

**OCEAN STUDIES CHARTER SCHOOL, INC.  
AND SUBSIDIARY  
TAVERNIER, FLORIDA  
(A COMPONENT UNIT OF THE SCHOOL BOARD  
OF MONROE COUNTY, FLORIDA)**

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

**JUNE 30, 2022**

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**BASIC CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2022**

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**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**

100360 Overseas Hwy.  
Key Largo, FL 33037  
(305)852-7700

**2021-2022**

**BOARD OF DIRECTORS**

Ms. Nicky Rudolph, President  
Mr. Charlie Rodgers, Vice President  
Ms. Beth Kaminstein, Director  
Ms. Laurie Brooks, Secretary  
Ms. Susan Coppola, Treasurer  
Mr. Ariel Poholek  
Ms. Ashley McElheny  
Ms. Liz Trueblood

**SCHOOL ADMINISTRATION**

Mrs. Trisha Woods, Principal



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ocean Studies Charter School, Inc. and Subsidiary  
Tavernier, Florida

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean Studies Charter School, Inc. and Subsidiary (the "School"), a charter School under the District School Board of Monroe County, Florida,, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean Studies Charter School, Inc. and Subsidiary., as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

Accounting 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 18, 2022 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.

A handwritten signature in black ink that reads "Verdy-De Amari-Trujillo-Alvarez". The signature is written in a cursive style with some capital letters.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 18, 2022

**Management's Discussion and Analysis**  
Ocean Studies Charter School, Inc. and Subsidiary  
June 30, 2022

The corporate officers of the School have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2022.

**FINANCIAL HIGHLIGHTS**

1. The assets of the School exceeded its liabilities at June 30, 2022 by \$1,990,636 (net position).
2. The net position of the School increased by \$737,834 for the year ended June 30, 2022.
3. The School's total fund balance increased by \$116,640 for the year and had an ending fund balance of \$385,969 at June 30, 2022.

*Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

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

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

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

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

*Notes to Financial Statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16-23 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2022 and 2021 follows:

<b>Assets</b>	<u>2022</u>	<u>2021</u>
Cash	\$ 384,777	\$ 348,799
Due from governmental agencies	204,028	-
Prepaid expenses and other assets	21,594	18,311
Capital assets, net	<u>4,187,232</u>	<u>3,157,759</u>
Total Assets	<u>\$ 4,797,631</u>	<u>\$ 3,524,869</u>
<b>Liabilities and Net Position</b>		
Accounts and wages payable and accrued liabilities	\$ 224,430	\$ 97,781
Loan/Capital lease payable	<u>2,582,565</u>	<u>2,174,286</u>
Total Liabilities	2,806,995	2,272,067
Net investment in capital assets	1,604,667	983,473
Unrestricted	<u>385,969</u>	<u>269,329</u>
Total Net Position	<u>1,990,636</u>	<u>1,252,802</u>
Total Liabilities and Net Position	<u>\$ 4,797,631</u>	<u>\$ 3,524,869</u>

At June 30, 2022, the School's total assets were \$4,797,631 and total liabilities were \$2,806,995. At June 30, 2022, the School reported total net position of \$1,990,636.



A summary and analysis of the School's revenues and expenses for the years ended June 30, 2022 and 2021 follows:

<b>REVENUES</b>	<u>2022</u>	<u>2021</u>
Program Revenues		
Federal passed through local	\$ 300,773	\$ 21,841
State capital outlay funding	82,231	68,555
General Revenues		
FEFP nonspecific revenue	1,995,655	1,520,720
Fundraising & other revenue	449,942	246,640
Total Revenues	<u>2,828,601</u>	<u>1,857,756</u>
<b>EXPENSES</b>		
Instruction	1,079,764	769,465
Instructional support services	12,000	3,700
Instruction and curriculum development services	109,027	18,352
Instructional staff training services	6,695	5,218
Instructional-related technology	228	38,267
School administration	410,524	327,897
Facilities acquisition & construction	300	46,681
Food services	13	-
Central services	8,783	9,737
Pupil transportation services	122	520
Operation of plant	339,994	186,916
Maintenance of plant	12,486	17,076
Interest expense	110,452	85,695
Total Expenses	<u>2,090,767</u>	<u>1,509,524</u>
Change in Net Position	737,834	348,232
<b>Net Position at Beginning of Year</b>	<u>1,252,802</u>	<u>904,570</u>
<b>Net Position at End of Year</b>	<u>\$ 1,990,636</u>	<u>\$ 1,252,802</u>

