



**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.,
FORMERLY KNOWN AS
BONITA SPRINGS PREPARATORY AND FITNESS ACADEMY, INC.**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2017

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.,
FORMERLY KNOWN AS
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A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA
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JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

Oak Creek Charter School of Bonita Springs, Inc.
formerly known as Bonita Springs Preparatory and Fitness Academy, Inc.
a Charter School and Component Unit of
the District School Board of Lee County, Florida
Bonita Springs, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida (the "School") as of and for the year ended June 30, 2017, 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 *Governmental 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 of Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 27–28 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 *Governmental Auditing Standards*, we have also issued our report dated August 29, 2017 on our consideration of the Academy'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



Tampa, Florida
August 29, 2017

**OAK CREEK CHARTER SCHOOL OF BONITA SPRINGS, INC.,
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JUNE 30, 2017**

Our discussion and analysis of Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a component unit and charter school of the District School Board of Lee County, Florida, (the “School”) financial program provides an overview of the School’s financial and non-financial activities for the year ended June 30, 2017. In addition, the discussion and analysis will also provide the following information:

- How the basic financial statements relate to each other and the significant differences of information they provide.
- A comparative analysis of current and prior year financial information to provide reasons for significant changes that significantly affected current year operations.
- An analysis of fund financial information and a review of significant changes in fund balances.
- An analysis of significant variations between original and final budgeted amounts and actual results of operations.
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on the School’s prospects for the future.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are assets and liabilities using the accrual method of accounting.

The Statement of Net Position presents information on all of the School’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may be an indicator of improving or deteriorating financial conditions.

The Statement of Activities presents information about the change in net position and results of operations during the most recent fiscal year. All results of operations, changes in net position, and results of operations are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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JUNE 30, 2017**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to demonstrate compliance with finance related legal requirements and prudent fiscal management. Fund financial statements provide more detailed information about financial activities focusing on its most significant funds. The School has reported basic services in governmental funds which focus on cash and other financial assets which can readily be converted to cash flow and balances at year-end which are available for spending.

Notes to the Basic Financial Statements

The notes to the basic 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 14-26 of this report.

Government-Wide Financial Analysis:

As noted earlier, net position may over time serve as a useful indicator of the School's financial position when the current and prior years are compared.

	Net Position			
	2017	2016 As Previously Stated	2016 As Restated	Net Change Increase (Decrease)
Current and other assets	\$ 114,906	\$ 167,806	\$ -	\$ 114,906
Capital assets, net of accumulated depreciation	355,508	-	-	355,508
Total assets	470,414	167,806	-	470,414
Current liabilities	255,774	17,352	-	255,774
Noncurrent liabilities	288,991	-	-	288,991
Total liabilities	544,765	17,352	-	544,765
Net position:				
Invested in capital assets, net of related debt	60,848	-	-	60,848
Unrestricted	(135,199)	150,454	-	(135,199)
Total net position	\$ (74,351)	\$ 150,454	\$ -	\$ (74,351)

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JUNE 30, 2017**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):

On July 1, 2016 the assets, liabilities and net position, as reported in the prior year audited financial statements, could not be identified and the rights and obligations of the assets and liabilities could not be obtained. The School's net position is a deficit of \$(74,351). Had a prior period adjustment not been necessary the School's net position would have been a positive \$76,103.

Revenues for governmental activities totaled \$3,202,424 for the year ended June 30, 2017, and loan proceeds of \$300,000 from the building owner were used for renovations to classroom, office, and cafeteria space. The main source of revenue was from the Florida Education Finance Program ("FEFP"). FEFP revenue and other State revenue of \$2,942,346 represented approximately 92% of total revenue for the 2017 fiscal year.

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal sources	\$ 153,055	5%
State sources	2,942,346	92%
Food service	808	0%
Contributions	24,964	1%
Child care	39,223	1%
Local sources	42,028	1%
Total	<u>\$ 3,202,424</u>	<u>100%</u>

Expenditures exceeded revenue during fiscal year 2017 due primarily to improving the facility, improving curriculum, and installing a more professional and dedicated staff.

