

# 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, 2023



# 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 Audit of the Financial Statements

#### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons 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.

#### Basis for Opinions

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

#### Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund 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, 2023 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2023 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 7, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS



**Bonita Springs Charter School  
Management's Discussion and Analysis  
June 30, 2023**

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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, 2023 and 2022.

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, 2023, the School's fund balances were \$ 2,229,035 as compared to \$ 1,943,694 as of June 30, 2022.
- As of June 30, 2023, the School has net position of \$ 329,873 compared to net position (deficit) of \$ (140,980) as of June 30, 2022.

### **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 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 9 and 10 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, Capital Project Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Club and Activities Fund. 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 11 through 16 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 17 through 27 of this report.

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

The School has been in operation for twenty-one years; therefore, comparative government-wide data is presented. The School's net position was \$329,873 at June 30, 2023, which represents net investment in capital assets (deficit) of \$ (286,649), restricted net position of \$ 483,509 and unrestricted net position of \$ 133,013. The School's net position (deficit) was \$ (140,980) at June 30, 2022, which represented net investment in capital assets (deficit) of \$ (502,867) restricted net position of \$ 380,705 and unrestricted net position (deficit) of \$ (18,818).

**Bonita Springs Charter School  
Management's Discussion and Analysis  
June 30, 2023**

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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, 2023	June 30, 2022
Assets:		
Current and other assets	\$ 1,922,746	\$ 1,300,230
Noncurrent assets	<u>21,264,769</u>	<u>21,632,680</u>
Total assets	<u>23,187,515</u>	<u>22,932,910</u>
Liabilities:		
Current liabilities	1,817,695	1,510,029
Noncurrent liabilities	<u>21,039,947</u>	<u>21,563,861</u>
Total liabilities	<u>22,857,642</u>	<u>23,073,890</u>
Net Position (Deficit):		
Net investment in capital assets (deficit)	(286,649)	(502,867)
Restricted	483,509	380,705
Unrestricted (deficit)	<u>133,013</u>	<u>(18,818)</u>
Total net position (deficit)	<u>\$ 329,873</u>	<u>\$ (140,980)</u>

Current and other assets rose due to an increase in the School's cash position. Capital assets, net of depreciation decreased due to depreciation expense of approximately \$ 1,035,700 offset by the addition of \$ 661,997 in capital assets. Current liabilities rose mainly due to an increase in trade payables. Noncurrent liabilities decreased due to principal payments made on the School's lease and bond liabilities.

**Governmental Activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 10. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2023 and 2022:

Bonita Springs Charter School Change in Net Position (Deficit)		
	June 30, 2023	June 30, 2022
Revenues:		
General revenues	\$ 10,686,065	\$ 9,780,397
Program revenues	<u>3,394,740</u>	<u>2,712,803</u>
Total revenues	<u>14,080,805</u>	<u>12,493,200</u>
Functions/Program Expenses:		
Instruction	5,970,425	5,648,557
Instructional support services	4,298,233	3,691,914
Non-instructional services	<u>3,341,294</u>	<u>3,318,355</u>
Total governmental activities	<u>13,609,952</u>	<u>12,658,826</u>
Change in net position (deficit)	<u>\$ 470,853</u>	<u>\$ (165,626)</u>

**Bonita Springs Charter School  
Management’s Discussion and Analysis  
June 30, 2023**

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General revenues increased compared to the previous year due to a rise in Florida Education Finance Program (FEFP) revenues and CSUSA contributions. The program revenues rose due to an increase in ESSER II grant funding. Total expenses increased due to rising instructional and non-instructional services.

**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	2023		2022	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 5,664,307	42%	\$ 5,362,076	44%
Debt service	1,859,178	14%	1,771,614	15%
Plant operations and maintenance	1,536,343	11%	1,172,487	9%
School administration	894,567	6%	926,630	7%
Student support services	754,829	5%	664,863	5%
All other functions/programs	<u>3,086,240</u>	<u>22%</u>	<u>2,486,794</u>	<u>20%</u>
Total governmental expenditures	\$ <u>13,795,464</u>	<u>100%</u>	\$ <u>12,384,464</u>	<u>100%</u>

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2023, the School had capital assets of \$ 19,811,997, net of accumulated depreciation and amortization, invested in intangible right to use land , improvements other than building and computer equipment, computers, furniture, fixtures and equipment and improvements other than building as compared to \$ 20,185,726 at June 30, 2022. A detailed schedule is on page 23 in the notes to the basic financial statements.

**Debt:** At June 30, 2023, the School had outstanding debt of \$ 21,551,418 as compared to \$ 22,135,547 as of June 30, 2022. Additional information on the School’s debt can be found in Notes 8, 9 and 10 on pages 24 and 25.

