Policies (continued)**

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

**Fund financial statements:** Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

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

**Grants Fund** - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Project Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following nonmajor fund type:

**Club and Activities Fund** - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

**Basis of accounting:** Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

**Due to and due from other funds and transfers:** Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Transfers are used primarily to move revenues from the fund that is required to collect them to the fund that incurred the reimbursable expenditures in a prior year.

**Revenue recognition:** Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

**Income taxes:** The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

**Capital assets:** Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	40 years
Furniture, fixtures and equipment	3-5 years
Computer equipment	3 years
Improvements other than buildings	5 years

**Deferred outflows/inflows of resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

## Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets (deficit) - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balance of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nondspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nondspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

**Note 2 - Summary of Significant Accounting Policies (continued)**

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Budget:** An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

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

**Date of Management Review:** The School has evaluated subsequent events through September 25, 2021, which is the date that the financial statements were available to be issued.

**Note 3 - Cash and Cash Equivalents**

At June 30, 2021, the carrying amount of the deposits and cash on hand totaled \$ 887,204 with a bank balance of \$ 1,023,334.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2021.

**Bonita Springs Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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**Note 4 - Due To/From Related Parties**

The School is a Department of Southwest Charter Foundation, Inc. ("SCF"). The due to/from balances represent amounts that are due to/from SCF and other schools that share common board membership and are departments of SCF.

**Note 5 - Restricted Investments**

SCF previously issued bonds to finance the acquisition of facilities and equipment for two of their schools, including Bonita Springs Charter School (Note 7). The restricted investments of the School are held by the Trustee and are governed by the Bond Indenture. At June 30, 2021, the School has \$ 1,603,411 invested in a money market fund that is stated at amortized cost which approximates fair value.

Credit Risk

Generally, *credit risk* is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to this type of risk is limited because the money market fund is rated AAA-mf by Moody's.

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is forty-five days.

**Note 6 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, depreciable:				
Buildings	\$ 18,237,000	\$ -	\$ -	\$ 18,237,000
Furniture, fixtures and equipment	1,323,798	92,491	-	1,416,289
Computer equipment	1,825,732	415,920	-	2,241,652
Improvements other than buildings	<u>762,934</u>	<u>1,500,984</u>	<u>-</u>	<u>2,263,918</u>
Total capital assets, depreciable	<u>22,149,464</u>	<u>2,009,395</u>	<u>-</u>	<u>24,158,859</u>
Accumulated depreciation:				
Buildings	1,435,319	455,925	-	1,891,244
Furniture, fixtures and equipment	1,151,264	109,671	-	1,260,935
Computer equipment	1,634,916	190,506	-	1,825,422
Improvements other than buildings	<u>380,549</u>	<u>273,946</u>	<u>-</u>	<u>654,495</u>
Total accumulated depreciation	<u>4,602,048</u>	<u>1,030,048</u>	<u>-</u>	<u>5,632,096</u>
Net capital assets	<u>\$ 17,547,416</u>	<u>\$ 979,347</u>	<u>\$ -</u>	<u>\$ 18,526,763</u>

**Bonita Springs Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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**Note 6 - Capital Assets (continued)**

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$	300,177
Operation of plant		<u>729,871</u>
Total	\$	<u><u>1,030,048</u></u>

**Note 7 - Capital Leases**

During the year, the School entered into two capital leases for School HVAC equipment and computer equipment. The leases require monthly payments of \$ 24,962 through June 2023 and then \$ 17,780 through September 2026. As of June 30, 2021, the net book value of the leased HVAC equipment and computer equipment is approximately \$ 1,146,472. Amortization of the leased HVAC Equipment and computer equipment is included with depreciation expense.

The following is a schedule of the future minimum lease payments as of June 30, 2021:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 167,474	\$ 45,881	\$ 213,355
2023	259,713	39,827	299,540
2024	185,292	28,063	213,355
2025	194,900	18,455	213,355
2026	205,006	8,348	213,354
2027	52,892	447	53,339
	<u>\$ 1,065,277</u>	<u>\$ 141,021</u>	<u>\$ 1,206,298</u>

**Note 8 - Bonds Payable**

Previously, the Florida Development Finance Corporation (the "Corporation") issued \$ 40,485,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2017A and \$ 365,000 in Taxable Educational Facilities Revenue Bonds, Series 2017B pursuant to an Indenture of Trust between the Corporation and a Trustee to make a loan to Southwest Charter Foundation, Inc. ("SCF"), a division of which the School exists to finance the acquisition of the facilities and equipment of two charter schools existing under SCF. The Series 2017A Bonds bear interest at 5.125% through June 2027, then at 6.000% through June 2037 and finally at 6.125% through June 2047. The Series 2017B Bonds bear interest at 6.375% through June 2020. Principal and interest will be paid semi-annually on June 15 and December 15. In order to secure the payment of the principal and interest on the Bonds, the Corporation assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

