

Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

September 28, 2024

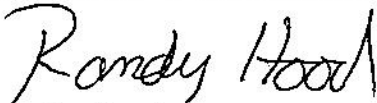
Mr. Francis S. Branin, JR
The Island School, Inc.
P.O. Box 1090
Boca Grande, FL 33921

Dear Skip:

We enclose two (2) copies of the audited financial statements for the year ended June 30, 2024 along with Independent Auditor's Report and Communication with Governance letter.

If you have any questions, please contact us.

Yours truly,
LENGEMANN & ASSOCIATES, P.C.



Randy Hood

Enclosures

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

**Audited Financial Statements for the Year Ended
June 30, 2024
With Independent Auditor's Report**

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

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Audits of Charter Schools and Similar Entities**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Island School, Inc.
Boca Grande, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund, of The Island School, Inc. (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension liability on page 26 to 30 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Accounting Standards*, we have also issued our report dated September 15, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Lengemann & Associates, Inc.

Papillion, Nebraska
September 15, 2024

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

STATEMENT OF NET POSITION

JUNE 30, 2024

ASSETS	Governmental Activities	Component Unit The Island School Foundation, Inc
CURRENT ASSETS		
Cash and cash equivalents	\$ 340,586	\$ 8,797
Investments	1,152,155	10,721,529
Accounts receivable	107,980	15,226
Prepaid expenses	<u>3,564</u>	<u>584</u>
TOTAL CURRENT ASSETS	<u>1,604,285</u>	<u>10,746,136</u>
CAPITAL ASSETS		
Buildings and improvements	2,999,424	-
Furniture, fixtures and equipment	263,811	580
Smartboards	30,768	3,642
Science room equipment	55,974	4,706
Less accumulated depreciation	<u>(1,462,631)</u>	<u>(7,518)</u>
TOTAL CAPITAL ASSETS, NET	<u>1,887,346</u>	<u>1,410</u>
TOTAL ASSETS	<u>\$ 3,491,631</u>	<u>\$10,747,546</u>
 Deferred outflows of resources – pension	 <u>\$ 663,569</u>	 <u>\$ -</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 1,467	\$ 1,613
Accrued payroll	16,097	-
Accrued liabilities	<u>7,140</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>24,704</u>	<u>1,613</u>
OTHER LIABILITIES		
Net pension liability	<u>980,790</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,005,494</u>	<u>1,613</u>
 Deferred inflows of resources – pension	 <u>34,429</u>	 <u>-</u>
NET POSITION/NET ASSETS		
Net investment in capital assets	1,887,346	-
Board designated – Strategic Reserve Fund	1,152,155	-
Restricted funds	132,927	-
Unrestricted	(57,151)	-
Without donor restriction	<u>-</u>	<u>10,745,933</u>
TOTAL NET POSITION/NET ASSETS	<u>\$ 3,115,277</u>	<u>\$10,745,933</u>

See accompanying notes to the financial statements

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	<u>Expenses</u>	<u>Program revenues - Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>	<u>Component Unit The Island School Foundation, Inc</u>
Primary Government				
Governmental activities:				
Instruction	\$ 1,445,242	\$ -	\$ (1,445,242)	\$ -
Administrative support services	513,442	-	(513,442)	-
Other support services	72,016	-	(72,016)	-
Operation of plant	155,913	-	(155,913)	-
Community service (after school)	<u>1,990</u>	<u>(20,540)</u>	<u>18,550</u>	<u>-</u>
Total primary government	<u>\$ 2,188,603</u>	<u>\$ (20,540)</u>	<u>(2,168,063)</u>	<u>-</u>
Component Units:				
The Island Foundation	<u>\$ 448,852</u>	<u>\$ -</u>	<u>-</u>	<u>(448,852)</u>
General Revenues				
State aid:				
Formula grants			548,037	-
Professional development			1,338	-
Safety grant			937	-
Capital outlay funds			34,492	-
ESSER II grant			-	-
ESSER III grant			6,385	-
Contributions and other revenue			<u>1,111,292</u>	<u>298,254</u>
Total general revenues			<u>1,702,481</u>	<u>298,254</u>
Excess of expenses over revenues			(465,582)	(150,598)
Investment income			58,661	1,321,704
Restricted program support – in			21,204	-
Restricted program support – out			<u>(6,991)</u>	<u>-</u>
Changes in net position			<u>(392,708)</u>	<u>1,171,106</u>
NET POSITION/NET ASSETS – BEGINNING			<u>3,507,985</u>	<u>9,574,827</u>
NET POSITION/NET ASSETS – END			<u>\$ 3,115,277</u>	<u>\$10,745,933</u>

