

**DISTRICT SCHOOL BOARD, CHARTER SCHOOL AND CHARTER
TECHNICAL CAREER CENTER, THE FLORIDA VIRTUAL SCHOOL
(INCLUDING FLORIDA VIRTUAL SCHOOL GLOBAL), AND
VIRTUAL INSTRUCTION PROGRAM PROVIDER
AUDIT REPORT SUBMITTAL CHECKLIST**

Entity Name: The Island School, Inc.

Entity Address: 135 West First Street, P.O. Box 1090
Boca Grande, FL 33921

Entity Contact Person:
Name: Christine Oliver
Title: Head of School
Phone Number: (941) 964-8016
E-mail Address: christine.o@islandschoolbocagrande.com

CPA or Other (if applicable):
Name: ALEJANDRA M. JUFFE
Title: CPA
Phone Number: (941) 475-7937
E-mail Address: ajuffe@macpas.com

Fiscal Year Audited: June 30, 2022

Date the auditor delivered the audit report to the entity: 8/29/22

Does the audit report include the following items required by Sections 10.806(2) or 10.856(2), Rules of the Auditor General, as applicable?

Yes Financial statements, as described in Sections 10.805(3) and 10.855(3) - (7), Rules of the Auditor General, as applicable, together with related notes to financial statements?

Yes Required supplementary information such as the management's discussion and analysis?

Yes The auditor's report on the financial statements?

Yes The auditor's report on internal control and compliance?

Yes Any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or other applicable Federal law?

Yes The management letter defined in Sections 10.804(1)(f) and 10.854(1)(e), Rules of the Auditor General, as applicable?

yes The written statement of explanation or rebuttal required by Sections 10.807(2) and 10.857(2), Rules of the Auditor General, as applicable?

In addition to the above, have the following requirements been complied with:

yes Are all of the above elements of the audit report included in a **single document** as required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General, as applicable?

yes Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Sections 10.807(4) and 10.857(4), Rules of the Auditor General, as applicable?

yes Is the electronic copy named using all lowercase letters as follows: [fiscal year] [name of entity].pdf? For example, the converted document for the 2020-21 fiscal year for Alachua County District School Board should be named 2021 alachua county dsb.pdf, while the converted document for the 2020-21 fiscal year for Alachua Learning Center, Inc. should be named 2021 alachua learning center.pdf. If the charter school goes by a DBA (doing business as), use the DBA in the file name.

yes Was the audit report submitted within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year as required by Section 218.39(7), Florida Statutes, as referenced by Sections 10.807(4) and 10.857(4), Rules of the Auditor General? **NOTE:** There is no provision in law authorizing an extension for filing the audit report.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Telephone: (850) 412-2881

E-mail Address: flaudgen_dsb_charter@aud.state.fl.us

Web site Address: FLAuditor.gov

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF
LEE COUNTY, FLORIDA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

Alejandra M. Juffe
Certified Public Accountant

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
Report of Independent Auditor's on Basic Financial Statements And Supplementary Information	1-2
Management's Discussion and Analysis (Unaudited)	3-8
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Activities	10
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Fund	11
Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of the Governmental Fund to the Statement of Activities	14
Notes to Financial Statements	15 – 25
REQUIRED SUPPLEMENTARY INFORMATION	
Note to Required Supplementary Information	26
Budgetary Comparison Schedule – General Fund (Unaudited)	27
COMPLIANCE AND INTERNAL CONTROL	
Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i>	29 – 30

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INDEPENDENT AUDITOR'S REPORT

August 29, 2022

To the Board of Directors of The Island School, Inc.
A Charter School and Component Unit of
The District School Board of Lee County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the The Island School, Inc. as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The Island School, Inc.'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, the business-type activities, and each major fund of The Island School, Inc. 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Example School District 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 Island School, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Island School, Inc.'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 Island School, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of The Island School, Inc.'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 Island School, Inc.'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 Island School, Inc.'s internal control over financial reporting and compliance.

Alejandra M. Juffe
Alejandra M. Juffe
Certified Public Accountant

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

This section of the annual financial report of The Island School, Inc. (The School) presents management's discussion and analysis of the school's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The School's total net position increased by \$122,758 from the prior year. The increase in the net position is a strong indicator that the School's financial position keeps improving.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

The first two statements are *government-wide financial* statements that provide both long-term and short-term information about the School's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements. The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains the information in the basic financial statements.

