

**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, 2021

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2021

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OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.

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

2020-2021

BOARD OF DIRECTORS

Mr. Mark McCabe, Chair
Mr. Thad Deitrich, Vice Chair
Mr. Brett Baugh

SCHOOL ADMINISTRATION

Ms. Gwen DaPore, Executive Director
Mr. Jose Rubio, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oak Creek Charter School of Bonita Springs
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 Oak Creek Charter School of Bonita Springs, Inc. (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, 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 and each major fund and the aggregate remaining fund information of the School, as of June 30, 2021, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and budgetary comparison information on pages 28 through 30 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 10, 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 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 School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2021

Management's Discussion and Analysis
Oak Creek Charter School of Bonita Springs, Inc.
June 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$3,340,846, which includes \$2,749,826 of cash restricted for debt service and capital projects.
2. At year-end, the School's net position was \$496,439 and its fund balance was \$3,035,065.

Overview of the Financial Statement s

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, 2021 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, 2021 and 2020 follows:

	Net Position	
	2021	2020
Assets		
Cash and cash equivalents	\$ 587,030	\$ 473,716
Restricted cash	2,749,826	44,207
Prepaid expenses	3,990	-
Deposits receivable and other assets	-	6,606
Capital assets, net	14,802,176	640,800
Deferred outflows of resources, net	608,455	-
Total Assets	<u>\$ 18,751,477</u>	<u>\$ 1,165,329</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 305,781	\$ 321,126
Line of credit	-	21,642
Obligations under capital lease	37,757	49,685
Notes payable	17,911,500	603,045
Total Liabilities	<u>18,255,038</u>	<u>995,498</u>
Net investment in capital assets	211,200	412,850
Restricted for debt service	1,418,216	-
Restricted for capital projects	1,331,610	-
Unrestricted (deficit)	(2,464,587)	(243,019)
Total Net Position	<u>\$ 496,439</u>	<u>\$ 169,831</u>
Total Liabilities and Net Position	<u>\$ 18,751,477</u>	<u>\$ 1,165,329</u>

At June 30, 2021, the School's total assets were \$18,741,477 and total liabilities were \$18,255,038. At June 30, 2021, the School reported a total net position of \$496,439.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2021 and 2020 follows:

REVENUES	<u>2021</u>	<u>2020</u>
Program Revenues		
Federal lunch program	\$ 515,389	\$ 254,516
Revenues from state sources	158,771	3,300
State capital outlay funding	318,439	329,419
Charges for services	28,329	46,226
General Revenues		
FEFP nonspecific revenue	3,996,747	3,933,282
Gain on debt extinguishment	424,780	-
Other local revenue	38,374	17,227
Total Revenues	<u>\$ 5,480,829</u>	<u>\$ 4,583,970</u>
 EXPENSES		
Instruction	\$ 2,062,618	\$ 2,076,725
Food services	392,589	275,254
General administration	795,770	712,120
School administration	303,444	236,094
Central services	25,777	11,262
School Board	13,865	10,703
Operation of plant	1,069,104	969,210
Maintenance of plant	-	1,517
Fiscal services	48,320	59,893
Transportation	166,076	107,233
Administrative technology services	18,920	20,035
Community services	26,431	18,490
Interest on long-term debt	231,307	14,838
Total Expenses	<u>\$ 5,154,221</u>	<u>\$ 4,513,374</u>
Change in Net Position	326,608	70,596
 Net Position at Beginning of Year	169,831	99,235
 Net Position at End of Year	<u>\$ 496,439</u>	<u>\$ 169,831</u>

The School's total revenues for the year ended June 30, 2021 were \$5,480,829 while its total expenses were \$5,154,221 for a net increase of \$326,608. The School's net position at year-end totaled \$496,439. The School recognized a gain on extinguishment of debt of \$424,780, related to the forgiveness of their Paycheck Protection Plan loan during the current year.

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, 2021, the School's governmental funds reported a change in fund balance of \$2,853,304 and reported a combined fund balance at year-end of \$3,035,065.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2021, amounts to \$14,802,176 (net of accumulated depreciation). This investment in capital assets includes facilities, improvements, vehicles, furniture, fixtures and equipment. Capital assets net book value increased by \$14,161,376 mainly due to the net effect of the acquisition of school facilities and other capital assets of \$14,426,346, disposal of \$9,100 of capital assets, and \$255,870 in depreciation expense.

LONG-TERM DEBT

In March 2021, the School issued tax-exempt revenue bonds for \$17,090,000 (Series 2021A) and \$735,000 (Series 2021B), 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.