See accompanying notes to the financial statements

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

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2024

ASSETS	<u>General Fund</u>
Cash and cash equivalents	\$ 340,586
Accounts receivable	107,980
Investments	1,152,155
Prepaid expenses	<u>3,564</u>
TOTAL ASSETS	<u>\$1,604,285</u>
 LIABILITIES AND FUND BALANCES	
 LIABILITIES	
Accounts payable	\$ 1,467
Accrued payroll	16,097
Notes payable	<u>7,140</u>
TOTAL LIABILITIES	<u>\$ 24,704</u>
 FUND BALANCES	
Nonspendable	\$ 3,564
Board designated – Strategic Reserve Fund	1,152,155
Restricted funds	132,927
Unassigned in the fund financial statements	<u>290,935</u>
TOTAL FUND BALANCES	<u>1,579,581</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,604,285</u>

See accompanying notes to the 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 FUNDS TO THE
STATEMENT OF NET POSITION**

JUNE 30, 2024

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	\$ 1,579,581
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Amounts reported for governmental activities in the statement of net position 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 \$3,349,977 and the accumulated depreciation is (\$1,462,631).	1,887,346
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Deferred inflows and outflows are not due and payable in the current period and therefore, are not reported as deferred inflows and outflows in the governmental funds.

Deferred outflows for pension	663,569
Deferred inflow for pension	(34,429)
Net pension liability	<u>(980,790)</u>

TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u>\$ 3,115,277</u>
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See accompanying notes to the 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 BALANCE –
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
State funds	\$ 556,697	\$ 34,492	\$ 591,189
Contributions and other revenue	1,111,292	-	1,111,292
After school program	<u>20,540</u>	<u>-</u>	<u>20,540</u>
TOTAL REVENUES	<u>1,688,529</u>	<u>34,492</u>	<u>1,723,021</u>
EXPENDITURES			
Current – Educational			
Instruction	1,142,531	-	1,142,531
Administrative support services	358,407	-	358,407
Other support services	72,016	-	72,016
Operation of plant	155,913	-	155,913
After school program	1,990	-	1,990
Capital Outlay			
Furniture & equipment purchase	<u>-</u>	<u>34,492</u>	<u>34,492</u>
TOTAL EXPENDITURES	<u>1,730,857</u>	<u>34,492</u>	<u>1,765,349</u>
EXCESS OF EXPENDITURES OVER REVENUES	(42,328)	-	(42,328)
INTEREST AND INVESTMENT INCOME	58,661	-	58,661
RESTRICTED PROGRAM SUPPORT			
TRANSFER OF RESTRICTED FUNDS – IN	21,204	-	21,204
TRANSFER OF RESTRICTED FUNDS – OUT	<u>(6,991)</u>	<u>-</u>	<u>(6,991)</u>
NET CHANGES IN FUND BALANCES	30,546	-	30,546
FUND BALANCES – BEGINNING	<u>1,549,035</u>	<u>-</u>	<u>1,549,035</u>
FUND BALANCES – ENDING	<u>\$ 1,579,581</u>	<u>\$ -</u>	<u>\$ 1,579,581</u>

See accompanying notes to the 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 – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2024

NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ 30,546
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Amounts reported for governmental activities in the statement
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 \$6,821 is less than depreciation expense of \$128,269 in the current period.	(121,448)
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Pension income or expense resulting from GASB 68 included in the statement of activities does not provide or require the use of current financial resources and, therefore, is not reported as a net change in fund balances in the governmental funds.	<u>(301,806)</u>
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NET CHANGES IN NET POSITION	<u>\$ (392,708)</u>
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See accompanying notes to the financial statements

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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 seven members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsored 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 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 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, The Island School Foundation, Inc. would qualify as a component unit and be included in the reporting entity of the School.

Component Unit(s) - These financial statements present the School (the primary government) and includes the data of the Foundation necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Foundation can be obtained from the Foundation’s administrative office.

The Foundation is considered a component unit of the School because these restricted resources held by the Foundation has only been used by, or for the benefit of, the School. During the year ended June 30, 2024, the Foundation provided support to the School of \$430,000.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

BASIS OF PRESENTATION

Government-wide financial statements - The Statement of Net Position and the Statement of Activities provide a broad overview of the School's overall financial status. Over time, increases or decreases in the School's net position are one indicator of whether its financial health is improving or deteriorating. Program revenues include charges paid by the recipient of goods and services offered by the program; and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

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 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 sent 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, both funds constitute major funds.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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.

CASH AND CASH EQUIVALENTS

The School considers all liquid investments with original maturities of three months or less to be cash equivalents, except for money market funds held within investment accounts.

INVESTMENTS

Investments consist of U.S. Treasury Bond and fixed income EFT funds and are valued at fair value. Fair value is determined using quoted market prices. Investment income consists of interest income and the net change for the year in the fair value of investments less investment expenses.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

ACCOUNTS RECEIVABLE

Accounts receivable consist of tuition and fee charges to students and charges for services provided to students. Accounts receivables are recorded net of estimated uncollectible amounts. The School records an allowance for doubtful student accounts receivable that is based on various factors, such as historical collection information and existing economic conditions.

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 capitalizes assets with a cost of \$1,000 or more. 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
Smartboards	7 years
Reading curriculum	7 years
Science room equipment	7 years
Project child learning system	5 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of net 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 ISLAND SCHOOL, INC
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

NET POSITION AND FUND BALANCE CLASSIFICATION

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 – 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 – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund balances are classified and reported in the following 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.

Order of Fund Balance Spending Policy - the School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

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 students 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 \$11,495 for the year ended June 30, 2024. 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.

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

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

RISK MANAGEMENT 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.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2 –DEPOSITS AND INVESTMENTS

Cash deposits are covered by FDIC insurance and held by banks qualified as public depositories under Florida law. At June 30, 2024, \$90,586 of the School's \$340,586 bank balances were exposed to custodial risk. Investment deposits are covered by standard investment institution insurance (SIPC 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 and cash equivalents consist primarily of demand deposits. The components of investment income as of June 30, 2024 are summarized as follows:

	<u>Cost</u>	<u>Money Value</u>
Money market funds	\$ 81,904	\$ 81,904
Fixed income securities	<u>1,130,429</u>	<u>1,070,251</u>
Total	<u>\$1,212,333</u>	<u>\$1,152,155</u>
Investment activity for the year ended June 30, are as follows:		
Interest and dividends		\$ 44,405
Investment fees		<u>(2,255)</u>
Investment income, net of investment fees		42,150
Realized gain/(loss) on investments		-
Unrealized gain/(loss) on investments	<u>16,511</u>	
Realized and unrealized gain/(loss) on investments		<u>16,511</u>
Investment income		<u>\$ 58,661</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 2 –DEPOSITS AND INVESTMENTS (CONTINUED)

Strategic Reserve Fund - The Board of Directors of the School established a "Strategic Reserve Fund". The Strategic Reserve Fund functions as a quasi-endowment. Thus, the funds in the account are available for financial support of the School without donor restriction. Further, the ability of the Directors to invade principal also led to the decision to classify the funds in that account as board designated.