**General Fund Budgetary Highlights**

State source revenues were favorable to budget due to an increase in FEFP. Local source revenues were favorable to budget due to increase in interest and CSUSA contributions. Total General Fund revenues were favorable to budget by \$ 690,963. Total General Fund expenditures were unfavorable to budget by \$ 1,226,273. Overall, the School ended the year with an increase in fund balance of \$ 210,225.

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

In fiscal year 2023, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 800 million. The capital outlay funding pool ended up at \$ 196.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2024, the teacher salary increase allocation will be \$ 1.1 billion and will continue to be part of FEFP funding. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% 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 Michael Valdes, Controller - School Accounting; 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, 2023**

	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,161,910
Other receivables	9,736
Due from other governments	213,267
Due from related party	4,131
Prepaid items	203,697
Deposits	22,571
Interest receivable	5,948
Restricted investments	301,486
	<hr/>
Total current assets	1,922,746
<b>Noncurrent Assets:</b>	
Restricted investments	1,452,772
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	19,811,997
	<hr/>
Total noncurrent assets	21,264,769
	<hr/>
Total assets	23,187,515
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	297,728
Salaries and wages payable	578,667
Due to related party	701
Due to management company	269,387
Compensated absences	41,462
Accrued interest payable	104,458
Leases	185,292
Bonds payable	340,000
	<hr/>
Total current liabilities	1,817,695
<b>Noncurrent Liabilities:</b>	
Compensated absences	13,821
Leases	2,904,702
Bonds payable	18,121,424
	<hr/>
Total noncurrent liabilities	21,039,947
	<hr/>
Total liabilities	22,857,642
<b>Commitments (Note 11)</b>	
	-
<b>Net Position:</b>	
Net investment in capital assets (deficit)	(286,649)
Restricted for repair and replacement reserves	245,000
Restricted for extracurricular activities	238,509
Unrestricted	133,013
	<hr/>
Total net position	\$ 329,873
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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, 2023**

	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
<b>Functions/Programs:</b>					
Instruction	\$ 5,970,425	\$ -	\$ 1,041,868	\$ -	\$ (4,928,557)
Student support services	754,829	-	35,169	-	(719,660)
Instruction and curriculum development services	16,366	-	-	-	(16,366)
Instructional staff training services	54,989	-	11,600	-	(43,389)
Instruction related technology	308,355	-	-	-	(308,355)
Board	127,945	-	-	-	(127,945)
School administration	894,567	-	-	-	(894,567)
Fiscal services	20,916	-	11,605	-	(9,311)
Food services	362,244	71,130	362,244	-	71,130
Central services	281,096	-	56,100	-	(224,996)
Transportation services	740,293	-	299,838	-	(440,455)
Operation of plant	1,825,160	-	94,268	-	(1,730,892)
Maintenance of plant	443,967	-	7,875	-	(436,092)
Community services	58,445	171,025	-	-	112,580
Extracurricular activities	453,594	-	528,710	-	75,116
Interest on long-term debt	<u>1,296,761</u>	<u>-</u>	<u>-</u>	<u>703,308</u>	<u>(593,453)</u>
 Total governmental activities	 \$ <u>13,609,952</u>	 \$ <u>242,155</u>	 \$ <u>2,449,277</u>	 \$ <u>703,308</u>	 <u>(10,215,212)</u>
 General revenues:					
Grants and entitlements					10,070,380
Interest income					82,754
Contributions					532,885
Miscellaneous					<u>46</u>
 Total general revenues					<u>10,686,065</u>
 Change in net position					470,853
 Net position (deficit), July 1, 2022					<u>(140,980)</u>
 Net position, June 30, 2023					<u>\$ 329,873</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, 2023**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Outlay Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 928,912	\$ -	\$ -	\$ 232,998	\$ 1,161,910
Other receivables	9,736	-	-	-	9,736
Due from other governments	-	213,267	-	-	213,267
Due from related party	4,131	-	-	-	4,131
Due from other funds	213,267	-	-	5,511	218,778
Prepaid items	203,697	-	-	-	203,697
Deposits	22,571	-	-	-	22,571
Interest receivable	5,948	-	-	-	5,948
Restricted investments	<u>1,754,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,754,258</u>
Total assets	<u>\$ 3,142,520</u>	<u>\$ 213,267</u>	<u>\$ -</u>	<u>\$ 238,509</u>	<u>\$ 3,594,296</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 297,728	\$ -	\$ -	\$ -	\$ 297,728
Salaries and wages payables	578,667	-	-	-	578,667
Due to related party	701	-	-	-	701
Due to management company	269,387	-	-	-	269,387
Due to other funds	<u>5,511</u>	<u>213,267</u>	<u>-</u>	<u>-</u>	<u>218,778</u>
Total liabilities	<u>1,151,994</u>	<u>213,267</u>	<u>-</u>	<u>-</u>	<u>1,365,261</u>
<b>Commitments (Note 11)</b>	-	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	203,697	-	-	-	203,697
Deposits	22,571	-	-	-	22,571
Restricted for repair and replacement reserves	245,000	-	-	-	245,000
Restricted for debt service	1,509,258	-	-	-	1,509,258
Restricted for extracurricular activities	-	-	-	238,509	238,509
Unassigned	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total fund balances	<u>1,990,526</u>	<u>-</u>	<u>-</u>	<u>238,509</u>	<u>2,229,035</u>
Total liabilities and fund balances	<u>\$ 3,142,520</u>	<u>\$ 213,267</u>	<u>\$ -</u>	<u>\$ 238,509</u>	<u>\$ 3,594,296</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, 2023**