Due to the prior period adjustment, we were unable to determine the effects of the restatement of net position and fund balances at July 1, 2016 on changes in net position and changes in fund balances for fiscal year ending June 30, 2016. Therefore, we did not compare the program revenues and program expenses to the prior year as shown in the following exhibit.

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JUNE 30, 2017**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):

	Changes in Net Position	
	2017	2016 As Restated
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 153,055	\$ -
Capital grants and contributions	130,382	-
Charges for service	40,031	-
General revenues:		
Unrestricted grants and contributions	2,878,956	-
Total revenues	3,202,424	-
Program expenses:		
Instruction	1,328,211	-
Student services	29,460	-
Food services	185,231	-
School administration	238,589	-
Central services	24,804	-
Board	250	-
Operation of plant	693,634	-
Management fees	448,339	-
School District administartion fee	86,576	-
Interest	17,855	-
Community services	30,637	-
Fiscal services	16,057	-
Transportation	177,132	-
Total program expenses	3,276,775	-
Increase (decrease) in net position	\$ (74,351)	\$ -

Current Year/Prior Year Analysis:

Financial Analysis of Individual Funds

An analysis of current year to prior year balances and transactions provide reasons for significant changes in fund balances and/or net position and whether any restrictions, commitments, or other factors could affect the availability of resources for future use.

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JUNE 30, 2017**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):

- The General Fund ended fiscal year 2017 at a deficit of \$133,194. On July 1, 2016 the assets, liabilities and fund balance as reported in the prior year audited financial statements could not be identified, and the rights and obligations of the assets and liabilities could not be obtained. If the prior period adjustment were not required the fund balance at June 30, 2017 would have been a positive \$17,260.
- Actual revenue in all funds totaled \$3,202,424 in 2017.

Capital Assets

- Capital assets' net book value increased during fiscal year 2017 by \$355,508 due to the net effect of acquisition of capital assets of \$386,785 and \$31,277 of depreciation expense.
- The School had \$294,660 in debt related to capital assets at June 30, 2017.

Budgetary Highlights in the General Fund

Actual revenue in the General Fund for fiscal year 2017 was \$2,918,179.

Instruction and other expenditures were over revenue by \$378,237.

The General Fund balance at June 30, 2017 was a deficit of \$(133,194).

Significant Economic Factors for the Future

Management anticipates the student census will increase to approximately 476 students for the fiscal year ending June 30, 2018. Management has prepared a budget to reflect a projected full-time equivalent (FTE) student population of 476 students. As a result of the projected FTE the School has projected an operating surplus of \$167,100 for fiscal year ending June 30, 2017.

The School has the management, staff, and curriculum in place to provide excellent educational services to students of Lee County, Florida.

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STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 100,634
Supplies	1,985
Prepaid expenses	12,287
Capital assets, net of accumulated depreciation	<u>355,508</u>
Total assets	<u><u>\$ 470,414</u></u>
<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES:	
Accounts payable	90,274
Accrued payroll and related expenses	124,372
Due to other agencies	35,459
Note payable, due within one year	5,669
Note payable, due after one year	<u>288,991</u>
Total current liabilities	544,765
NET POSITION:	
Invested in capital assets, net of related debt	60,848
Restricted	-
Unrestricted	<u>(135,199)</u>
Total net position	<u>(74,351)</u>
Total liabilities and net position	<u><u>\$ 470,414</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

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DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,328,211	\$ -	\$ -	\$ -	\$ (1,328,211)
Student services	29,460	-	-	-	(29,460)
Food services	185,231	808	153,055	-	(31,368)
School administration	238,589	-	-	-	(238,589)
Central services	24,804	-	-	-	(24,804)
Board	250	-	-	-	(250)
Operation of plant	693,634	-	-	130,382	(563,252)
Management fees	448,339	-	-	-	(448,339)
School District administration fee	86,576	-	-	-	(86,576)
Interest	17,855	-	-	-	(17,855)
Community services	30,637	39,223	-	-	8,586
Fiscal services	16,057	-	-	-	(16,057)
Transportation	177,132	-	-	-	(177,132)
Total governmental activities	<u>\$ 3,276,775</u>	<u>\$ 40,031</u>	<u>\$ 153,055</u>	<u>\$ 130,382</u>	<u>(2,953,307)</u>
General Revenues:					
State through local school district					2,811,964
Local					66,992
Total general revenues					<u>2,878,956</u>
Change in net position					(74,351)
Net position - July 1, 2016 as previously stated					150,454
Prior period adjustment					<u>(150,454)</u>
Net position - July 1, 2016 as restated					<u>-</u>
Net position - June 30, 2017					<u>\$ (74,351)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