**Bonita Springs Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**Note 8 - Bonds Payable (continued)**

The School's share of the annual debt service requirements to maturity for the Series 2017 Bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 310,000	\$ 1,128,790	\$ 1,438,790
2023	325,000	1,112,781	1,437,781
2024	340,000	1,096,081	1,436,081
2025	360,000	1,078,502	1,438,502
2026	380,000	1,059,919	1,439,919
2027-2031	2,230,000	4,958,915	7,188,915
2032-2036	3,005,000	4,198,789	7,203,789
2037-2041	4,045,000	3,166,780	7,211,780
2042-2046	5,465,000	1,755,581	7,220,581
2047	2,650,450	118,174	2,768,624
	<u>\$ 19,110,450</u>	<u>\$ 19,674,312</u>	<u>\$ 38,784,762</u>

**Note 9 - Long-Term Liabilities**

Changes in the School's long-term liabilities for fiscal year ended June 30, 2021, are as follows:

	Balance at July 1, 2020	Additions	Retirements	Amortization	Balance at June 30, 2021	Amount Due Within One Year
Series 2017 Educational Facilities Revenue Bonds, net of unamortized discount of \$ 15,194	\$ 19,389,670	\$ -	\$ 295,000	\$ 586	\$ 19,095,256	\$ 310,000
Capital leases, HVAC and computer equipment	-	1,344,982	279,705	-	1,065,277	167,474
Compensated absences	59,798	12,857	14,653	-	58,002	43,502
	<u>\$ 19,449,468</u>	<u>\$ 1,357,839</u>	<u>\$ 589,358</u>	<u>\$ 586</u>	<u>\$ 20,218,535</u>	<u>\$ 520,976</u>

**Note 10 - Commitments**

**Land Lease Agreement:** Concurrent with the Series 2017 Bond issuance (Note 8), Red Apple Development, LLC and subsidiaries ("RAD") entered into two land lease agreements with SCF. The land which is owned by RAD is leased by SCF on behalf of the schools under a 45-year lease. In addition to rent, SCF shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises. Total cost to the School for the lease was \$ 117,122 for the year ended June 30, 2021.

**Note 10 - Commitments (continued)**

The following is a schedule of the School’s future base rent payments as of June 30, 2021:

Year Ending June 30,		
2022	\$	119,462
2023		121,856
2024		124,290
2025		126,780
2026		129,310
2027-2031		686,412
2032-2036		757,846
2037-2041		836,720
2042-2046		923,806
2047-2051		1,019,956
5052-2056		1,126,112
2057-2061		1,243,312
2062		<u>219,090</u>
	\$	<u><u>7,434,952</u></u>

**Management agreement:** The School has a formal agreement with Charter Schools USA, Inc. (“CSUSA”) to manage, staff, and operate the School. The agreement has an initial term which expires in August 2023. It will automatically renew for five-year periods unless terminated by either party. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the “fee”) for its services, subject to availability of funds. The fee is subordinated to all bond payment requirements (Note 8). The fee ranges from \$ 315,029 for fiscal year 2022 to \$ 2,759,099 for fiscal year 2046 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. There were no cost reimbursements and management fees for the fiscal year ended June 30, 2021 and CSUSA contributed \$ 431,559 to the School.

The financial statements reflect a due from management company which totaled \$ 319,927 at June 30, 2021.

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Note 11 - Employee Benefit Plan**

During the year ended June 30, 2021, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

**Note 11 - Employee Benefit Plan (continued)**

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2020, the School had forfeitures of 876. For the year ended June 30, 2021, the School contributed a matching amount of \$ 24,587.

**Note 12 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 682,837 for the 2020/2021 school years which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School board. The School has elected to use these funds to pay a portion of the lease expense on the facility.

**Note 13 - Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

**Note 14 - Prior Period Adjustments**

GASB No. 84, Fiduciary Activities, effective for fiscal year ended June 30, 2021, deals with financial reporting of Fiduciary Activities and no longer permits the use of Agency Funds, which requires a change to the way the School reports its Internal Accounts. Internal Account activity will now be reported in the Club and Activities Fund. This treatment requires the restatement of the net position and fund balances as of June 30, 2020. The restatements are as follows:

Fund balances, June 30, 2020	\$	1,799,495
Removal of due from Agency Fund		(399)
Inclusion of Agency Fund cash		<u>18,436</u>
Restated fund balances, June 30, 2020	\$	<u><u>1,817,532</u></u>
Net position (deficit), June 30, 2020	\$	(109,285)
Removal of due from Agency Fund		(399)
Inclusion of Agency Fund cash		<u>18,436</u>
Restated net position (deficit), June 30, 2020	\$	<u><u>(91,248)</u></u>

**Note 15 - Risks and Uncertainties**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the School's financial position and operations. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

# OTHER INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Directors  
Bonita Springs Charter School  
A Department of Southwest Charter Foundation, 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, each major fund, and the aggregate remaining fund information of Bonita Springs Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2021, 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 25, 2021.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 25, 2021

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Bonita Springs Charter School  
A Department of Southwest Charter Foundation, Inc.  
Bonita Springs, Florida

### Report on the Financial Statements

We have audited the basic financial statements of Bonita Springs Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2021, and have issued our report thereon dated September 25, 2021.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 25, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and 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 are Bonita Springs Charter School and 364102.

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### **Financial Condition and Management**

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

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

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

### **Transparency**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 25, 2021