NOTE 3 – CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increase/ (Decrease)</u>	<u>Ending Balance</u>
Capital assets:			
Buildings and improvements	\$ 2,999,424	\$ -	\$ 2,999,424
Furniture, fixtures and equipment	290,126	(26,315)	263,811
Smartboards	43,884	(13,116)	30,768
Science room equipment	<u>55,974</u>	<u>-</u>	<u>55,974</u>
	3,389,408	(39,431)	3,349,977
Less accumulated depreciation	<u>(1,380,614)</u>	<u>(82,017)</u>	<u>(1,462,631)</u>
Total capital assets, net	<u>\$ 2,008,794</u>	<u>\$ (121,448)</u>	<u>\$ 1,887,346</u>
Depreciation:			
Instruction and instruction-related services		\$ 49,952	
Administration support services		-	
Operation of plant		<u>78,317</u>	
Total depreciation expense		<u>\$ 128,269</u>	

NOTE 4 – 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	\$ 545,579
Professional development	1,338
Esser III grant	6,385
Capital outlay	34,492
Safety grant	<u>937</u>
Total	<u>\$ 588,731</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – EMPLOYEES BENEFIT PLAN

Plan Description - all part-time and full-time permanent employees of the School are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at:

<https://www.myfloridacfo.com/transparency/state-financial-reports/FL-ACFR>

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes.

Benefits Provided - the FRS provides retirees a lifetime pension benefit 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.

Plan Provisions - if first employed prior to July 1, 2011: Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – EMPLOYEES BENEFIT PLAN (CONTINUED)

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made - per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into, which require employees to contribute 3% and employers to contribute based on class. The School's contractually required contribution rate for the year ended June 30, 2023 was 13.57% for regular employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$138,779 for the year ended June 30, 2024, which equaled required contributions and approximated 13.57% of covered payroll.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

At June 30, 2024, the School reported a liability of \$980,790 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The School's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – EMPLOYEES BENEFIT PLAN (CONTINUED)

At June 30, 2023, the School's proportion was 0.0014906% for FRS and 0.0024358% for HIS which was consistent with its proportion measured in the previous year. Pertaining to the June 30, 2024 measurement, the School recognized pension expense of \$200,661. Additionally, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,767	\$ -	\$ 5,663	\$ 908
Changes in assumptions	38,719	-	10,170	33,521
Net difference between projected and actual earnings on pension plan investments	24,805	-	200	-
Change in proportion and difference between contributions and proportionate share of contributions	<u>309,724</u>	<u>-</u>	<u>218,521</u>	<u>-</u>
	<u>\$ 429,015</u>	<u>\$ -</u>	<u>\$ 234,554</u>	<u>\$ 34,429</u>

Total deferred outflows were \$663,569 and total deferred inflows were \$34,429.

Actuarial Assumptions - The total pension liability in the July 1, 2023 actuarial valuation (June 30, 2024 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.40%
- Salary increases 3.25%, including inflation
- Investment rate of return 6.70%, including inflation at 2.40%

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – EMPLOYEES BENEFIT PLAN (CONTINUED)

Mortality assumptions for the FRS and HIS plans were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2010 with Projection Scale MP-2018 tables. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study performed in 2020 for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) a real (in excess of inflation) return of 4.20%, consistent with the 4.20% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2022 by the FRS Actuarial Assumption Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equity	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%

The discount rate used to measure the total FRS pension liability was 6.70%, and the HIS pension liability was 3.54%. The HIS rate increased from 2.16% to 3.54% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – EMPLOYEES BENEFIT PLAN (CONTINUED)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in the 2023 valuation:

- HIS: The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.
- HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The following presents the School's proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of FRS			
Net pension liability	\$ 1,014,599	\$ 593,957	\$ 242,039