The School's total revenues for the year ended June 30, 2022 were \$2,828,601, while its total expenses were \$2,090,767 for a net increase of \$737,834. The School's total revenues increased from prior year primarily due to the additional enrollment in addition to receiving Emergency Elementary and Secondary School Emergency Relief funds. Finally, the School recorded forgiveness of debt from the payroll protection plan (PPP) of approximately \$138,000 included in other revenues.

### **ACCOMPLISHMENTS**

Ocean Studies Charter School completed its first full year at our new location. The first sixth grade class was started and they moved upstairs to their brand new second story middle school in January. The new middle school has an open court yard with flexible seating made from recycled plastic, four new classrooms, and a faculty lounge.

Our school earned an A rating from the State of Florida. We were one of only five schools in Monroe County to earn an A. Three of the schools earning an A were charter schools and two were traditional public schools.

Thanks to the efforts of our Fundraising Committee, we were able to pay down the principal of our mortgage in the amount of \$150,000. Our fundraising efforts included Sea of Thanks, La Chispa music event, Marine Debris Derby, Giving Tuesday, PTO Fundraising efforts, and community donations.

Our Programs Coordinator, Jessica Martinez, secured three grants this year. The grants included \$3,066 to purchase mangrove tanks for research in our Marine Science program, \$4,000 from the Key Largo Rotary to purchase new cameras for our photography program, and \$6,000 to enhance our Art program including materials and training for all teachers.

### **SCHOOL LOCATION**

The School operates in the Tavernier, Florida from its facility located at 100360 Overseas Hwy., Key Largo, FL 33037.

### **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.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balance of \$385,969.

### **CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2022, amounts to \$4,187,232 (net of accumulated depreciation). This investment in capital assets includes land, building and leasehold improvements, furniture, fixtures and equipment and audio-visual materials and computer software.

### **LOAN PAYABLE**

In December 2019, the School and OSCS Properties, LLC (a wholly owned subsidiary of Ocean Studies Charter School, Inc.) purchased and constructed its new facilities located in Key Largo, Florida. The purchased and construction was primarily financed with a mortgage loan payable of advances totaling up to \$1,987,000. The note is collateralized by the School's building and land and matures in December 2029. The note payable bears interest of 3.950%. The balance at June 30, 2022 was \$1,885,566. The School obtained a construction loan in the amount of \$700,000 for construction of facilities at the School which also matures in December 2029.

## 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	Variance
<b>REVENUES</b>				
State passed through local	\$ 1,689,672	\$ 1,689,672	\$ 1,995,655	\$ 305,983
Federal passed through local	-	-	300,773	300,773
State capital outlay funding	42,000	42,000	82,231	40,231
Fundraising and other income	54,300	54,300	449,942	395,642
<b>TOTAL REVENUES</b>	<b>1,785,972</b>	<b>1,785,972</b>	<b>2,828,601</b>	<b>1,042,629</b>
<b>EXPENDITURES</b>				
Instruction	1,025,236	1,025,236	1,079,764	54,528
Instructional support services	-	-	12,000	12,000
Instruction & curriculum development	17,090	17,090	109,027	91,937
Instructional staff training services	20,500	20,500	6,695	(13,805)
Instructional-related technology	-	-	228	228
School administration	370,784	370,784	410,524	39,740
Facilities acquisition & construction	-	-	1,149,556	1,149,556
Fiscal services	-	-	379	379
Food services	900	900	13	(887)
Central services	8,520	8,520	8,783	263
Pupil transportation services	2,400	2,400	122	(2,278)
Operation of plant	296,834	296,834	220,211	(76,623)
Maintenance of plant	5,600	5,600	12,486	6,886
Debt service	24,876	24,876	356,261	331,385
<b>TOTAL EXPENDITURES</b>	<b>1,772,740</b>	<b>1,772,740</b>	<b>3,366,049</b>	<b>1,593,309</b>
Change in fund balance before other financing sources	13,232	13,232	(537,448)	(550,680)
Other financing sources	-	-	654,088	654,088
<b>Net change in fund balance</b>	<b>\$ 13,232</b>	<b>\$ 13,232</b>	<b>\$ 116,640</b>	<b>\$ 103,408</b>

