

**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, 2020

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2020**

**TABLE OF CONTENTS**

	PAGES
General Information.....	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Independent Auditor's Report.....	2-3
Management's Discussion and Analysis (not covered by Independent Auditor's Report).....	4-8
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statement:</i>	
Statement of Net Position.....	9
Statement of Activities.....	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	14
Notes to Basic Financial Statements.....	15-24
<b>Required Supplemental Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	25
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Revenue Fund.....	26
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Capital Outlay Fund.....	27
Notes to Required Supplemental Information.....	28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	29-30
Management Letter.....	31-32

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

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

2019-2020

**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



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Eric E. Santa Maria, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
Octavio A. Verdeja, C.P.A.  
Tab Verdeja, C.P.A.

Michelle del Sol, C.P.A.  
Cristy C. Rubio, C.P.A.  
Tommy Trujillo, C.P.A.  
Javier Verdeja, C.P.A.

## 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, 2020, 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, 2020, 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 8 and budgetary comparison information on pages 25 through 27 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, 2020, 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, 2020

**Management's Discussion and Analysis**  
Oak Creek Charter School of Bonita Springs, Inc.  
June 30, 2020

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, 2020.

**FINANCIAL HIGHLIGHTS**

1. At year-end, the School had current assets of \$524,529.
2. At year-end, the School's net position was \$169,831 and its fund balance was \$181,761.

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2020 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 9 – 10 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 11 - 14 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 15 - 24 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, 2020 and 2019 follows:

	Net Position	
	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 473,716	\$ 158,075
Due from other agencies	44,207	26,800
Prepaid expenses	6,606	-
Capital assets, net	640,800	576,852
<b>Total Assets</b>	<b>\$ 1,165,329</b>	<b>\$ 761,727</b>
<b>Liabilities and Net Position</b>		
Accounts and wages payable and accrued liabilities	\$ 321,126	\$ 335,520
Line of credit	21,642	90,054
Obligations under capital lease	49,685	-
Notes payable	603,045	236,918
<b>Total Liabilities</b>	<b>995,498</b>	<b>662,492</b>
Net investment in capital assets	412,850	339,934
Deficit in unrestricted	(243,019)	(240,699)
<b>Total Net Position</b>	<b>\$ 169,831</b>	<b>\$ 99,235</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,165,329</b>	<b>\$ 761,727</b>

At June 30, 2020, the School's total assets were \$1,165,329 and total liabilities were \$995,498. At June 30, 2020, the School reported a total net position of \$169,831.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

<b>REVENUES</b>	<b>2020</b>	<b>2019</b>
Program Revenues		
Federal lunch program	\$ 254,516	\$ 232,157
Revenues from state sources	3,300	10,024
State capital outlay funding	329,419	299,741
Charges for services	46,226	80,443
General Revenues		
FEFP nonspecific revenue	3,933,282	3,586,810
Other local revenue	17,227	124,779
Total Revenues	<u>\$ 4,583,970</u>	<u>\$ 4,333,954</u>
 <b>EXPENSES</b>		
Instruction	\$ 2,076,725	\$ 2,009,551
Food services	275,254	267,785
General administration	712,120	714,546
School administration	236,094	189,572
Central services	11,262	14,469
School Board	10,703	15,897
Operation of plant	969,210	1,023,060
Maintenance of plant	1,517	13,356
Fiscal services	59,893	30,564
Transportation	107,233	112,933
Administrative technology services	20,035	23,041
Community services	18,490	15,904
Interest on long-term debt	14,838	15,549
Total Expenses	<u>\$ 4,513,374</u>	<u>\$ 4,446,227</u>
 Change in Net Position	70,596	(112,273)
 Net Position at Beginning of Year	99,235	211,508
 Net Position at End of Year	<u>\$ 169,831</u>	<u>\$ 99,235</u>

The School's total revenues for the year ended June 30, 2020 were \$4,583,970 while its total expenses were \$4,513,374 for a net increase of \$99,235. The School's net position at year-end totaled \$169,831.



## **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, 2020, the School's governmental funds reported a change in fund balance of \$422,460 and reported a combined fund balance at year-end of \$181,761.

## **CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2020, amounts to \$640,800 (net of accumulated depreciation). This investment in capital assets includes improvements, vehicles, furniture, fixtures and equipment.