In July 2018, the School entered into a loan agreement with Building Hope, Inc. for \$250,000 to help finance the construction of a recreational field at the School. The loan was paid in full in connection with the bond closing and no balance is owed at June 30, 2021.

The School also entered into note payable arrangements in prior year for \$28,000 and current year for \$89,964 for the purchases of buses. The balance on these note payable arrangements totaled \$86,500 at June 30, 2021. In addition, the School financed certain equipment through a capital lease totaling \$51,670 in the prior year at a rate of 6%. The balance at June 30, 2021 totaled \$37,757.

In the prior year, the School received loan proceeds from a financial institution for \$424,780 pursuant to the Paycheck Protection Program. The loan was forgiven in its entirety during the current year, resulting in a gain on debt extinguishment of \$424,780 on the statement of activities.

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	\$ 3,935,398	\$ 3,996,747	\$ 3,996,747
State capital outlay funding	261,500	318,439	318,439
Federal passed through state	220,000	674,160	674,160
Local and other revenue	87,217	66,703	66,703
TOTAL REVENUES	\$ 4,504,115	\$ 5,056,049	\$ 5,056,049
EXPENDITURES			
Instruction	\$ 1,938,399	\$ 2,011,128	\$ 2,011,128
Food services	220,000	392,589	392,589
General administration	648,614	795,770	795,770
School administration	324,766	303,444	303,444
Central services	-	25,777	25,777
School Board	8,500	13,865	13,865
Operation of plant	393,088	883,423	883,423
Fiscal services	52,300	48,320	48,320
Transportation	168,849	140,277	140,277
Administrative technology services	35,300	18,920	18,920
Community services	11,922	26,431	26,431
Capital Outlay:			
Facilities acquisition and construction	555,380	14,426,346	14,426,346
Debt service	-	419,500	419,500
TOTAL EXPENDITURES	\$ 4,357,118	\$ 19,505,790	\$ 19,505,790
Change in fund balance before other financing sources	\$ 146,997	\$ (14,449,741)	\$ (14,449,741)
OTHER FINANCING SOURCES			
Proceeds from bonds issued	-	17,825,000	17,825,000
Discount on sale of bonds	-	(227,813)	(227,813)
Payments to bond escrow agent	-	(386,106)	(386,106)
Proceeds from debt and capital lease financing	-	89,964	89,964
Proceeds from the sale of capital assets	-	2,000	2,000
Net change in fund balance	<u>\$ 146,997</u>	<u>\$ 2,853,304</u>	<u>\$ 2,853,304</u>

The School's final budget was amended to account for the issuance of bonds payable during the year ending June 30, 2021. The School's enrollment and original budget projections were consistent with actual general fund expenditures.

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, 2021

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 587,030
Restricted cash	2,749,826
Due from other agencies	3,990
TOTAL CURRENT ASSETS	<u>3,340,846</u>
CAPITAL ASSETS, NET	
Depreciable capital assets, net of accumulated depreciation	<u>14,802,176</u>
TOTAL CAPITAL ASSETS, NET	14,802,176
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on bond issuance, net of amortization	<u>608,455</u>
TOTAL ASSETS	<u><u>\$ 18,751,477</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 106,561
Accrued payroll and related expenses	199,220
Obligations under capital lease - current portion	9,747
Note payable, current portion	12,852
TOTAL CURRENT LIABILITIES	<u>328,380</u>
Obligations under capital lease - long-term portion	28,010
Note payable, long-term portion	73,648
Bonds payable- long-term portion	17,825,000
TOTAL LIABILITIES	<u>18,255,038</u>
NET POSITION	
Invested in capital assets, net of related debt	211,200
Restricted for debt service	1,418,216
Restricted for capital projects	1,331,610
Unrestricted	<u>(2,464,587)</u>
TOTAL NET POSITION	<u>496,439</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 18,751,477</u></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, 2021

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$2,062,618	\$ -	158,771	\$ -
Food services	392,589	2,162	515,389	-
General administration	795,770	-	-	-
School administration	303,444	-	-	-
Central services	25,777	-	-	-
School Board	13,865	-	-	-
Operation of plant	1,069,104	-	-	318,439
Fiscal services	48,320	-	-	-
Transportation	166,076	-	-	-
Administrative technology services	18,920	-	-	-
Community services	26,431	26,167	-	-
Interest on long-term debt	231,307	-	-	-
Total Governmental Activities	\$5,154,221	\$ 28,329	\$ 674,160	\$ 318,439