The significant variances for the School is due to the School obtaining a loan to build facilities and have been included in other financing sources. The building improvements are included in facilities and construction.

## 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 Mrs. Trisha Woods at 100360 Overseas Hwy., Key Largo, FL 33037.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 384,777
Due from governmental agencies	204,028
Prepaid expenses	20,884
TOTAL CURRENT ASSETS	<u>609,689</u>
<b>CAPITAL ASSETS, net</b>	
Deposit receivable and other assets	4,187,232
	<u>710</u>
TOTAL ASSETS	<u>\$ 4,797,631</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 152,791
Accrued wages payable	71,639
Loan payable	130,646
TOTAL CURRENT LIABILITIES	<u>355,076</u>
Loan payable - long term portion	2,451,919
TOTAL LIABILITIES	<u>2,806,995</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,604,667
Unrestricted	385,969
TOTAL NET POSITION	<u>1,990,636</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,797,631</u>

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

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Functions</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 1,079,764	\$ -	\$ 300,773	\$ -	\$ (778,991)
Instructional support services	12,000	-	-	-	(12,000)
Instructional and Curriculum Development	109,027	-	-	-	(109,027)
Instructional staff training services	6,695	-	-	-	(6,695)
Instructional-related technology	228	-	-	-	(228)
School administration	410,524	-	-	-	(410,524)
Facilities acquisition & construction	300	-	-	-	(300)
Fiscal services	379	-	-	-	(379)
Food services	13	-	-	-	(13)
Pupil transportation services	122	-	-	-	(122)
Operation of plant	339,994	-	-	82,231	(257,763)
Maintenance of plant	12,486	-	-	-	(12,486)
Central services	8,783	-	-	-	(8,783)
Interest expense	110,452	-	-	-	(110,452)
<b>Total Governmental Activities</b>	<b>\$ 2,090,767</b>	<b>\$ -</b>	<b>\$ 300,773</b>	<b>\$ 82,231</b>	<b>\$ (1,707,763)</b>

**GENERAL REVENUES:**

Government grants not restricted to specific programs	1,995,655
Fundraising and other revenue	449,942
<b>Total general revenues</b>	<b>2,445,597</b>

Change in Net Position 737,834

NET POSITION - BEGINNING 1,252,802

NET POSITION - ENDING \$ 1,990,636

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

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEET- GOVERNMENTAL FUNDS  
JUNE 30, 2022**

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	<u>Governmental Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 384,777
Due from governmental agencies	204,028
Prepaid expenses	20,884
Deposit receivable and other assets	710
<b>TOTAL ASSETS</b>	<u><u>\$ 610,399</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 152,791
Accrued wages payable	71,639
<b>TOTAL LIABILITIES</b>	<u>224,430</u>
<b>FUND BALANCE</b>	
Nonspendable	
Prepaid expenses and other assets	21,594
Unassigned	364,375
<b>TOTAL FUND BALANCE</b>	<u><u>385,969</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 610,399</u></u>

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

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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Total Fund Balance - Governmental Funds		\$ 385,969
<p>Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the fund.</p>		
	Capital assets	4,397,991
	Accumulated depreciation	(210,759)
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.</p>		
	Loan payables	(2,582,565)
Total Net Position - Governmental Activities		<u><u>\$ 1,990,636</u></u>