This document also includes the independent auditor's report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

The following table summarizes the major features of the School's basic financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	<u>Government-Wide Statements</u>	<u>Fund Statements Governmental Funds</u>
Scope	Entire School	The activities of the school that are not proprietary or fiduciary.
Required Financial Statements.	Statement of net position. Statement of activities.	Balance sheet. Statement of revenues, expenditures and changes in fund balances.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual basis of accounting and current financial resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and short-term & long-term.	Only assets expected to be used up and liabilities that come due during the year, or soon thereafter; no capital assets included.
Type of inflow/outflow information.	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon thereafter.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the School as a whole, using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The two government-wide financial statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's Financial health or position. Over time, increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the School, one needs to consider additional non-financial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

Governmental activities – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.

Business-type activities – activities that the School charges for certain services. The School provides an after school program that falls under this category.

Component units – there are currently no component units included within the reporting entity of the School.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one kind of fund:

Governmental funds – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future, to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the difference between them.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any of the information provided in this report or requests for additional information should be address to the Director, The Island School, Inc., PO Box 1090, Boca Grande, FL 33921

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's combined net position increased from fiscal year 2021 to 2022:

Assets	Governmental Activities		Change
	2021	2022	
Current and other assets	\$ 1,634,741	\$ 1,763,076	\$ 128,335
Capital assets, net	2,012,033	2,033,747	21,714
Total assets	\$ 3,646,774	\$ 3,796,823	\$ 150,049
Liabilities			
Current and other liabilities	\$ 7,140	\$ 34,431	\$ 27,291
Net Position			
Invested in capital assets	2,012,033	2,033,747	21,714
Restricted For:			
Restricted, Technology	3,715	-	(3,715)
Restricted, Medical Needs	200	200	-
Restricted, STEAM & Science Equipment	6,617	13,498	6,881
Restricted, Art	5,514	5,331	(183)
Restricted, Reading Curriculum	3,635	8,115	4,480
Restricted, Teacher Training	9,965	-	(9,965)
Restricted, Field Trips	12,945	12,945	-
Restricted, Book Fair	-	2,000	2,000
Restricted, ELA Classroom	-	3,000	3,000
Restricted, Music	-	172	172
Restricted, Air Purifiers	-	468	468
Restricted, Board Approved	1,141,325	1,092,042	(49,283)
Total Restricted	1,183,916	1,137,771	(46,145)
Unrestricted	443,685	590,874	147,189
Total Net Position	\$ 3,639,634	\$ 3,762,392	\$ 122,758

The Statement of Net Position presents information on all of the assets and liabilities as of June 30, 2022, showing total assets of \$3,796,823 and total liabilities of \$34,431.

Net position of \$3,762,392 is the difference between total assets and total liabilities.

The increase of the net position from the prior year is an indicator that the financial position of the Charter School improved compared to the prior year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

CHANGE IN NET POSITION

The School's total revenues and the total cost of all programs and services increased from fiscal years 2021 to 2022 (see table below).

	Governmental Activities		Change
	2021	2022	
Revenues:			
State and local sources	\$ 496,778	\$ 593,278	\$ 96,500
Contributions and other revenues	748,532	932,151	183,619
Total revenues	1,245,310	1,525,429	280,119
Expenses:			
Instruction & instruction-related services	684,157	779,005	94,848
Administrative support services	276,652	338,912	62,260
Other support services	118,719	121,335	2,616
Operation of plant	134,328	148,591	14,263
Total expenses	1,213,856	1,387,843	173,987
Net , After School Program	(29,785)	(10,145)	19,640
Excess revenues over expenses	\$ 1,669	\$ 127,441	125,772
OTHER SOURCES (USES)			
Investment income, net	12,704	8,193	(4,511)
Unrealized Gain on Investment	(9,893)	(57,198)	(47,305)
Assets released from restrictions	15,925	44,322	28,397
Change in net position	20,405	122,758	102,353
Net position - beginning	3,619,229	3,639,634	20,405
Net position - ending	\$ 3,639,634	\$ 3,762,392	\$ 122,758

Revenues from state sources increased due to the increase of the State's funds allocation, the increase in number of students, and the ESSER II grant. The ESSER II grant was authorized in the Coronavirus Response and Relief Supplemental Appropriations. Donations and revenues from the School's annual fundraising event also increased as Covid-19 restrictions were reduced.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of \$1,728,645, which was an increase from the prior year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual total revenue exceeded budgeted revenue by \$211,607
(without counting temporarily restricted donations).