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BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 100,634	\$ -	\$ -	\$ -	\$ 100,634
Supplies	1,985	-	-	-	1,985
Prepaid expenses	12,287	-	-	-	12,287
Total assets	<u>\$ 114,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,906</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 90,274	\$ -	\$ -	\$ -	\$ 90,274
Accrued payroll and related expense	122,367	2,005	-	-	124,372
Due to other agencies	35,459	-	-	-	35,459
Total liabilities	<u>248,100</u>	<u>2,005</u>	<u>-</u>	<u>-</u>	<u>250,105</u>
FUND BALANCES:					
Nonspendable					
Supplies	1,985	-	-	-	1,985
Prepaid expenses	12,287	-	-	-	12,287
Unassigned	(147,466)	(2,005)	-	-	(149,471)
Total fund balances	<u>(133,194)</u>	<u>(2,005)</u>	<u>-</u>	<u>-</u>	<u>(135,199)</u>
Total liabilities and fund balances	<u>\$ 114,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,906</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

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DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Fund Balances - Governmental Funds	\$ (135,199)
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Amounts reported for governmental activities in the statement of net position are different because:

Long term liabilities are not due in the current period and accordingly, are not reported as fund liabilities.	(294,660)
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	355,508
	355,508

Total net position - Governmental activities	\$ (74,351)
	\$ (74,351)

The accompanying notes to the basic financial statements are an integral part of this statement.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Federal passed through local school district	\$ -	\$ 153,055	\$ -	\$ -	\$ 153,055
State passed through local school district	2,811,964	-	130,382	-	2,942,346
Food service	-	808	-	-	808
Child care	39,223	-	-	-	39,223
Local	42,028	-	-	-	42,028
Contributions	24,964	-	-	-	24,964
Total revenues	2,918,179	153,863	130,382	-	3,202,424
EXPENDITURES:					
Current:					
Instruction	1,328,211	-	-	-	1,328,211
Student services	29,460	-	-	-	29,460
Food services	-	185,231	-	-	185,231
School administration	238,589	-	-	-	238,589
Central services	24,804	-	-	-	24,804
Board	250	-	-	-	250
Operation of plant	918,760	-	130,382	-	1,049,142
Management fees	448,339	-	-	-	448,339
School District administration fee	86,576	-	-	-	86,576
Community services	28,238	2,399	-	-	30,637
Fiscal services	16,057	-	-	-	16,057
Transportation	177,132	-	-	-	177,132
Debt service:					
Principal	-	-	-	5,340	5,340
Interest	-	-	-	17,855	17,855
Total expenditures	3,296,416	187,630	130,382	23,195	3,637,623
Excess (deficiency) of revenues over (under) expenditures	(378,237)	(33,767)	-	(23,195)	(435,199)
Other financing sources (uses):					
Proceeds from long-term debt	300,000	-	-	-	300,000
Transfers in	-	31,762	-	23,195	54,957
Transfers out	(54,957)	-	-	-	(54,957)
Total other financing sources (uses)	245,043	31,762	-	23,195	300,000
Net change in fund balance	(133,194)	(2,005)	-	-	(135,199)
Fund balance - July 1, 2016 as previously stated	150,454	-	-	-	150,454
Prior period adjustment	(150,454)	-	-	-	(150,454)
Fund balance - July 1, 2016 as restated	-	-	-	-	-
Fund balance - June 30, 2017	\$ (133,194)	\$ (2,005)	\$ -	\$ -	\$ (135,199)

The accompanying notes to the basic financial statements are an integral part of this statement.