GENERAL REVENUES:

Government grants not restricted to specific programs	3,996,747
Gain on extinguishment of debt	424,780
Local and other revenue	38,374
Total general revenues	4,459,901
 Change in Net Position	 326,608
 NET POSITION - BEGINNING	 169,831
 NET POSITION - ENDING	 <u>\$ 496,439</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, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 587,030	\$ -	\$ -	\$ 587,030
Restricted cash	-	2,749,826	-	2,749,826
Due from other agencies	3,990	-	-	3,990
Due from other funds	-	-	1,331,610	1,331,610
TOTAL ASSETS	<u>\$ 591,020</u>	<u>\$ 2,749,826</u>	<u>\$ 1,331,610</u>	<u>\$ 4,672,456</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 106,561	\$ -	\$ -	\$ 106,561
Accrued payroll and related expenses	199,220	-	-	199,220
Due to other funds	-	1,331,610	-	1,331,610
TOTAL LIABILITIES	<u>305,781</u>	<u>1,331,610</u>	<u>-</u>	<u>1,637,391</u>
FUND BALANCE				
Restricted for:				
Debt service	-	1,418,216	-	-
Capital projects	-	-	1,331,610	-
Unassigned	285,239	-	-	3,035,065
TOTAL FUND BALANCE	<u>285,239</u>	<u>1,418,216</u>	<u>1,331,610</u>	<u>3,035,065</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 591,020</u>	<u>\$ 2,749,826</u>	<u>\$ 1,331,610</u>	<u>\$ 4,672,456</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, 2021

Total Fund Balance - Governmental Funds	\$ 3,035,065
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	14,802,176
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.	608,455
Long term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.	
Notes payable	(17,911,500)
Obligations under capital lease	<u>(37,757)</u>
Total Net Position - Governmental Activities	<u>\$ 496,439</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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
REVENUES					
State passed through local school district	\$ 3,996,747	\$ -	\$ -	\$ -	\$ 3,996,747
Federal lunch program	-	515,389	-	-	515,389
Federal passed through state	-	158,771	-	-	158,771
State capital outlay funding	-	-	-	318,439	318,439
Local and other revenue:					
Charges for services	28,329	-	-	-	28,329
Other	38,374	-	-	-	38,374
TOTAL REVENUES	4,063,450	674,160	-	318,439	5,056,049
EXPENDITURES					
Current:					
Instruction	\$ 1,852,357	\$ 158,771	\$ -	\$ -	\$ 2,011,128
Food services	-	392,589	-	-	392,589
General administration	795,770	-	-	-	795,770
School administration	303,444	-	-	-	303,444
Central services	25,777	-	-	-	25,777
School Board	13,865	-	-	-	13,865
Operation of plant	564,984	-	-	318,439	883,423
Fiscal services	48,320	-	-	-	48,320
Transportation	140,277	-	-	-	140,277
Administrative technology services	18,920	-	-	-	18,920
Community services	26,431	-	-	-	26,431
Capital Outlay:					
Facilities acquisition and construction	344,992	-	-	14,081,354	14,426,346
Debt service:					
Principal retirement	58,697	-	134,960	-	193,657
Interest	14,162	-	211,681	-	225,843
TOTAL EXPENDITURES	\$ 4,207,996	\$ 551,360	\$ 346,641	\$ 14,399,793	\$ 19,505,790
Change in fund balance before other financing sources	(144,546)	122,800	(346,641)	(14,081,354)	(14,449,741)
OTHER FINANCING SOURCES					
Proceeds from bonds issued	-	-	17,825,000	-	17,825,000
Discount on sale of bonds	-	-	(227,813)	-	(227,813)
Payments to bond escrow agent	-	-	(386,106)	-	(386,106)
Transfers in (out)	156,060	(122,800)	(15,446,224)	15,412,964	-
Proceeds from note payable	89,964	-	-	-	89,964
Proceeds from the sale of capital assets	2,000	-	-	-	2,000
Total other financing sources	248,024	(122,800)	1,764,857	15,412,964	17,303,045
NET CHANGE IN FUND BALANCE	103,478	-	1,418,216	1,331,610	2,853,304
Fund balance at beginning of year	181,761	-	-	-	181,761
Fund balance at end of year	\$ 285,239	\$ -	\$ 1,418,216	\$ 1,331,610	\$ 3,035,065