Actual costs exceeded budgeted costs by \$94,503, not including capital expenditures of \$118,683

CAPITAL ASSET ADMINISTRATION

At the end of the fiscal year 2022, the School had invested \$3,320,082 in a range of capital assets.

	Governmental Activities		Change
	2021	2022	
Buildings and improvements	\$ 2,945,969	\$ 2,997,623	\$ 51,654
Furniture, fixtures and equipment	198,411	251,586	53,175
Smart Boards	43,768	56,503	12,735
Science room equipment & curriculum	13,251	14,370	1,119
Total capital assets	\$ 3,201,399	\$ 3,320,082	118,683

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The number of enrolled students during the fiscal year of June 30, 2022 was 65.
At the beginning of the 2022-2023 school year, there are 68 enrolled students.
The Board and Staff are continuing fund raising efforts to keep the community aware of the continuing growth of the school.

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

STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

ASSETS	<u>Governmental Activities</u>
Current Assets	
Cash and cash equivalents	\$ 689,151
Investments	1,070,905
Accounts Receivable	680
Prepaid expenses	2,340
Total Current Assets	<u>1,763,076</u>
Capital assets:	
Buildings and Improvements	2,997,623
Furniture, fixtures and equipment	251,586
Smart boards	56,503
Science room equipment and curriculum	14,370
Less accumulated depreciation	<u>(1,286,335)</u>
Total capital assets, net	<u>2,033,747</u>
TOTAL ASSETS	<u>3,796,823</u>
LIABILITIES	
Current Liabilities	
Notes payable- current	<u>34,431</u>
Total Current Liabilities	<u>34,431</u>
Net Position	
Invested in capital assets	2,033,747
Restricted For:	
Restricted, Medical Needs	200
Restricted, STEAM & Science Equipment	13,498
Restricted, Art	5,331
Restricted, Field Trips	12,945
Restricted, Reading Curriculum	8,115
Restricted, Book Fair	2,000
Restricted, ELA Classroom	3,000
Restricted, Music	172
Restricted, Air Purifiers	468
Board designated for endowment	<u>1,092,042</u>
Total Restricted Funds	<u>1,137,771</u>
Unrestricted	590,874
TOTAL NET POSITION	<u>\$ 3,762,392</u>

The accompanying notes are an integral part
of these financial statements.

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONAL PROGRAMS	Program Revenues			Net (Expense)
	Expenses	Operating Grants and Contributions	Charges for Services	Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 779,005	\$ -	\$ -	\$ 779,005
Administrative support services	338,912	-	-	338,912
Other support services	121,335	-	-	121,335
Operation of plant	148,591	-	-	148,591
Community Service (After School)	34,823	-	24,678	10,145
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,422,666	\$ -	\$ -	\$ 1,397,988
GENERAL REVENUES				
State aid:				
Formula grants				\$ 501,434
Professional development				7,517
Capital outlay funds				35,914
ESSER II Grant				48,413
Contributions and other revenue				932,151
TOTAL GENERAL REVENUES				1,525,429
Excess of revenue over expenditures				127,441
Interest & Investment Income				(49,005)
Restricted program support - in				55,146
Restricted program support - out				(10,824)
Net changes in net position				122,758
NET POSITION AT JULY 1, 2021				3,639,634
NET POSITION AT JUNE 30, 2022				\$ 3,762,392

The accompanying notes are an integral part
of these financial statements.