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

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Fund	Capital Projects Fund	Special Revenue Fund	Governmental Funds
<b>REVENUES</b>				
State passed through local	\$ 1,995,655	\$ -	\$ -	\$ 1,995,655
State capital outlay funding	-	82,231	-	82,231
Federal passed through local	-	-	300,773	300,773
Other income	449,942	-	-	449,942
<b>TOTAL REVENUES</b>	<b>\$ 2,445,597</b>	<b>\$ 82,231</b>	<b>\$ 300,773</b>	<b>\$ 2,828,601</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instruction	\$ 778,991	\$ -	\$ 300,773	\$ 1,079,764
Instructional support services	12,000	-	-	12,000
Instructional and Curriculum Development	109,027	-	-	109,027
Instructional staff training services	6,695	-	-	6,695
Instructional-related technology	228	-	-	228
School administration	410,524	-	-	410,524
Facilities acquisition & construction	300	-	-	300
Food services	13	-	-	13
Fiscal services	379	-	-	379
Pupil transportation services	122	-	-	122
Operation of plant	137,980	82,231	-	220,211
Central services	8,783	-	-	8,783
Maintenance of plant	12,486	-	-	12,486
<b>Capital Outlay:</b>				
Other capital outlay	1,149,256	-	-	1,149,256
<b>Debt Service:</b>				
Redemption of principal	245,809	-	-	245,809
Interest	110,452	-	-	110,452
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,983,045</b>	<b>\$ 82,231</b>	<b>\$ 300,773</b>	<b>\$ 3,366,049</b>
Excess of expenditures over revenues	(537,448)	-	-	(537,448)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from long-term financing	654,088	-	-	654,088
Total other financing sources	654,088	-	-	654,088
Net change in fund balance	116,640	-	-	116,640
Fund balance at beginning of year	269,329	-	-	269,329
Fund balance at end of year	<u>\$ 385,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,969</u>

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



**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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Change in Fund Balance - Governmental Funds \$ 116,640

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 depreciation expense.

Capital outlays	1,149,256
Depreciation expense	(119,783)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayments and forgiveness of principal	245,809
Proceeds from loan	(654,088)

Change in Net Position of Governmental Activities	\$ 737,834
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The accompanying notes are an integral part of this financial statement.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

Ocean Studies Charter School, Inc. (the “School”) is a charter school sponsored by the School Board of Monroe County, Florida (the “District”) and is a component unit of the District. The School is a Not-For Profit Corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33(7) 12, Florida Statutes, to offer a quality public education based on the best practices in accelerated learning and reflecting the diversity of the children of Monroe County.

OSCS Properties, LLC was formed in December 2019, for the purpose of purchasing property and leasing the facilities to Ocean Studies Charter School, Inc. located at 100360 Overseas Highway in Key Largo, Florida. OSCS Properties, LLC is a disregarded entity for tax purposes. Collectively Ocean Studies Charter School, Inc. and OSCS Properties, LLC are referred together as the School.

The School will offer a rigorous academic program, producing students who meet or exceed the Florida State Standards in English Language Arts, Math, Science, and Social Studies. While nurturing curiosity, creativity and imagination, we will encourage children to become independent, responsible and self-motivated learners. Through a uniquely prepared environment and the use of special didactic materials, the students progress through individual educational programs centered on the fascinating marine environment surrounding their community. The governing body of the School is the not for profit corporation’s Board of Directors, which is composed of eight members. The School’s charter started April 26, 2011 and operations began July, 2011.

The general operating authority of the School is contained in Section 1002.33(1), Florida Statutes. The School operates under a charter of the sponsoring school district and is a component unit of the Monroe County District Board (the “District”). The current charter is effective until July 15, 2029.

Criteria for determining if other entities are potential component units of the School which should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**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.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Ocean Studies Charter School, Inc. and OSCS Properties, LLC. All significant inter-company accounts and transactions have been eliminated in the consolidation of the accounts of the School and its subsidiary.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

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.

*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 and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It 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.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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 90 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 Accounting**

Budgets are presented on 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).