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, 2021

Change in Fund Balance - Governmental Funds \$ 2,853,304

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	14,426,346
Depreciation expense	(255,870)
Proceeds from the sale of capital assets	(2,000)
Loss on sale of capital assets	(7,100)

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. Gains on debt extinguishment are reported as income on the statement of activities when the debt is extinguished, while the governmental funds report an increase in fund balance at the time that proceeds are initially received. 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	(89,964)
Principal repayments	193,657
Proceeds from issuance of bonds payable	(17,825,000)
Amortization of deferred outflows	(5,464)
Discount on sale of bonds	227,813
Payments to bond escrow agent	386,106
Gain on debt extinguishment	424,780

Change in Net Position of Governmental Activities \$ 326,608

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, 2021

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, 2021, when approximately 520 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, 2021

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.

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, 2021

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/>
Improvements other than building	10
Leasehold improvements	15
Furniture, fixtures, and equipment	10
Vehicles	3 - 5

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, 2021

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, 2021, was \$211,200.
- 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, 2021 were \$2,749,826.
- 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, 2021, there was no non-spendable fund balance.
- 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, 2021, the restricted fund balance totaled \$2,749,826.
- 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, 2021, 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, 2021, 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, 2021

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, 2021.

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 10, 2021, which is the date the financial statements were available to be issued.

NOTE 3 - CASH DEPOSITS AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in 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, 2021, bank balances held in financial institutions exceeded the FDIC limit by \$2,499,895.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 is as follows:

	Balance 7/1/2020	Additions	Disposals	Balance 6/30/2021
Capital Assets				
Building	\$ -	\$ 13,481,355	\$ -	\$ 13,481,355
Building improvements	484,914	635,920		1,120,834
Furniture, fixtures, and equipment	281,196	88,657	-	369,853
Vehicles	69,670	140,126	(18,000)	191,796
Audiovisual materials and computer software	38,478	80,288	-	118,766
Total Capital Assets	<u>874,258</u>	<u>14,426,346</u>	<u>(18,000)</u>	<u>15,282,604</u>
Less Accumulated Depreciation				
Building	\$ -	\$ (124,228)	\$ -	\$ (124,228)
Building improvements	(110,187)	(61,453)	-	(171,640)
Furniture, fixtures, and equipment	(108,515)	(35,731)	-	(144,246)
Vehicles	(8,394)	(18,699)	8,900	(18,193)
Audiovisual materials and computer software	(6,362)	(15,759)	-	(22,121)
Total Accumulated Depreciation	<u>\$ (233,458)</u>	<u>\$ (255,870)</u>	<u>\$ 8,900</u>	<u>\$ (480,428)</u>
Capital Assets, net	<u>\$ 640,800</u>	<u>\$ 14,170,476</u>	<u>\$ (9,100)</u>	<u>\$ 14,802,176</u>

For the year ended June 30, 2021, depreciation expense was allocated in the statement of activities as follows:

Operation of plant	\$ 185,681
Instructional	51,490
Transportation	18,699
Total	<u>\$ 255,870</u>

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 – NOTES PAYABLE

In July 2018, the School entered into a loan agreement, in the amount of \$250,000, with Building Hope, Inc. (“Building Hope”) for the purpose of constructing a recreational field at the School. The note called for monthly equal payments of principal and interest at an annual interest rate of 6% through June 30, 2023. The note was paid in full during the year ended June 30, 2021 in connection with the issuance of bonds payable. See Note 7.

In prior years, the School purchased seven buses from Gulf Coast Charter Academy South (“Gulf Coast”), a charter school of the District School Board of Collier County, FL, and a related party through common control, for a total of \$28,000 under four separate arrangements. These note payable arrangements were paid in full during the current year.

In the current year, the School purchased one bus for a total of \$89,964 from Gulf Coast under a separate note payable arrangement. The arrangement calls for equal monthly non-interest bearing payments of \$1,071 through February 2028.

In April 2020, the School received loan proceeds from a financial institution in the amount of \$424,780 under the Paycheck Protection Program (“PPP”). The loan is eligible for full forgiveness in full if used for qualifying expenditures under the PPP guidelines. The loan was forgiven in full as of the year ended June 30, 2021.