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

BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2022

ASSETS	<u>Governmental Fund</u>
Cash and cash equivalents	\$ 689,831
Investments	1,070,905
Prepaid expenses	<u>2,340</u>
TOTAL ASSETS	<u>\$ 1,763,076</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Notes payable - current	<u>34,431</u>
TOTAL LIABILITIES	<u>34,431</u>
FUND BALANCE	
Nonspendable	2,340
Restricted For:	
Restricted, medical needs	200
Restricted, STEAM & Science Equipment	13,498
Restricted, Art	5,331
Restricted, Field trips	12,945
Restricted, Reading Curriculum	8,115
Restricted, Book Fair	2,000
Restricted, ELA Classroom	3,000
Restricted, Music	172
Restricted, Air Purifiers	468
Board designated for endowment	<u>1,092,042</u>
Total Restricted	<u>1,137,771</u>
Unassigned:	<u>588,534</u>
TOTAL FUND BALANCE	<u>1,728,645</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,763,076</u>

The accompanying notes are an integral part
of these financial statements.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

TOTAL FUND BALANCE – GOVERNMENTAL FUND \$ 1,728,645

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in the
governmental fund. The cost basis of the assets are \$3,320,082 and
the accumulated depreciation is (\$1,286,335). 2,033,747

TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES \$ 3,762,392
=====

The accompanying notes are an integral part
of these financial statements.

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

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
State Funds	\$ 557,364	\$ 35,914	\$ 593,278
Contributions and other revenue	932,151	-	932,151
After school program	24,678	-	24,678
TOTAL REVENUES	1,514,193	35,914	1,550,107
EXPENDITURES			
Current - Education			
Instruction	789,868	-	789,868
Administrative support services	338,037	-	338,037
Other support services	121,335	-	121,335
Operation of plant	124,403	-	124,403
After school program	34,823	-	34,823
Capital Outlay:			
Furniture & equipment purchase	-	35,914	35,914
TOTAL EXPENDITURES	1,408,466	35,914	1,444,380
EXCESS OF REVENUE OVER EXPENDITURES	105,727	-	105,727
OTHER FINANCING SOURCES (USES)			
INTEREST AND INVESTMENT INCOME	(49,005)	-	(49,005)
RESTRICTED PROGRAM SUPPORT			
TRANSFER OF RESTRICTED FUNDS - IN	55,146	-	55,146
TRANSFER OF RESTRICTED FUNDS - OUT	(10,824)	-	(10,824)
NET CHANGES IN FUND BALANCE	101,044	-	101,044
FUND BALANCE AT JULY 1, 2021	1,627,601	-	1,627,601
FUND BALANCE AT JUNE 30, 2021	\$ 1,728,645	\$ -	\$ 1,728,645

The accompanying notes are an integral part
of these financial statements.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUND	\$ 101,044
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays of \$118,683 exceeds depreciation expense of \$96,969 in the current period.

21,714

NET CHANGES IN NET POSITION	\$ <u>122,758</u> =====
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The accompanying notes are an integral part
of these financial statements.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Island School, Inc. (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, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of eight members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lee County, Florida (the "School Board"). The current charter is effective until June 30, 2035 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In the case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is considered a component unit of the School Board; Therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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, Sections 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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The School's financial instruments are cash and cash equivalents and accounts payable. The recorded values of these assets and liabilities approximate their fair values based on their short-term nature.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

BASIS OF PRESENTATION

The School's basic financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, both government-wide and fund financial statements are presented. The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. See Note 7 for discussion pertaining to Restricted Funds.

The government-wide financial statements of the School are generally divided into three categories:

Governmental activities - most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.

Business-type activities –activities that the School charges for certain services. The school provides an after school program that falls under this category.

Component units – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for as individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general fund constitutes a major fund. There are no other major funds.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting with an economic resource focus. Revenues are recognized when earned and expenses are recognized when incurred. The modified accrual basis of accounting and current financial resource focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principle exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

DEPOSITS AND INVESTMENTS

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The School's cash consist primarily of demand deposits.

The components of investments as of June 30, 2022 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 21,136	\$ 21,136
Fixed income securities	<u>1,130,429</u>	<u>1,070,906</u>
	\$1,151,565	\$1,092,042

Investment activity for the year ended June 30, are as follows:

Interest and dividends	\$10,074
Investment fees	<u>(2,253)</u>
Investment income, net of investment fees	7,821
Realized gain/ (loss) on investments	-0-
Unrealized gain/(loss) on investments	<u>(57,198)</u>
Realized and unrealized gain/(loss) on investments, net	<u>(57,198)</u>
Total investment return	<u>\$(49,377)</u>

ENDOWMENT

The Board of Trustees of the School established an endowment fund. The endowment fund functions as a quasi-endowment. The use of the monies is designated to provide operational support for the School. Thus, the funds in the account are available for financial support of the School without donor restriction. Further, the ability of the Trustees to invade principal also led to the decision to classify the funds in that account as board designated funds without donor restrictions.