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
JUNE 30, 2017**

Net Change in Fund Balances - Governmental Funds	\$ (135,199)
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Amounts reported for governmental activities in the statement of net position are different because:

Repayment of long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	5,340
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Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in note payable	(300,000)
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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 and amortization expense. The amount by which capital outlay exceeds depreciation expense in the current period is:	<div style="border-top: 1px solid black; border-bottom: 3px double black;">355,508</div>
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Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ (74,351)</div>
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a component unit and charter school of the District School Board of Lee County, Florida (the “School”) is a not-for-profit corporation and operates as a Charter School pursuant to a Charter School Contract (the “Contract”) with the District School Board of Lee County, Florida (the “District”). The School is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Under the Contract the School provides a kindergarten through eighth grade elementary and middle school education to children who reside in Lee County, Florida. 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 current charter is for a term of five years beginning July 1, 2016. The charter may be renewed as provided in Section 1002.33, 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.

Criteria for determining if other entities are potential component units which should be reported within 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 provides 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements provide information about the School's overall financial condition in a manner similar to a private-sector business. A Statement of Net Position and Statement of Activities report on the accrual basis of accounting using an economic resources measurement focus for governmental activities as the School does not engage in any business type activities. The Statement of Net Position provides information about the School's financial position, with the difference between assets and liabilities reported as net position. The Statement of Activities presents information about the change in the School's net position and the results of its operations during the fiscal year. An increase or decrease in net position is an indication of improving or deteriorating financial condition.

Fund Financial Statements

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives using the current financial resources measurement focus on a modified accrual basis of accounting. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The current financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statement provides a detailed short-term view that may be used to evaluate the School's near-term financing requirements. The School considers revenues collected within sixty days from year-end to be available for revenue recognition in the governmental and fund financial statements.

The School has no Internal Service Fund.

The School utilizes the following major governmental funds:

General Fund – Accounts for all financial activity not required to be accounted for in another fund.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Special Revenue Fund – Accounts for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditures for a specific purpose and to provide a single source of accountability for monies received.

Capital Outlay Fund – Accounts for proceeds of specific grants and expenditures related to the acquisition of the School's facilities.

Debt Service Fund – Accounts for the accumulation of resources for, and payment of long-term debt including principal, interest, and related costs.

The School's fund balance reporting model is designed to clarify fund balance into classifications, nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. See Note 6 for a detailed presentation of fund balance.

Budgetary Basis of Accounting

The School's annual budgets are adopted for the entire operations and presented on the modified accrual basis of accounting and may be amended by the Board of Directors. Since the budgetary basis differs from GAAP, budgetary and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of a surplus of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

Cash

Cash deposits consist primarily of demand deposits included in pooled cash, held by banks which are qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Capital Assets

Expenditures for capital assets acquired for School purposes are reported in Governmental Funds that financed the acquisition; whereas the acquired capital assets are capitalized (recorded) at cost in the Statement of Net Position. Donated capital assets are

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

recorded at their estimated fair market value at the date of donation. The School's policy is to capitalize all capital assets having a useful life of more than one year and an initial cost of \$1,000 or greater.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives (years)
Improvements other than buildings	10
Leasehold improvements	15
Furniture, fixtures and equipment	10
Software	3
Vehicles	5

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Income Taxes

The School is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions and is not subject to any Internal Revenue Service examination prior to year ending June 30, 2016.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue Sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the School pursuant to the funding provisions included in the charter. Under the provisions of Section 1011.62, Florida Statutes the number of full-time equivalent (FTE) students and related data are reported to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP).

Funding for the School is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the School during designated FTE student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2, Florida Statutes. For the 2016-2017 school year, the School reported 405.08 unweighted FTE. Weighted funding represents approximately 5% of total state funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-603411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

The School, from time to time, also receives 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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Lease Transactions

Rent expense on operating leases is recognized on a straight-line basis over the life of the leases commencing with the date of possession.