The following schedule provides a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance 7/1/2020	Borrowings	Repayments	Forgiveness	Balance at 6/30/2021
Note payable - Building Hope	\$ 167,491	\$ -	\$ (167,491)	\$ -	\$ -
Note payable - Gulf Coast	10,774	89,964	(14,238)	-	86,500
Note payable - PPP	424,780	-	-	(424,780)	-
Total notes payable	<u>\$ 603,045</u>	<u>\$ -</u>	<u>\$ (181,729)</u>	<u>\$ (424,780)</u>	<u>\$ 86,500</u>

Future payments under these arrangements are as follows:

Fiscal Year Ending June 30,	
2022	\$ 12,852
2023	12,852
2024	12,852
2025	12,852
2026	12,852
2027-2028	22,240
	<u>\$ 86,500</u>

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – CAPITAL LEASE OBLIGATION

In the prior year, the School entered into a capital lease agreement with Forza Education Management, L.L.C. (“FORZA”), to lease a vehicle. As of June 30, 2021, the leased vehicle is reflected at a total cost of \$51,670. The lease requires monthly payments of principal and interest totaling \$994 at an interest rate of 6% per annum through April 2025. Future minimum payments under capital leases as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	
2022	\$ 9,747
2023	10,349
2024	10,987
2025	6,674
Thereafter	-
	<u>\$ 37,757</u>

The following schedule provides a summary of changes in the capital lease obligation for the year ended June 30, 2021:

	Balance July 1, 2020	Amount Financed	Payments	Balance June 30, 2021
Capital lease obligations	\$ 49,685	\$ -	\$ (11,928)	\$ 37,757
	<u>\$ 49,685</u>	<u>\$ -</u>	<u>\$ (11,928)</u>	<u>\$ 37,757</u>

NOTE 7 – BONDS PAYABLE

In March 2021, the School issued tax-exempt revenue bonds for \$17,090,000 (Series 2021A) and \$735,000 (Series 2021B). 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 2021A bond calls for interest only payments through June 30, 2025, followed by principal and interest payments through the maturity date. The Series 2021B bond calls for interest only payments through June 30, 2022, followed by principal and interest payments through the maturity date. Bonds payable at June 30, 2021 totaled \$17,825,000 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	<u>735,000</u>	5.75	2025
Total bonds payable	<u>\$ 17,825,000</u>		

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – BONDS PAYABLE (Continued)

The following schedule provides a summary of changes for the year ended June 30, 2021:

	Balance 7/1/2020	Borrowings	Repayments	Balance at 6/30/2021
Bonds payable	\$ -	\$ 17,825,000	\$ -	\$ 17,825,000

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
2022	\$ 918,126	\$ -	\$ 918,126
2023	1,148,126	230,000	918,126
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 - 2031	5,646,751	1,475,000	4,171,751
2032 - 2036	5,634,319	1,880,000	3,754,319
2037 - 2041	5,630,551	2,410,000	3,220,551
2042 - 2046	5,640,593	3,105,000	2,535,593
2047 - 2051	5,639,351	3,985,000	1,654,351
2052 - 2055	4,508,007	3,985,000	523,007
	<u>\$ 38,192,401</u>	<u>\$ 17,825,000</u>	<u>\$ 20,367,401</u>

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, 2021 and a debt service coverage ratio of at least 1.10:1.00 beginning with fiscal year end June 30, 2023. At June 30, 2021 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>\$ 587,030</u>
Total expenditures total governmental funds year ending June 30, 2021	\$ 19,505,790
Less capital outlay - facilities acquisition and constructions	<u>(14,426,346)</u>
Total expenditures total governmental funds less capital outlay - facilities acquisition and constructions	<u>\$ 5,079,444</u>
Cash requirement (30 days) general fund at June 30, 2021	<u>\$ 417,488</u>
Excess cash on hand - general fund	<u>\$ 169,542</u>

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – BONDS PAYABLE (Continued)

The debt service coverage ratio is presented for the fiscal year end June 30, 2021 for information purposes only in accordance with the bond agreement as compliance with the ratio begins with the fiscal year end June 30, 2023.

Debt Service Coverage Ratio

Excess of expenditures over revenues	\$ (14,449,741)
Plus interest	225,843
Plus principal retirement	193,657
Plus capital outlay - facilities acquisition and constructions	<u>14,426,346</u>
 Excess of revenues over expenditures	 <u>\$ 396,105</u>
 Debt service costs for year ending June 30, 2021	
Interest	\$ 225,843
Principal retirement	193,657
Total debt service costs for year ending June 30, 2021	<u>\$ 419,500</u>
 Debt service ratio (excess of revenues over expenditures divided by total debt service costs for year ending June 30, 2021)	 0.94

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.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - MANAGEMENT STRUCTURE (Continued)

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, 2021, the School incurred management fees of \$700,397. At June 30, 2021, the School owed \$40,483 for fiscal year 2021 management fees, which are included in accounts payable.