Endowment net assets are classified as net assets without donor restriction on the statement of financial position. Endowment net assets were \$1,092,042 at June 30, 2022.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>2022</u>
Endowment new assets at beginning of year	\$1,141,325
Investment income, net of fees	7,821
Donations	9,838
Transfer from (to) checking account	(9,745)
Unrealized gain/(loss)	<u>(57,198)</u>
Endowment net assets at end of year	\$1,092,041

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions' activity was as follow:

Specific purpose Description	Balance As of 07/01/21	Donations	Expenditures	Balance As of 06/30/22
Technology	\$3,715	\$20,985	(\$24,700)	\$ -0-
Smart Boards	-0-	5,000	(5,000)	-0-
Medical Needs	200	-0-	-0-	200
Phone System	-0-	2,000	(2,000)	-0-
Steam & Science Equip	6,617	8,000	(1,119)	13,498
Book Fair	-0-	2,000	-0-	2,000
ELA Classroom	-0-	3,000	-0-	3,000
Field Trip	12,945	-0-	-0-	12,945
Art	5,514	-0-	(183)	5,331
Music	-0-	900	(728)	172
Reading Curriculum	3,635	5,000	(520)	8,115
Teacher Training	9,965	-0-	(9,965)	-0-
Air Purifiers	-0-	8,261	(7,793)	468
Totals	<u>\$42,591</u>	<u>\$55,146</u>	<u>(\$52,008)</u>	<u>\$ 45,729</u>

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

CAPITAL ASSETS AND DEPRECIATION

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. The capital assets acquired are reported at cost, net of accumulated depreciation, in the government-wide financial statements. The School's capital assets as of June 30, 2022, amounts to \$2,033,747 (net of accumulated depreciation). Donated assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

Buildings and improvements	40 years
Furniture, fixtures and equipment	2 – 7 years
Smart boards	7 years
Reading curriculum	7 years
Science room equipment & curriculum	7 years
Project child learning system	5 years

Information relative to changes in capital assets is described in Note 2.

REVENUE SOURCES

Revenues for current operations are received from the District School Board of Lee County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP).

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The administrative fee paid to the School Board is 2% of the Florida Education Finance Program Funds, or \$10,747 for the year ended June 30, 2022. The fee was decreased from 5% to 2% in November of 2019. The cost is reflected as a school administration expenditure in the statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue is received in the form of donations from local community organizations and community members. These donations are in the form of unrestricted and temporary restricted funds for the general school operations and for donors' specific purposes.

USE OF ESTIMATES

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and affect revenues and expenditures for the period presented. Actual results could differ significantly from those estimates.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has prepaid insurance for the amount of \$2,340 that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

NET POSITION AND FUND BALANCE CLASSIFICATION

Government-wide Financial Statements

Net Position are classified and reported in three components:

- 1) Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition of those assets.
- 2) Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- 3) Unrestricted Net Position – all other net positions that does not meet the definition of "restricted" or "net investment in capital assets."

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Fund Financial Statements

GASB Codification Section 1800-142, *Fund Balance Reporting and Governmental Fund Type Definitions*, Defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balances categories:

- 1) 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). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- 2) Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- 3) Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- 4) Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- 5) Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amount not contained in the other classifications.

Income Tax Exemption

The School is exempt from federal income taxes under the provision of Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

Management is not aware of any tax positions that are more likely than not to change in the next twelve months, or that would not sustain an examination by applicable taxing authorities.

NOTE 4 – RISK MANGEMENT PROGRAM

General liability and professional liability are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Workers' compensation coverage, health and hospitalization are purchased as part of the leased employee program. Settled claims resulting from these risks have not exceeded commercial coverage. The School's exterior of the building is covered under the lease agreement with the county. The School's personal property is covered through a separate policy.