NOTE 2 – CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets depreciated:				
Improvements other than buildings	\$ -	\$ 33,896	\$ -	\$ 33,896
Leasehold improvements	-	222,053	-	222,053
Furniture, fixtures and equipment	-	130,836	-	130,836
Total capital assets depreciated	<u>-</u>	<u>386,785</u>	<u>-</u>	<u>386,785</u>
Less accumulated depreciation:				
Improvements other than buildings	-	(3,390)	-	(3,390)
Leasehold improvements	-	(14,803)	-	(14,803)
Furniture, fixtures and equipment	-	(13,084)	-	(13,084)
Total accumulated depreciation	<u>-</u>	<u>(31,277)</u>	<u>-</u>	<u>(31,277)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 355,508</u>	<u>\$ -</u>	<u>\$ 355,508</u>

For the year ended June 30, 2017 depreciation expense of \$31,277 was charged to the operation of plant.

NOTE 3 - RISK MANAGEMENT:

The School is exposed to various risks of loss in the normal course of operations which are related to theft, damage or destruction of assets, errors and omissions, injuries to

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NOTE 3 - RISK MANAGEMENT (continued):

others and natural disasters. The School purchases commercial insurance for general liability, commercial property, motor vehicle, and errors and omissions coverage.

For year ending June 30, 2017 the School incurred no liability or casualty losses in excess of insurance coverage.

NOTE 4 - REVENUE SOURCES:

The School receives revenues for current operations primarily from the State of Florida through the District. Other revenue sources are the National School Lunch Program, before and after school care, and local and other sources as detailed in the following schedule of revenue sources and amounts:

<u>Sources</u>	<u>Governmental Fund</u>
Federal passed through the local school district	
National School Lunch Program	\$ 153,055 *
State and local sources passed through the school district	
Florida Education Finance Program (FEFP)	1,810,783
ESE Guarantee	45,426 *
SAI categorical	85,226 *
Class size reduction	488,365 *
Teacher lead program	5,925 *
Reading	17,881 *
Instructional materials	30,767 *
Safe schools	7,317 *
Discretionary Millage	240,388 *
Lottery	6,816 *
Capital outlay	130,382 *
Transportation	68,724 *
Other payments and reductions	4,346 *
Local	42,028 *
Contributions	24,964 *
Food service charges	808 *
Child care	39,223 *
	<hr/>
Total federal, state and local sources	\$ 3,202,424

* Not subject to the District's administrative fee.

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NOTE 4 - REVENUE SOURCES (continued):

An administrative fee of \$86,576 was withheld by the District due to certain student enrollment criteria for 2017 and is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2017.

NOTE 5 – NOTE PAYABLE:

Effective July 1, 2016, the School entered into a loan agreement with the landlord in the amount of \$300,000 for leasehold improvements. The note bears interest at 6%, requiring monthly payments of \$1,932.90 maturing on June 30, 2041.

Future debt service requirements are as follows:

Year ending June 30,	Note Payable		
	Principal	Interest	Total
2018	\$ 5,669	\$ 17,526	\$ 23,195
2019	6,019	17,176	23,195
2020	6,391	16,804	23,195
2021	6,785	16,410	23,195
2022	7,203	15,992	23,195
Thereafter	262,593	178,112	440,705
	<u>\$ 294,660</u>	<u>\$ 262,020</u>	<u>\$ 556,680</u>

For year ended June 30, 2017 the School paid the landlord \$5,340 in principal, \$17,855 in interest totaling \$23,195.

NOTE 6 – FUND BALANCE:

The School's fund balance reporting model is designed to clarify fund balance reporting into classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

In the governmental fund financial statements, fund balance is reported in five classifications.

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NOTE 6 – FUND BALANCE (continued):

- **Nonspendable fund balance**, generally means fund balance not expected to be converted to cash. Supplies purchased which have not been distributed for use total \$1,985. The School has purchased certain insurance policies providing coverage beyond the current accounting period and deposits. The prepaid expenses of \$12,287 are reported as nonspendable fund balance.
- **Restricted fund balance** is a portion of fund balance that constraints have been placed on the use of resources by external parties such as creditors, grantors, contributors, or laws and regulations of other governments. There is no restricted fund balance.
- **Committed fund balance** is used for a specific purpose pursuant to constraints imposed by formal action of the School's highest level of decision making authority. There is no committed fund balance.
- **Assigned fund balance** is amounts constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. Assignment ability can be delegated by the board of directors to the School's Principal. There is no assigned fund balance.
- **Unassigned fund balance** is amounts that represents fund balance amounts which have not been assigned to other classifications. The unassigned fund balance for all governmental funds is \$(135,199).