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**Total Fund Balances - Governmental Funds** \$ 2,229,035

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$	27,559,113	
Accumulated depreciation and amortization		<u>(7,747,116)</u>	19,811,997

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	\$	(104,458)	
Leases		(3,089,994)	
Compensated absences		(55,283)	
Bonds payable		<u>(18,461,424)</u>	<u>(21,711,159)</u>

**Net Position of Governmental Activities** \$ 329,873

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, 2023**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Outlay Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Federal through state	\$ -	\$ 1,506,220	\$ -	\$ -	\$ 1,506,220
State sources	10,440,474	2,824	703,308	-	11,146,606
Local sources	728,244	-	-	528,710	1,256,954
Aftercare	171,025	-	-	-	171,025
	<u>11,339,743</u>	<u>1,509,044</u>	<u>703,308</u>	<u>528,710</u>	<u>14,080,805</u>
Total revenues					
<b>Expenditures:</b>					
Instruction	5,454,886	209,421	-	-	5,664,307
Student support services	719,660	35,169	-	-	754,829
Instruction and curriculum development services	16,366	-	-	-	16,366
Instructional staff training services	43,389	11,600	-	-	54,989
Instruction related technology	308,355	-	-	-	308,355
Board	127,945	-	-	-	127,945
School administration	894,567	-	-	-	894,567
Fiscal services	9,311	11,605	-	-	20,916
Food services	-	362,244	-	-	362,244
Central services	224,996	56,100	-	-	281,096
Transportation services	740,293	-	-	-	740,293
Operation of plant	1,088,940	3,436	-	-	1,092,376
Maintenance of plant	436,092	7,875	-	-	443,967
Community services	58,445	-	-	-	58,445
Extracurricular activities	-	-	-	453,594	453,594
Capital outlay	582,581	79,416	-	-	661,997
Debt service:					
Principal	584,713	-	-	-	584,713
Interest on long-term debt	571,157	-	703,308	-	1,274,465
	<u>11,861,696</u>	<u>776,866</u>	<u>703,308</u>	<u>453,594</u>	<u>13,795,464</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(521,953)</u>	<u>732,178</u>	<u>-</u>	<u>75,116</u>	<u>285,341</u>
<b>Other Financing Sources (Uses):</b>					
Transfer out	-	(732,178)	-	-	(732,178)
Transfer in	732,178	-	-	-	732,178
	<u>732,178</u>	<u>(732,178)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Net change in fund balances	210,225	-	-	75,116	285,341
<b>Fund Balances, July 1, 2022</b>	<u>1,780,301</u>	<u>-</u>	<u>-</u>	<u>163,393</u>	<u>1,943,694</u>
<b>Fund Balances, June 30, 2023</b>	<u>\$ 1,990,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,509</u>	<u>\$ 2,229,035</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, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ 285,341

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, these costs are allocated over their estimated useful lives as a provision for depreciation and amortization.