Cash and Cash Equivalents

The School's cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Governmental Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources and from advances made to other governmental units.

Capital Assets, Depreciation and Amortization

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:

Furniture, fixtures and equipment	3-10 Years
Playground Equipment	3-10 Years
Motor Vehicles	5 Years
Improvements other than building	5 Years
Building improvements	Life of the lease

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a “benefit year”). All sick/personal leave days must be used by the fiscal year end. There is an opportunity to “cash out” unused sick days.

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.

Compensated Absences (Continued)

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.

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, 2022, was \$1,604,667.
- 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. The restricted net position for the year ending June 30, 2022 was \$0.
- 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:

- Nonspendable – 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, 2022, the School had \$21,594 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2022, 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, 2022, 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, 2022, 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.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, and committed fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2022, there are no minimum fund balance requirements for any of the School's funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Monroe 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. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards 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. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Ocean Studies Charter School, 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. OSCS Properties, LLC is a disregarded entity for tax purposes and therefore is not required to file a tax return form.

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 18, 2022, which is the date the financial statements were available to be issued.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 3 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially through fundraising and loan financing, for the year ended June 30, 2022:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets				
Land	\$ 180,000	\$ -	\$ -	\$ 180,000
Building and improvements	2,874,278	972,668	-	3,846,946
Improvements other than building	38,637	3,242	-	41,879
Furniture & equipment	96,390	103,802	-	200,192
Vehicles	59,430	69,544	-	128,974
Total Capital Assets	<u>3,248,735</u>	<u>1,149,256</u>	<u>-</u>	<u>4,397,991</u>
Less Accumulated Depreciation				
Building and improvements	(37,581)	(99,346)	-	(136,927)
Improvements other than building	(3,035)	(3,862)	-	(6,897)
Furniture & equipment	(40,952)	(4,835)	-	(45,787)
Vehicles	(9,408)	(11,740)	-	(21,148)
Total Accumulated Depreciation	<u>(90,976)</u>	<u>(119,783)</u>	<u>-</u>	<u>(210,759)</u>
Capital Assets, net	<u>\$ 3,157,759</u>	<u>\$ 1,029,473</u>	<u>\$ -</u>	<u>\$ 4,187,232</u>

In December 2019, the School purchased facilities totaling \$1,800,000 with a loan payable from a financial institution (See Note 4). In addition, the School renovated the facilities totaling approximately \$2,227,000, which is included in building and improvements. Depreciation expense for the year ended June 30, 2022, was \$119,783 and is included in operation of plant in the statement of activities.

**NOTE 4– LOAN PAYABLE**

In December 2019, the School purchased facilities through a loan payable from a financial institution with advances up to \$1,987,000. The loan requires monthly payments of interest only for 12 months commencing on January 20, 2020, followed by 107 monthly payments of principal and interest of \$10,308 and a balloon payment on December 20, 2029. The interest rate is fixed at 3.950% per annum. The loan is secured by the School's assets.

The School obtained a \$700,000 construction loan in August 2021 to fund the construction of facilities. The loan bears interest at a fixed rate of 3.75% and requires 94 monthly payments of principal and interest of \$4,710 and a final balloon payment of the remaining balance on December 20, 2029.

In addition, the School purchased buses totaling \$59,500. The loan is payable in 84 monthly installments of \$804 and bears interest at 3.67% and matures on December 18, 2023.

Finally, the School in October 2020 financed furniture totaling \$65,000. The loan is payable in 60 monthly installments of \$1,199 and bears interest at an annual rate of 4.00% and matures on October 2025.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 4 - LOAN PAYABLE (Continued)

In March 2021, the School received loan proceeds of \$137,990 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The School has used the funds in accordance with the conditions noted above and the loan was forgiven for the fiscal year ended June 30, 2022.