Spending Policies of the School

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.

Oak Creek Charter School of Bonita Springs, Inc. 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.

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NOTE 7 – INTERFUND TRANSFERS:

During fiscal year 2017 the General Fund transferred \$23,195 to the Debt Service Fund for the repayment of principal and interest for debt incurred regarding certain leasehold improvements; and \$31,762 to the Special Revenue Fund, primarily due to food service costs exceeding reimbursements from the National School Lunch Program.

NOTE 8– RELATED PARTY TRANSACTIONS:

The School shares space, certain other costs, and reimbursements with a PreK Program operated by the management company. From time to time throughout the year the School has a receivable or payable to the related entity as certain costs are shared. At June 30, 2017, a total of \$7,200 for its portion of the rent was owed by the PreK Program to the School. From time to time throughout the year the School has a receivable or payable to the management company for management fees, contributions of capital, and various expenses paid on behalf of the School or expenses incurred on behalf of the management company. At June 30, 2017, the School owed the management company \$12,688.

NOTE 9 – COMMITMENTS:

The School leased property during the year for its administrative, cafeteria, playground and classroom space from Alliance Bonita Springs, LLC under a twenty-five (25) year non-cancelable operating lease that expires June 30, 2041. There are no additional options to renew the lease.

Under the terms of the lease agreement the annual rent is as follows:

Fiscal Year	Base Rent
2018	\$ 386,805
2019	476,805
2020	476,805 plus a percentage of increase in FEFP student allocation, if any
2021	476,805 plus a percentage of increase in FEFP student allocation, if any
2022	476,805 plus a percentage of increase in FEFP student allocation, if any
2023 - 2041	<u>8,559,295</u> plus a percentage of increase in FEFP student allocation, if any
Total approximate rent	<u>\$ 10,853,320</u> plus a percentage of increase in FEFP student allocation, if any

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NOTE 9 – COMMITMENTS (continued):

For year ending June 30, 2017 the School paid the landlord \$357,805 in base rent plus \$1,388 in additional rent for its share of certain insurance coverage.

NOTE 10 – 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.

On 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.

The management fee is calculated from revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2017 as follows:

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NOTE 10 – MANAGEMENT STRUCTURE (continued):

	Governmental Funds
REVENUES:	
Federal passed through local school district	\$ 153,055
State passed through local school district	2,942,346
Food service	808
Child care	39,223
Local	42,028
Contributions	24,964
Total revenues	3,202,424
Management fee (14% of revenue)	\$ 448,339

The management fee of \$448,339 is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2017.

NOTE 11 – PRIOR PERIOD ADJUSTMENT:

Certain errors resulting in a misstatement of the following balance sheet amounts at June 30, 2016 were discovered by management during fiscal year 2017. Accordingly, adjustments totaling \$150,454 were recorded to restate net position and fund balances as of the beginning of fiscal year 2017. The effect of the restatement of net position and fund balances at July 1, 2016 on changes in net position and changes in fund balances for fiscal year ending June 30, 2016 is not determinable.

The prior period adjustments consist of the following:

	Net Position and Fund Balances Effect Increase (Decrease)
Cash	\$ (134,637)
Prepaid expenses	(10,658)
Accounts receivable	(5,140)
Deposits	(17,371)
Accounts payable	17,352
Total net position and fund balances effect	\$ (150,454)

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NOTE 12 – SUBSEQUENT EVENTS:

Management has evaluated all events subsequent to the balance sheet date of June 30, 2017 through August 29, 2017, which is the date these financial statements were available to be issued. Management has determined there are no subsequent events which require disclosure.