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, 2021, the School incurred fees related to this agreement totaling \$50,456. At June 30, 2021, the School owed \$4,392 for fiscal year 2021 services, which are included in accounts payable.

NOTE 10 – INTERFUND TRANSFERS

During the fiscal year 2021, the debt service fund transferred \$15,446,224 to other funds, consisting of a transfer to the capital projects fund of \$15,412,964 to provide for the acquisition of School facilities and improvements, and a transfer of \$33,260 to the general fund for the payment of amounts owed by the general fund paid via the issuance of the bonds payable. In addition, the special revenue fund transferred \$122,800 to the general fund for amounts previously paid by the general fund related to special revenue funding.

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 rental agreement is for a term of three years and requires monthly payments of \$600. Rental income for the year ended June 30, 2021 totaled \$1,800 and is included in local and other revenue.

In prior and current year, 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 capital lease agreement with FORZA. See Note 6.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The School entered into an installment agreement with the Internal Revenue Service (IRS) related to amounts owed for payroll taxes in prior years. During the year ended June 30, 2021, the School has made all payments in accordance with the agreement and there is no balance owed at June 30, 2021.

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, 2021, which will have a material effect on the financial statements.

OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 13 – 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.

NOTE 14 – COVID-19 PANDEMIC

The World Health Organization (“WHO”) declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the School cannot reasonably estimate the extent to which this disruption may continue to impact the School’s financial statements and future results of operations.

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, 2021

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 3,935,398	\$ 3,996,747	\$ 3,996,747
Local and other revenue	87,217	66,703	66,703
TOTAL REVENUES	\$ 4,022,615	\$ 4,063,450	\$ 4,063,450
EXPENDITURES			
Instruction	\$ 1,938,399	\$ 1,852,357	\$ 1,852,357
General administration	648,614	795,770	795,770
School administration	324,766	303,444	303,444
Central services	-	25,777	25,777
School Board	8,500	13,865	13,865
Operation of plant	131,588	564,984	564,984
Maintenance of plant	-	-	-
Fiscal services	52,300	48,320	48,320
Transportation	168,849	140,277	140,277
Administrative technology services	35,300	18,920	18,920
Community services	11,922	26,431	26,431
Capital Outlay:			
Facilities acquisition and construction	555,380	344,992	344,992
Debt service	-	72,859	72,859
TOTAL EXPENDITURES	\$ 3,875,618	\$ 4,207,996	\$ 4,207,996
Change in fund balance before other financing sources	146,997	(144,546)	(144,546)
OTHER FINANCING SOURCES			
Transfers in	-	156,060	156,060
Proceeds from debt and capital lease financing	-	89,964	89,964
Proceeds from the sale of capital assets	-	2,000	2,000
Net change in fund balance	\$ 146,997	\$ 103,478	\$ 103,478

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, 2021

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 220,000	\$ 515,389	\$ 515,389
Federal passed through state	-	158,771	158,771
TOTAL REVENUES	\$ 220,000	\$ 674,160	\$ 674,160
EXPENDITURES			
Food services	220,000	392,589	392,589
Instruction	-	158,771	158,771
TOTAL EXPENDITURES	\$ 220,000	\$ 551,360	\$ 551,360
Change in fund balance before other financing sources	-	122,800	122,800
OTHER FINANCING SOURCES			
Transfers out	-	(122,800)	(122,800)
Net change in fund balance	\$ -	\$ -	\$ -

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, 2021

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Revenues	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Debt service	9,000	346,641	346,641
TOTAL EXPENDITURES	<u>\$ 9,000</u>	<u>\$ 346,641</u>	<u>\$ 346,641</u>
Change in fund balance before other financing sources	(9,000)	(346,641)	(346,641)
OTHER FINANCING SOURCES			
Proceeds from bonds issued	-	17,825,000	17,825,000
Discount on sale of bonds	-	(227,813)	(227,813)
Payments to bond escrow agent	-	(386,106)	(386,106)
Transfers out	-	(15,446,224)	(15,446,224)
Net change in fund balance	<u>\$ (9,000)</u>	<u>\$ 1,418,216</u>	<u>\$ 1,418,216</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, 2021**

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, 2021, 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 capital projects 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*

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, 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 10, 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) 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 10, 2021



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, 2021, and have issued our report thereon dated September 10, 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 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 10, 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 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, 2021 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 10, 2021