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

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increase / (Decrease)	Ending Balance
Governmental activities:			
Other capital assets:			
Buildings and Improvements	\$ 2,945,969	\$ 51,654	\$ 2,997,623
Furniture, fixtures and equipment	198,411	53,175	251,586
Smart boards	43,768	12,735	56,503
Science room equipment	13,251	1,119	14,370
Total capital assets at historical cost	<u>3,201,399</u>	<u>118,683</u>	<u>3,320,082</u>
Less accumulated depreciation for:			
Buildings and Improvements	892,805	75,842	968,647
Furniture, fixtures and equipment	296,561	21,127	317,688
Total accumulated depreciation	<u>1,189,366</u>	<u>96,969</u>	<u>1,286,335</u>
Governmental activities capital assets, net	<u>\$ 2,012,033</u>	<u>\$ 21,714</u>	<u>\$ 2,033,747</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction and instruction-related services	\$ 20,253
Administrative support services	874
Operation of plant	<u>75,842</u>
Total governmental activities depreciation expense	<u>\$ 96,969</u>

NOTE 3 - SCHEDULE OF STATE REVENUE SOURCES

The following is a detailed schedule of state funds received from the District School Board of Lee County, Florida:

Florida Education Finance Program	\$ 508,951
ESSER II Grant	48,413
Capital outlay	<u>35,914</u>
Total	<u>\$ 593,278</u>

The administration fee paid to the School Board during the year ending June 30, 2022 totaled \$10,747, which is reflected as a school administration expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – EMPLOYEES BENEFIT PLAN

The School participated in a defined contribution tax sheltered annuity 401(k) plan for its full-time employees from July 2021 to March 2022. Contributions to the 401(k) plan made by the School totaled \$6,442. Contributions were directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. In April of 2022, the School switched his retirement plan to the Florida Retirement System (FRS). The FRS is administered by the Florida Department of Management Services. Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. The FRS provides retirees a lifetime pension with joint and survivor payment options. Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuation of the employer's proportionate share of the collective net pension liability (GASB 67 reporting purposes). The FRS Pension Plan's GASB 67 valuation is performed annually and the latest study was performed for the fiscal year June 30, 2021. Given that the School started the Florida Retirement System plan later into their fiscal year and after the latest actuarial's valuation, information is not available for this fiscal year to establish the net pension liability amount.

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES

GRANTS

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collection of any related receivable at June 30, 2022 may be impaired.

It is the opinion of the School that there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES. (CONTINUED)

CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School's deposit policy for custodial credit risk is to spread its deposits among various institutions to the extent possible in order to limit its exposure to any one institution. As of June 30, 2022, \$418,018 of the School's \$1,760,060 bank and investment balances were exposed to custodial credit risk.

LEASES

In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement requires recognition and reporting of certain lease assets and liabilities for leases that previously were classified as operating leases. The School adopted a lease's policy, where leases with annual payments over \$5,000 will be subject to this standard. Payments for leases under this threshold will be recorded as lease expense. Currently the School has only one lease for a copier which falls under the \$5,000 threshold.

The School utilizes classroom and administrative facilities under an informal operating lease with an unrelated party. The lease amount is \$1 per year. Gift-in-kind revenue and related rent expense are not reflected in the accompanying financial statements due to significant uncertainty regarding the fair value of the facilities used.

LAND LEASE

The School entered into a land lease agreement with Lee County on April 25, 2006. The lease is for real property at 131 1st Street West, Boca Grande, Florida and is located at the County's Boca Grande Community Center. The lease is for a term not to exceed 30 years and has an option to renew for another 30 upon written agreement with all parties. The rent is \$1 per year. The County will maintain the roof and windows and provide routine maintenance. The School will bear the cost of water/sewer, trash, electricity and telephone. The School may not assign the lease, nor sublet without written approval from the County. The County can not terminate the lease without good cause and the School has the right to terminate the lease with one year's written notice. Upon termination of the lease, the lessee may remove personal property, however, the building, fixtures and real property belong to the County.

During the fiscal year June 30, 2008 the building was transferred to Lee County Parks and Recreations in exchange for a 30 year lease with a 30 year option.

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 – FUND BALANCES

Nonspendable fund balances represents the amount of net capital assets that cannot be spent because they are not in spendable form and the School does not hold title to a major asset still retained within the fund balance.

Restricted fund balances represent the amount that has been restricted to a specific purpose by the Donor, once the purpose has been satisfied the amount will be transferred to the Unrestricted fund balance.