## **LONG-TERM DEBT**

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 School also entered into a note payable arrangement in prior year for \$28,000 for the purchase of buses. During the year ended June 30, 2020, the School received loan proceeds from a financial institution for \$424,780 pursuant to the Paycheck Protection Program. Balances of notes payable under these arrangements totaled \$603,045 at June 30, 2020.

In addition, the School financed certain equipment through a capital lease totaling \$51,670 during the year at a rate of 6%. The balance at June 30, 2020 totaled \$49,685.

## 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
<b>REVENUES</b>			
State passed through local district	\$ 3,509,828	\$ 3,509,828	\$ 3,933,282
State capital outlay funding	247,500	329,419	329,419
Federal passed through state	235,000	235,000	257,816
Local and other revenue	155,000	155,000	60,087
TOTAL REVENUES	<u>\$ 4,147,328</u>	<u>\$ 4,229,247</u>	<u>\$ 4,580,604</u>
<b>EXPENDITURES</b>			
Instruction	\$ 1,939,631	\$ 1,939,631	\$ 2,033,698
Food services	240,457	240,457	275,254
General administration	580,008	580,008	712,120
School administration	190,330	190,330	236,094
Central services	13,900	13,900	11,262
School Board	14,300	14,300	10,703
Operation of plant	758,750	840,669	925,170
Maintenance of plant	20,075	20,075	1,517
Fiscal services	4,600	4,600	59,893
Transportation	138,370	138,370	101,473
Administrative technology services	30,000	30,000	20,035
Community services	19,377	19,377	18,490
Capital Outlay:			
Other capital outlay	167,710	167,710	195,409
Debt service	12,658	12,658	75,476
TOTAL EXPENDITURES	<u>\$ 4,130,166</u>	<u>\$ 4,212,085</u>	<u>\$ 4,676,594</u>
Net change in fund balance	<u>\$ 17,162</u>	<u>\$ 17,162</u>	<u>\$ (95,990)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from debt and capital lease financing	-	-	476,450
Proceeds from disposal of capital assets	-	-	42,000
Net change in fund balance	<u>\$ 17,162</u>	<u>\$ 17,162</u>	<u>\$ 422,460</u>

The School experienced an increase in expenditures and obtained additional financing as a result of adjusting their programs due to COVID-19.

## 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, 2020**

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	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 473,716
Due from other agencies	44,207
Prepaid expenses	6,606
<b>TOTAL CURRENT ASSETS</b>	<u>524,529</u>
<b>CAPITAL ASSETS, NET</b>	
Depreciable capital assets, net of accumulated depreciation	<u>640,800</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>640,800</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,165,329</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 110,408
Accrued payroll and related expenses	210,718
Line of credit	21,642
Obligations under capital lease - current portion	8,930
Notes payable- current portion	52,683
<b>TOTAL CURRENT LIABILITIES</b>	<u>404,381</u>
Obligations under capital lease - long-term portion	40,755
Notes payable- long-term portion	550,362
<b>TOTAL LIABILITIES</b>	<u>995,498</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	412,850
Deficit in unrestricted	(243,019)
<b>TOTAL NET POSITION</b>	<u>169,831</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 1,165,329</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, 2020**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$2,076,725	\$ -	3,300	\$ -	\$ (2,073,425)
Food services	275,254	20,738	254,516	-	-
General administration	712,120	-	-	-	(712,120)
School administration	236,094	-	-	-	(236,094)
Central services	11,262	-	-	-	(11,262)
School Board	10,703	-	-	-	(10,703)
Operation of plant	969,210	-	-	329,419	(639,791)
Maintenance of plant	1,517	-	-	-	(1,517)
Fiscal services	59,893	-	-	-	(59,893)
Transportation	107,233	-	-	-	(107,233)
Administrative technology services	20,035	-	-	-	(20,035)
Community services	18,490	25,488	-	-	6,998
Interest on long-term debt	14,838	-	-	-	(14,838)
<b>Total Governmental Activities</b>	<b>\$4,513,374</b>	<b>\$ 46,226</b>	<b>\$ 257,816</b>	<b>\$ 329,419</b>	<b>\$ (3,879,913)</b>
GENERAL REVENUES:					
					3,933,282
					17,227
					<u>3,950,509</u>
Change in Net Position					70,596
NET POSITION - BEGINNING					<u>99,235</u>
NET POSITION - ENDING					<u>\$ 169,831</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, 2020**