NOTE 13 – DEFICIT:

The School's unassigned total fund balance is a deficit \$(149,471) and total fund balance is a deficit \$(135,199) as of June 30, 2017. The net position as of June 30, 2017 is a deficit \$(74,351). These deficits are a direct result of the School being unable to identify or obtain the rights and obligations to the assets, liabilities, fund balance, and net position as reported in the audited financial statements for year ending June 30, 2016 and issued on October 28, 2016. These events resulted in a prior period adjustment which decreases the net position and fund balances by \$150,454. Had these events not occurred the net position would have been positive \$76,103, and fund balances would have been positive \$15,255.

In response to the deficit net position and deficit fund balances the School has increased the student population for fiscal year 2018 by approximately seventy (70) students and significantly reduced capital expenditures in the fiscal year 2018. The corrective action described above is projected to return the School to financial stability in the School's proposed fiscal year 2018 budget.

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REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS (Unaudited)
JUNE 30, 2017**

	Governmental Funds							
	General Fund				Special Revenue Fund			
	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:								
Federal passed through the School District of Lee County	\$ -	\$ -	\$ -	\$ -	\$ 221,277	\$ 221,277	\$ 153,055	\$ (68,222)
State and local sources passed through the School District of Lee County	2,917,561	2,917,561	2,811,964	(105,597)	-	-	-	-
Capital Outlay Funding (PECO)	-	-	-	-	-	-	-	-
Food service	-	-	-	-	3,000	3,000	808	(2,192)
Child care	-	-	39,223	39,223	-	-	-	-
Local	280,000	280,000	42,028	(237,972)	-	-	-	-
Contributions	-	-	24,964	24,964	-	-	-	-
Total revenues	3,197,561	3,197,561	2,918,179	(279,382)	224,277	224,277	153,863	(70,414)
Expenditures:								
Instruction	1,528,803	1,528,803	1,328,211	200,592	-	-	-	-
Instructional staff training	5,000	5,000	-	5,000	-	-	-	-
Student services	25,100	25,100	29,460	(4,360)	-	-	-	-
Food services	-	-	-	-	173,871	173,871	185,231	(11,360)
School administration	185,663	185,663	238,589	(52,926)	-	-	-	-
Central services	10,250	10,250	24,804	(14,554)	-	-	-	-
Board	16,500	16,500	250	16,250	-	-	-	-
Operation of plant	316,503	316,503	918,760	(602,257)	-	-	-	-
Technology services	20,000	20,000	-	20,000	-	-	-	-
Management fees	448,339	448,339	448,339	-	-	-	-	-
School District administration fees	86,576	86,576	86,576	-	-	-	-	-
Community services	27,780	27,780	28,238	(458)	-	-	2,399	(2,399)
Fiscal services	26,208	26,208	16,057	10,151	-	-	-	-
Transportation	63,730	63,730	177,132	(113,402)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	2,760,452	2,760,452	3,296,416	(535,964)	173,871	173,871	187,630	(13,759)
Revenue over (under) expenses	437,109	437,109	(378,237)	(815,346)	50,406	50,406	(33,767)	(84,173)
Other financing sources (uses)								
Proceeds from loan	-	-	300,000	300,000	-	-	-	-
Transfers in	-	-	-	-	-	-	31,762	31,762
Transfers out	-	-	(54,957)	(54,957)	-	-	-	-
Net change in fund balance	\$ 437,109	\$ 437,109	(133,194)	\$ (570,303)	\$ 50,406	\$ 50,406	(2,005)	\$ (52,411)
Fund balance - July 1, 2016 as restated			-				-	
Fund balance - June 30, 2017			<u>\$ (133,194)</u>				<u>\$ (2,005)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS (Unaudited)
JUNE 30, 2017**