Unassigned fund balance is the residual classification for the general fund. This classification represents the fund balance that has not been assigned to other funds, that is not nonspendable, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

NOTE 8 – AFTER SCHOOL PROGRAM

During the fiscal year ended June 30, 2022, the after school program had revenues of \$24,678 from fees. Expenses for the program including direct wages and operational expenses were \$34,823 resulting in a net program loss of \$10,145. Staff members and Board members are engaged in making the Community aware of the program to obtain donations and grants.

NOTE 9 – RELATED PARTY

During fiscal 2022, board members made contributions totaling approximately \$26,000 to the School for general operating purposes.

On May 4, 2009 former Island School Board members formed a foundation organized as a public charity under Internal Revenue code 501 (c)(3) known as The Island School Foundation, Inc. The Foundation's mission is to exclusively support the advancement of education in Boca Grande, FL including but not limited to the assistance of The Island School, Inc. During the June 30, 2022 fiscal year, the Foundation made grants to the School for \$400,000.

NOTE 10 – NOTE PAYABLE

The School entered into an agreement with the Institute for School Innovation on April 15, 2011 and agreed to pay a total of \$36,756 for a program titled Project Child. As of June 30, 2012, \$29,346 was paid. The remaining balance was set-up as a note of \$7,140 due by June 30, 2013. The vendor, Institute for School Innovation has ceased operations as of June 30, 2013. The School is awaiting final billing for payment of the outstanding note payable.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through August 29, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
State formula grants	\$ 452,500	\$ 593,278	\$ 140,778
Contributions and other revenue	860,000	932,151	72,151
After school program	25,000	24,678	(322)
Miscellaneous	1,000		
TOTAL REVENUES	1,338,500	1,550,107	211,607
EXPENDITURES			
Instruction	817,117	778,748	38,369
Instruction staff development	10,200	257	9,943
Administrative support services	275,395	338,912	(63,517)
Other support services	147,050	121,335	25,715
Operation of plant	74,401	148,591	(74,190)
After school program	4,000	34,823	(30,823)
TOTAL EXPENDITURES	1,328,163	1,422,666	(94,503)
NET CHANGE IN FUND BALANCE	\$ 10,337	\$ 127,441	\$ 117,104

THE ISLAND SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1—BUDGETARY BASIS OF 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 and benefits, purchased services, material and supplies and capital outlay) within each activity (e.g. instruction, school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Alejandra M. Juffe CPA
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Report of Independent Auditor's 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 of The Island School, Inc.
a Charter School and Component Unit of
the District School Board of Lee County, Florida

We have audited, 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, the basic financial statements of the governmental activities, each major fund of The Island School, Inc. (the "School"), a charter school and component unit of the District School Board of Lee 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 basis financial statements, and have issued our report thereon dated August 29, 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 opinion 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 over financial reporting 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.

August 29, 2022
Date

Alejandra M. Juffe
By: Alejandra M. Juffe
28

Alejandra M Juffe CPA
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Independent Auditor's Management Letter

To the Board of Directors of The Island School, 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 financial statements of The Island School, Inc. as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated August 29, 2022.

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 and Chapter 10.850, Rules of the Auditor General.

Other Reporting Required by Government Auditing Standards

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 those reports and schedule, which are dated August 29, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

The Rules of the Auditor General (Section 10.854 (1)(e)(1)) require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding financial audit report. No specific recommendations were made in the prior year.

Official Title

Section 10.854 (1)(e) 1., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is The Island School, Inc. The School's State ID number is FL-36-4100.

Financial Condition

The *Rules of the Auditor General* (Section 10.854 (1)(e)(2)) requires a statement as to whether or not the entity 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 determine 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 Auditor General (for charter schools and centers only)*, we applied financial condition assessment procedures. It is management's responsibility to monitor, The Island School's, Inc. 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

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.

Other Matters

The *Rules of the Auditor General* (Section 10.854 (1)(e)(3) requires disclosure in the management letter of any recommendations to improve present financial management, accounting procedures, and internal controls. There are no recommendations.

Section 10.854 (1)(e)(4), *Rules of the Auditor General*, requires that we address non compliance with provision of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Lee and is not intended to be and should not be used by anyone else other than these specified parties.

Alejandra M. Juffe

By Alejandra M. Juffe, CPA
Englewood, FL
August 29, 2022