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	Governmental Fund
ASSETS	
Cash and cash equivalents	\$ 473,716
Due from related parties	44,207
Prepaid expenses	6,606
TOTAL ASSETS	<u>\$ 524,529</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	110,408
Accrued payroll and related expenses	<u>210,718</u>
TOTAL CURRENT LIABILITIES	321,126
Line of credit	<u>21,642</u>
TOTAL LIABILITIES	342,768
FUND BALANCE	
Nonspendable	6,606
Unassigned	<u>175,155</u>
TOTAL FUND BALANCE	<u>181,761</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 524,529</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, 2020**

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Total Fund Balance - Governmental Funds	\$	181,761
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		640,800
Long term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.		
Notes payable		(603,045)
Obligations under capital lease		<u>(49,685)</u>
Total Net Position - Governmental Activities	\$	<u><u>169,831</u></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, 2020**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
<b>REVENUES</b>				
State passed through local school district	\$ 3,933,282	\$ -	\$ -	\$ 3,933,282
Federal lunch program	-	254,516	-	254,516
Federal passed through state	-	3,300	-	3,300
State capital outlay funding	-	-	329,419	329,419
Local and other revenue:				
Charges for services	46,226	-	-	46,226
Other	13,861	-	-	13,861
<b>TOTAL REVENUES</b>	<b>\$ 3,993,369</b>	<b>\$ 257,816</b>	<b>\$ 329,419</b>	<b>\$ 4,580,604</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instruction	\$ 2,030,398	\$ 3,300	\$ -	\$ 2,033,698
Food services	20,738	254,516	-	275,254
General administration	712,120	-	-	712,120
School administration	236,094	-	-	236,094
Central services	11,262	-	-	11,262
School Board	10,703	-	-	10,703
Operation of plant	595,751	-	329,419	925,170
Maintenance of plant	1,517	-	-	1,517
Fiscal services	59,893	-	-	59,893
Transportation	101,473	-	-	101,473
Administrative technology services	20,035	-	-	20,035
Community services	18,490	-	-	18,490
Capital Outlay:				
Other capital outlay	195,409	-	-	195,409
Debt service:				
Principal retirement	60,638	-	-	60,638
Interest	14,838	-	-	14,838
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,089,359</b>	<b>\$ 257,816</b>	<b>\$ 329,419</b>	<b>\$ 4,676,594</b>
Deficiency of revenues over expenditures	(95,990)	-	-	(95,990)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from debt and capital lease financing	476,450	-	-	476,450
Proceeds from the disposal of capital assets	42,000	-	-	42,000
<b>Total other financing sources</b>	<b>518,450</b>	<b>-</b>	<b>-</b>	<b>518,450</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>422,460</b>	<b>-</b>	<b>-</b>	<b>422,460</b>
Fund balance (deficit) at beginning of year	(240,699)	-	-	(240,699)
Fund balance at end of year	<u>\$ 181,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,761</u>

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

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

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Change in Fund Balance - Governmental Funds \$ 422,460

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	195,409
Depreciation expense	(92,827)
Proceeds from disposal of capital assets	(42,000)
Gain on sale of capital assets	3,366

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. (476,450)

Repayment of long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position. 60,638

Change in Net Position of Governmental Activities	<u>\$ 70,596</u>
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The accompanying notes are an integral part of this financial statement.



**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**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, 2034. 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, 2020, when approximately 522 students were enrolled in grades Kindergarten through 8<sup>th</sup> 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, 2020**

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**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.

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.

**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.

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Depositary 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)
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, 2020**

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**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, 2020, was \$412,850.
- 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. There were no restricted net assets at June 30, 2020.
- 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, 2020, the School's non-spendable fund balance was \$6,606.
- 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, 2020, there is no restricted fund balance.
- 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, 2020, 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, 2020, 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, 2020**

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**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, 2020.

**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, 2020, which is the date the financial statements were available to be issued.

**NOTE 3 - CASH DEPOSITS**

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. All collateral must be deposited with the State Treasurer. All bank balances of the School are fully insured or collateralized. As of June 30, 2020, the bank balances totaled \$473,716.