Cost of capital assets	\$ 661,997	
Provision for depreciation and amortization	<u>(1,035,726)</u>	(373,729)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 584,713

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	\$ (3,176)	
Change in accrued interest payable	(21,712)	
Provision for amortization of bond discount	<u>(584)</u>	<u>(25,472)</u>

**Change in Net Position of Governmental Activities** \$ 470,853

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, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
State sources	\$ 10,412,571	\$ 10,440,474	\$ 27,903
Local sources	44,540	728,244	683,704
Aftercare	191,669	171,025	(20,644)
	<u>10,648,780</u>	<u>11,339,743</u>	<u>690,963</u>
<b>Expenditures:</b>			
Instruction	5,063,904	5,454,886	(390,982)
Student support services	377,135	719,660	(342,525)
Instruction and curriculum development services	12,092	16,366	(4,274)
Instructional staff training services	41,135	43,389	(2,254)
Instruction related technology	215,441	308,355	(92,914)
Board	78,131	127,945	(49,814)
School administration	862,268	894,567	(32,299)
Fiscal services	313,748	9,311	304,437
Central services	168,889	224,996	(56,107)
Transportation services	822,498	740,293	82,205
Operation of plant	975,812	1,088,940	(113,128)
Maintenance of plant	397,517	436,092	(38,575)
Community services	80,519	58,445	22,074
Capital outlay	222,177	582,581	(360,404)
Debt service:			
Principal	411,185	584,713	(173,528)
Interest on long-term debt	592,972	571,157	21,815
	<u>10,635,423</u>	<u>11,861,696</u>	<u>(1,226,273)</u>
Excess (deficiency) of revenues over expenditures	<u>13,357</u>	<u>(521,953)</u>	<u>(535,310)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	<u>-</u>	<u>732,178</u>	<u>732,178</u>
Net change in fund balance	<u>\$ 13,357</u>	<u>\$ 210,225</u>	<u>\$ 196,868</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, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Federal sources:			
National School Lunch Program	\$ 378,485	\$ 362,856	\$ (15,629)
Title II	42,029	19,705	(22,324)
Title IV	8,947	25,971	17,024
ESSER I	901	-	(901)
ESSER II	15,514	1,013,904	998,390
ESSER III	687,876	83,784	(604,092)
State sources:			
National School Lunch Program	-	2,824	2,824
 Total revenues	 <u>1,133,752</u>	 <u>1,509,044</u>	 <u>375,292</u>
<b>Expenditures:</b>			
Instruction	662,481	209,421	453,060
Student support services	55,005	35,169	19,836
Instructional staff training services	28,875	11,600	17,275
Fiscal services	-	11,605	(11,605)
Food services	220,217	362,244	(142,027)
Operation of plant	158,268	3,436	154,832
Central services	-	56,100	(56,100)
Maintenance of plant	-	7,875	(7,875)
Capital outlay	8,906	79,416	(70,510)
 Total expenditures	 <u>1,133,752</u>	 <u>776,866</u>	 <u>356,886</u>
 Excess (deficiency) of revenues over expenditures	 <u>-</u>	 <u>732,178</u>	 <u>732,178</u>
<b>Other Financing Sources (Uses):</b>			
Transfer out	-	(732,178)	(732,178)
 Net change in fund balance	 <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 1,302 students enrolled for the 2022/2023 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, 2023, 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 2038. 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.

**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 one hundred twenty 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 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.

**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 prorate 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

The School has recorded a right to use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

**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 does not have any items that qualify for reporting in this category.

**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:

- Nonspendable - 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 nonspendable 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 11.

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 all governmental funds, except the Club and Activities Fund, 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 7, 2023, which is the date that the financial statements were available to be issued.

**Note 3 - Cash and Cash Equivalents**

At June 30, 2023, the carrying amount of the deposits and cash on hand totaled \$ 1,161,910 with a bank balance of \$ 1,214,575.

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.

**Note 4 - Interfund Receivables and Payables and Interfund Transfers**

The composition of interfund balances as of June 30, 2023 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Grants Fund	\$	213,267
General Fund	Club and Activities Fund		5,511
		\$	218,778

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

	Transfers In	
	General	
	Fund	
Transfers Out:		
Grants Fund	\$	732,178

During the year, transfers were used to move grant revenue received in current year for prior year expenditures to the General Fund.

**Note 5 - Due From/To Related Parties**

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

**Note 6 - 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 9). The restricted investments of the School are held by the Trustee and are governed by the Bond Indenture. At June 30, 2023, the School has \$ 1,754,258 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 AAmmf by Fitch.

**Bonita Springs Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**Note 6 - Restricted Investments (continued)**

*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 twenty four days.