Governmental Funds													
Capital Outlay Fund				Debt Service Fund				Total Governmental Funds					
Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,277	\$ 221,277	\$ 153,055	\$ (68,222)		
-	-	130,382	130,382	-	-	-	-	2,917,561	2,917,561	2,942,346	24,785		
-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	3,000	3,000	808	(2,192)		
-	-	-	-	-	-	-	-	-	-	39,223	39,223		
-	-	-	-	-	-	-	-	280,000	280,000	42,028	(237,972)		
-	-	-	-	-	-	-	-	-	-	24,964	24,964		
-	-	130,382	130,382	-	-	-	-	3,421,838	3,421,838	3,202,424	(219,414)		
-	-	-	-	-	-	-	-	1,528,803	1,528,803	1,328,211	200,592		
-	-	-	-	-	-	-	-	5,000	5,000	-	5,000		
-	-	-	-	-	-	-	-	25,100	25,100	29,460	(4,360)		
-	-	-	-	-	-	-	-	173,871	173,871	185,231	(11,360)		
-	-	-	-	-	-	-	-	185,663	185,663	238,589	(52,926)		
-	-	-	-	-	-	-	-	10,250	10,250	24,804	(14,554)		
-	-	-	-	-	-	-	-	16,500	16,500	250	16,250		
381,000	381,000	130,382	250,618	-	-	-	-	697,503	697,503	1,049,142	(351,639)		
-	-	-	-	-	-	-	-	20,000	20,000	-	20,000		
-	-	-	-	-	-	-	-	448,339	448,339	448,339	-		
-	-	-	-	-	-	-	-	86,576	86,576	86,576	-		
-	-	-	-	-	-	-	-	27,780	27,780	30,637	(2,857)		
-	-	-	-	-	-	-	-	26,208	26,208	16,057	10,151		
-	-	-	-	-	-	-	-	63,730	63,730	177,132	(113,402)		
-	-	-	-	10,000	10,000	5,340	4,660	10,000	10,000	5,340	4,660		
-	-	-	-	20,000	20,000	17,855	2,145	20,000	20,000	17,855	2,145		
381,000	381,000	130,382	250,618	30,000	30,000	23,195	6,805	3,345,323	3,345,323	3,637,623	(292,300)		
(381,000)	(381,000)	-	381,000	(30,000)	(30,000)	(23,195)	6,805	76,515	76,515	(435,199)	(511,714)		
-	-	-	-	-	-	-	-	-	-	300,000	300,000		
-	-	-	-	-	-	23,195	(23,195)	-	-	54,957	54,957		
-	-	-	-	-	-	-	-	-	-	(54,957)	(54,957)		
<u>\$ (381,000)</u>	<u>\$ (381,000)</u>	<u>-</u>	<u>\$ (381,000)</u>	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>-</u>	<u>\$ (16,390)</u>	<u>\$ 76,515</u>	<u>\$ 76,515</u>	<u>(135,199)</u>	<u>\$ (211,714)</u>		
		-	-			-	-			-	-		
		<u>\$ -</u>				<u>\$ -</u>				<u>\$ (135,199)</u>			

The accompanying notes to the basic financial statements are an integral part of this statement

REGULATORY REPORTS

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

To the Board of Directors
Oak Creek Charter School of Bonita Springs, Inc.
formerly known as Bonita Springs Preparatory and Fitness School, Inc.
a Charter School and Component Unit of
the District School Board of Lee County, Florida
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., formerly known as Bonita Springs Preparatory and Fitness School, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 29, 2017.

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 cursive script that reads "Sattler & Company P.A.".

Tampa, Florida
August 29, 2017

MANAGEMENT LETTER

To the Board of Directors
Oak Creek Charter School of Bonita Springs, Inc.
formerly known as Bonita Springs Preparatory and Fitness Academy, Inc.
a Charter School and Component Unit of
the District School Board of Lee County, Florida

Report on the Financial Statements

We have audited the basic financial statements of Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida (the "School"), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 29, 2017.

Auditor's Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 29, 2017, 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 such findings and recommendations in the prior year audit.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, Section 1002.33(9)(p), Florida Statutes, requires the name or official title of the entity. The official title of the entity is Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida 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, require that we apply financial condition assessment procedures for Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida. It is management's responsibility to monitor Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida'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.

Transparency

Section 10.854(1)(e)7. and 10.855(13) Rules of the Auditor General, require that we apply appropriate procedures to determine whether Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida, maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Oak Creek Charter School of Bonita Springs, Inc., formerly known as Bonita Springs Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida, maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

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 District School Board of Collier County, Florida, 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 cursive script that reads "Sottile & Company P.A.".

Sottile & Company P.A.
Tampa, Florida
August 29, 2017