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance 7/1/2019	Additions	Disposals	Balance 6/30/2020
Capital Assets				
Improvements other than building	\$ 268,796	\$ 26,065	\$ (32,000)	\$ 262,861
Leasehold improvements	222,053	-	-	222,053
Furniture, fixtures, and equipment	202,000	79,196	-	281,196
Vehicles	28,000	51,670	(10,000)	69,670
Audiovisual materials and computer software	-	38,478	-	38,478
Total Capital Assets	720,849	195,409	(42,000)	874,258
Less Accumulated Depreciation				
Improvements other than building	\$ (20,306)	\$ (28,526)	\$ -	\$ (48,832)
Leasehold improvements	(45,841)	(15,514)	-	(61,355)
Furniture, fixtures, and equipment	(71,850)	(36,665)	-	(108,515)
Vehicles	(6,000)	(5,760)	3,366	(8,394)
Audiovisual materials and computer software	-	(6,362)	-	(6,362)
Total Accumulated Depreciation	\$ (143,997)	\$ (92,827)	\$ 3,366	\$ (233,458)
Capital Assets, net	\$ 576,852	\$ 102,582	\$ (38,634)	\$ 640,800

For the year ended June 30, 2020, depreciation expense was allocated in the statement of activities as follows:

Operation of plant	\$ 44,040
Instructional	43,027
Transportation	5,760
Total	<u>\$ 92,827</u>

**NOTE 5 - LINE OF CREDIT**

The School has secured a revolving line of credit with a financial institution for borrowings up to \$100,000. Interest is paid monthly at a variable interest rate based on the Wall Street Journal Prime Rate plus 1.04% with a floor of 3.75% interest annualized. At June 30, 2020 the variable interest rate associated with the line of credit was 5.25%. The line of credit is collateralized by deposit accounts at the financial institution, intangible assets, supplies, equipment, and accounts receivable. At June 30, 2020, the line of credit balance was \$21,642.

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 6 – LONG-TERM LIABILITIES**

In June 2018, the School entered into a loan agreement with Forza Education Management, LLC (“FORZA”), the management company, in the amount of \$71,000 to provide financial aid to the School until reimbursement was obtained from FEMA for uninsured damage to the School caused by Hurricane Irma. The note bears interest at 5% per annum. The note was due by the earlier of reimbursement by FEMA or June 30, 2019, and was paid in full as of June 30, 2019. See Note 7 and 9.

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 calls for monthly equal payments of principal and interest at an annual interest rate of 6% through June 30, 2023.

In prior year, 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. The arrangements call for equal monthly non-interest bearing payments commencing and ending at various dates from August 2018 through August 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 matures in April 2022 and bears an interest rate of 1% per annum. The loan is payable monthly with a deferral of payments for the first six months. The loan and accrued interest are forgivable in whole or in part if used for qualifying expenses.

The following schedule provides a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Balance 7/1/2019	Borrowings	Repayments	Balance at 6/30/2020
Note payable - Building Hope	\$ 213,918	\$ -	\$ (46,427)	\$ 167,491
Note payable - Gulf Coast	23,000	-	(12,226)	10,774
Note payable - PPP	-	424,780	-	424,780
Total notes payable	<u>\$ 236,918</u>	<u>\$ 424,780</u>	<u>\$ (58,653)</u>	<u>\$ 603,045</u>

Future payments are as follows:

Fiscal Year Ending June 30,	
2021	\$ 52,683
2022	478,539
2023	56,987
2024	11,737
2025	1,429
2026-2027	1,670
	<u>\$ 603,045</u>

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 7 – CAPITAL LEASE OBLIGATION**

During the year ended June 30, 2020, the School entered into a capital lease agreement with Forza Education Management, L.L.C. (“FORZA”), to lease a vehicle. As of June 30, 2020, 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, 2020 are as follows:

Fiscal Year Ending June 30,	
2021	\$ 8,930
2022	9,747
2023	10,349
2024	10,987
2025	9,672
	<u>\$ 49,685</u>

The following schedule provides a summary of changes in the capital lease obligation for the year ended June 30, 2020:

	Balance July 1, 2019	Amount Financed	Payments	Balance June 30, 2020
Capital lease obligation	\$ -	\$ 51,670	\$ (1,985)	\$ 49,685
	<u>\$ -</u>	<u>\$ 51,670</u>	<u>\$ (1,985)</u>	<u>\$ 49,685</u>

**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.



**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 8 - MANAGEMENT STRUCTURE (Continued)**

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

FORZA shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the School, 4) business administration of the School, and 5) installation of necessary technology. The annual management fee for these services is 14% of all sources of gross receipts of the School excluding borrowings undertaken by the School. During the year ended June 30, 2020, the School incurred management fees of \$621,337. At June 30, 2020, the School owed \$7,289 for fiscal year 2020 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, 2020, the School incurred fees related to this agreement totaling \$56,930.