**Note 7 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	Balance at July 1, 2022	Additions	Transfers	Balance at June 30, 2023
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital assets being depreciated/ amortized:				
Building	\$ 18,237,000	\$ -	\$ -	\$ 18,237,000
Improvements other than building	2,414,827	98,132	50	2,513,009
Furniture, fixtures and equipment	1,464,048	150,856	(9,211)	1,605,693
Computer equipment	2,329,337	413,009	9,161	2,751,507
Intangible right to use:				
Land	<u>2,451,904</u>	<u>-</u>	<u>-</u>	<u>2,451,904</u>
Total capital assets being depreciated/amortized	<u>26,897,116</u>	<u>661,997</u>	<u>-</u>	<u>27,559,113</u>
Accumulated depreciation/ amortization:				
Building	2,347,169	455,925	-	2,803,094
Improvements other than building	868,264	218,248	-	1,086,512
Furniture, fixtures and equipment	1,335,125	74,303	(25,377)	1,384,051
Computer equipment	2,043,610	228,639	25,377	2,297,626
Intangible right to use:				
Land	<u>117,222</u>	<u>58,611</u>	<u>-</u>	<u>175,833</u>
Total accumulated depreciation/ amortization	<u>6,711,390</u>	<u>1,035,726</u>	<u>-</u>	<u>7,747,116</u>
Net capital assets being depreciated/amortized	<u>\$ 20,185,726</u>	<u>\$ (373,729)</u>	<u>\$ -</u>	<u>\$ 19,811,997</u>

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 302,942
Operation of plant	<u>732,784</u>
Total	<u>\$ 1,035,726</u>

**Bonita Springs Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**Note 8 - Leases**

Concurrent with the Series 2017 Bond issuance (Note 9), 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. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. In addition to rent, SCF shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises.

The following is a schedule of the School’s future base rent payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 124,295	\$ 124,295
2025	-	126,781	126,781
2026	-	129,317	129,317
2027	-	131,903	131,903
2028	-	134,541	134,541
2029-2033	-	714,161	714,161
2034-2038	-	788,491	788,491
2039-2043	-	870,558	870,558
2044-2048	278,891	682,275	961,166
2049-2053	501,410	559,794	1,061,204
2054-2058	795,281	376,374	1,171,655
2059-2062	876,322	103,518	979,840
	<u>\$ 2,451,904</u>	<u>\$ 4,742,008</u>	<u>\$ 7,193,912</u>

Previously, Bonita Springs Charter School entered into lease for School HVAC equipment. The leases require monthly payments of \$ 17,780 through September 2026. Amortization of the leased HVAC Equipment is included with depreciation expense.

The following is a schedule of the future minimum lease payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
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>\$ 638,090</u>	<u>\$ 55,313</u>	<u>\$ 693,403</u>

**Bonita Springs Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**Note 9 - 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.

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
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	395,000	1,040,520	1,435,520
2028	420,000	1,019,289	1,439,289
2029-2033	2,510,000	4,683,227	7,193,227
2034-2038	3,385,000	3,824,366	7,209,366
2039-2043	4,560,000	2,653,255	7,213,255
2044-2047	6,125,450	977,582	7,103,032
	<u>\$ 18,475,450</u>	<u>\$ 17,432,741</u>	<u>\$ 35,908,191</u>

**Note 10 - Long-Term Liabilities**

Changes in the School's long-term liabilities for fiscal year ended June 30, 2023, are as follows:

	Balance at July 1, 2022	Additions	Retirements	Amortization	Balance at June 30, 2023	Amount Due Within One Year
Series 2017 Educational Facilities Revenue Bonds, net of unamortized discount of \$ 14,026	\$ 18,785,840	\$ -	\$ 325,000	\$ 584	\$ 18,461,424	\$ 340,000
Lease - computer equipment	83,555	-	83,555	-	-	-
Lease - land	2,451,904	-	-	-	2,451,904	-
Lease - improvements other than building	814,248	-	176,158	-	638,090	185,292
Compensated absences	52,107	135,166	131,990	-	55,283	41,462
	<u>\$ 22,187,654</u>	<u>\$ 135,166</u>	<u>\$ 716,703</u>	<u>\$ 584</u>	<u>\$ 21,606,701</u>	<u>\$ 566,754</u>

**Note 11 - Commitments**

**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 9). The fee ranges from \$ 1,784,693 for fiscal year 2024 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, 2023 and CSUSA contributed \$ 527,885 to the School.

The financial statements reflect a due to management company which totaled \$ 269,387 at June 30, 2023.

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

**Note 12 - Employee Benefit Plan**

During the year ended June 30, 2023, 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:

<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, 2022, the School had forfeitures of \$ 73. For the year ended June 30, 2023, the School contributed a matching amount of \$ 22,906.

**Note 13 - 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 \$ 703,308 for the 2022/2023 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 interest expense on the capital lease.

**Note 14 - 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 11, 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.

# 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 and each major fund of Bonita Springs Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Lee County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 7, 2023.

### Report on 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 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 to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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## Report on 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 7, 2023

## 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, 2023, and have issued our report thereon dated September 7, 2023.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 7, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no 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 7, 2023