The following schedule provides a summary of changes for the year ended June 30, 2022:

	Balance at June 30, 2021	Additions	Repayments /Forgiveness	Balance at June 30, 2022
Bus loan payable	\$ 25,388	\$ -	\$ 9,847	\$ 15,541
Furniture loan payable	57,071	-	12,298	44,773
Payroll Protection Program Loan Payable	137,990	-	137,990	-
Mortgage payable	1,953,837	-	68,271	1,885,566
Bus loan payable	-	59,500	5,674	53,826
Construction Loan	-	594,588	11,729	582,859
	<u>\$ 2,174,286</u>	<u>\$ 654,088</u>	<u>\$ 245,809</u>	<u>\$ 2,582,565</u>

Future maturities are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 130,646
2024	130,482
2025	130,193
2026	125,598
2027	125,744
Thereafter	<u>1,939,902</u>
Total	<u>\$ 2,582,565</u>

NOTE 5 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Ocean Studies Charter School, Inc. All bank accounts are opened under the account ownership of Ocean Studies Charter School, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was \$144,350.

NOTE 6 – 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.



**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO BASIC CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 7 – RISK MANAGEMENT**

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

REQUIRED SUPPLEMENTAL INFORMATION

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund		
	Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 1,689,672	\$ 1,689,672	\$ 1,995,655
Other income	54,300	54,300	449,942
<b>TOTAL REVENUES</b>	<u>1,743,972</u>	<u>1,743,972</u>	<u>2,445,597</u>
<b>EXPENDITURES</b>			
Instructional	1,025,236	1,025,236	778,991
Instructional support services	-	-	12,000
Instruction & curriculum development	17,090	17,090	109,027
Instructional staff training services	20,500	20,500	6,695
Instructional-related technology	-	-	228
School administration	370,784	370,784	410,524
Facilities acquisition & construction & other capital outlay	-	-	1,149,556
Fiscal services	-	-	379
Food service	900	900	13
Pupil transportation services	2,400	2,400	122
Central services	8,520	8,520	8,783
Operation of plant	254,834	254,834	137,980
Maintenance of plant	5,600	5,600	12,486
Debt service	24,876	24,876	356,261
<b>TOTAL EXPENDITURES</b>	<u>1,730,740</u>	<u>1,730,740</u>	<u>2,983,045</u>
Change in fund balance before other financing sources	13,232	13,232	(537,448)
Other financing sources	-	-	654,088
Net change in fund balance	<u>\$ 13,232</u>	<u>\$ 13,232</u>	<u>\$ 116,640</u>

See accompanying note to the required supplemental information.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	Special Revenue Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Federal passed through local	\$ -	\$ -	\$ 300,773
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,773</u>
EXPENDITURES			
Instruction	\$ -	\$ -	\$ 300,773
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,773</u>
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to the required supplemental information.

**OCEAN STUDIES CHARTER SCHOOL, INC. AND SUBSIDIARY  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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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, 2022, has been amended 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 and special revenue funds for which a legally adopted budget exists.

Budgets are presented on 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).



**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  
Ocean Studies Charter School, Inc. and Subsidiary  
Tavernier, 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 Ocean Studies Charter School, Inc. (the “School”), as of and for the year ended June 30, 2022, 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 18, 2022.

**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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 black ink that reads "Verdy-De Amari-Trujillo-Alvarez". The signature is written in a cursive style and is positioned above a light gray rectangular box.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 18, 2022



## MANAGEMENT LETTER

Board of Directors of  
Ocean Studies Charter School, Inc. and Subsidiary  
Tavernier, Florida

### Report on the Financial Statements

We have audited the financial statements of Ocean Studies Charter School, Inc. and Subsidiary (the "School"), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 18, 2022.

### 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 Reports 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 18, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires 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 of the entity and the school code assigned by the Florida Department of Education of the school is Ocean Studies Charter School and #440381.



## **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 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. The financial condition assessment procedures applied in connection with our audit, has led us to believe that the School's overall financial condition as of June 30, 2022 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 recommendations.

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report 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 warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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.

A handwritten signature in black ink that reads "Verdy-De Amari-Trujillo-Alvarez". The signature is written in a cursive style with some capitalization and hyphens.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 18, 2022