**NOTE 10 - 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, 2020 totaled \$7,200 and is included in local and other revenue.

In prior year, the School purchased buses from Gulf Coast Charter Academy South, a charter school with common board of directors and management. See Note 6.

During the year ended June 30, 2020, the School entered into a capital lease agreement with Forza Education Management, L.L.C. ("FORZA"). See Note 7.

**NOTE 11 – COMMITMENTS**

The School entered into an agreement to lease facilities from Alliance Bonita Springs, LLC under a 25-year non-cancelable operating lease that expires June 30, 2041. There are no additional options to renew the lease. During the year ended June 30, 2020, the agreement called for a minimum annual rent of \$500,000 ("base rent") payable in equal monthly installments. Beginning July 1, 2020, in addition to the base rent, the School will pay an additional minimum rent ("additional rent") per year in amounts defined in the agreement through the remainder of the lease term. In addition, on July 1 each year, the annual base rent and additional rent is subject to increase by the percentage of increase in Full Time Equivalent ("FTE") student allocation. Under the terms of the agreement, annual rent will not decrease from the preceding year.

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 11 – COMMITMENTS (Continued)**

Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2021	\$ 764,000
2022	852,000
2023	940,000
2024	1,006,000
2025	1,019,915
2026 - 2030	5,322,068
2031 - 2035	5,732,039
2036 - 2040	6,201,295
2041	<u>1,302,494</u>
Total	<u>\$ 23,139,811</u>

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, 2020, the School has made all payments in accordance with the agreement. At June 30, 2020, amounts owed to the IRS totaled \$24,390 and are included in accrued payroll and related expenses.

**NOTE 12 – GRANTS**

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.

**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 – SUBSEQUENT EVENTS**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results. No adjustments have been made to these financial statements as a result of this uncertainty.

## 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, 2020**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local school district	\$ 3,509,828	\$ 3,509,828	\$ 3,933,282
Local and other revenue	155,000	155,000	60,087
TOTAL REVENUES	<u>\$ 3,664,828</u>	<u>\$ 3,664,828</u>	<u>\$ 3,993,369</u>
<b>EXPENDITURES</b>			
Instruction	\$ 1,939,631	\$ 1,939,631	\$ 2,030,398
Food services	5,457	5,457	20,738
General administration	580,008	580,008	712,120
School administration	190,330	190,330	236,094
Central services	13,900	13,900	11,262
School Board	14,300	14,300	10,703
Operation of plant	511,250	511,250	595,751
Maintenance of plant	20,075	20,075	1,517
Fiscal services	4,600	4,600	59,893
Transportation	138,370	138,370	101,473
Administrative technology services	30,000	30,000	20,035
Community services	19,377	19,377	18,490
Capital Outlay:			
Other capital outlay	167,710	167,710	195,409
Debt service	12,658	12,658	75,476
TOTAL EXPENDITURES	<u>\$ 3,647,666</u>	<u>\$ 3,647,666</u>	<u>\$ 4,089,359</u>
Change in fund balance before other financing sources	17,162	17,162	(95,990)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from debt and capital lease financing	-	-	476,450
Proceeds from the disposal of capital assets	-	-	42,000
Net change in fund balance	<u>\$ 17,162</u>	<u>\$ 17,162</u>	<u>\$ 422,460</u>

See accompanying note to the required supplemental information.

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET**  
**AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 235,000	\$ 235,000	\$ 254,516
Federal passed through state		-	3,300
TOTAL REVENUES	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 257,816</u>
EXPENDITURES			
Food services	235,000	235,000	254,516
Instruction	-	-	3,300
TOTAL EXPENDITURES	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 257,816</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET**  
**AND ACTUAL – CAPITAL OUTLAY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 247,500	\$ 329,419	\$ 329,419
TOTAL REVENUES	<u>\$ 247,500</u>	<u>\$ 329,419</u>	<u>\$ 329,419</u>
EXPENDITURES			
Operation of plant	\$ 247,500	\$ 329,419	\$ 329,419
TOTAL EXPENDITURES	<u>\$ 247,500</u>	<u>\$ 329,419</u>	<u>\$ 329,419</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020**

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**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, 2020, 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***

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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, 2020, 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, 2020.

**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.

A handwritten signature in dark ink, reading "Verdepin De Armas Trujillo". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 10, 2020



## 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, 2020, and have issued our report thereon dated September 10, 2020.

### 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, 2020, 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. Corrective actions have been taken to address 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, 2020 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, 2020