The following presents the School's proportionate share of the HIS net pension liability calculated using the discount rate of 3.65%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
School's proportionate share of HIS			
Net pension liability	\$ 441,321	\$ 386,838	\$ 341,674

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 – EMPLOYEES BENEFIT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position the School's proportion of net position has been determined on the same basis as each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

	Deferred Outflows	Net Pension Liability	Deferred Inflows
FRS	\$ 429,015	\$ 593,952	\$ -
HIS	<u>234,554</u>	<u>386,838</u>	<u>34,429</u>
Total	<u>\$ 663,569</u>	<u>\$ 980,790</u>	<u>\$ 34,429</u>

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, 2024 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

The School utilizes classroom and administrative facilities under an operating lease with Lee County. The lease amount is \$1 per year. The fair value of the lease payment has not been estimated and therefore has not been recognized as an in-kind contribution. The effect of this in-kind contribution has not been reported on the financial statements and the effects on the financial statements have not been determined.

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 years 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.

NOTE 7 – COMPONENT UNIT

The Island School Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of The Island School Inc. (School). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the School in support of its programs. The twelve-member board of the foundation is self-perpetuating and consists of qualified individuals and friends of the School. Although the School does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the School by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the School, the Foundation is considered a component unit of the School and is discretely presented in the School's financial statements.

NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 15, 2024, the date the financial statements were available to be issued.

Required Supplemental Information

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
State formula grants	\$ 553,000	\$ 591,189	\$ 38,189
Contributions and other revenue	1,090,000	1,111,292	21,292
After school program	30,000	20,540	(9,460)
Miscellaneous	1,000	-	(1,000)
TOTAL REVENUES	<u>\$1,674,000</u>	<u>\$1,723,021</u>	<u>\$ 49,021</u>
EXPENDITURES			
Instruction	\$1,142,485	\$1,142,531	\$ (46)
Instruction staff development	13,000	-	13,000
Administrative support services	317,595	358,407	(40,812)
Other support services	193,900	72,016	121,884
Operation of plant	78,501	155,913	(77,412)
After school program	4,000	1,990	2,010
TOTAL EXPENDITURES	<u>1,749,481</u>	<u>1,730,857</u>	<u>18,624</u>
NET CHANGES IN FUND BALANCES	<u>\$ (75,481)</u>	<u>\$ (7,836)</u>	<u>\$ 67,645</u>

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.

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

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>
School's Proportion of the FRS Net Pension Liability	0.001490587%	0.000605003%
School's Proportionate Share of the FRS Net Pension Liability	\$ 593,957	\$ 225,110
School's Covered Payroll	\$ 1,022,690	\$ 850,075
School's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	0.58077912%	0.26481193%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%

Notes:

- (1) – The amounts presented for each fiscal year were determined as of June 30.
- (2) – GASB requires information for 10 years; however, until a full 10 year trend is compiled, only the years that information was available have been presented.

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

**SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS - FLORIDA RETIREMENT
SYSTEM PENSION PLAN**

YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>
Contractually Required FRS Contribution	\$ 71,707	\$ 25,817
FRS Contribution in Relation to the Contractually Required Contribution	<u>(71,707)</u>	<u>(25,817)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	<u>\$ 1,022,690</u>	<u>\$ 850,075</u>
FRS Contribution as a Percentage of Covered Payroll	7.01%	3.04%

Notes:

- (1) – The amounts presented for each fiscal year were determined as of June 30.
- (2) – GASB requires information for 10 years; however, until a full 10 year trend is compiled, only the years that information was available have been presented.

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

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY – HEALTH INSURANCE SUBSIDY PENSION PLAN**

YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>
School's Proportion of the FRS Net Pension Liability	0.00243580%	0.000804661%
School's Proportionate Share of the FRS Net Pension Liability	\$ 386,838	\$ 85,226
School's Covered Payroll	\$ 1,022,690	\$ 850,075
School's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	0.37825547%	0.10025704%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%

Notes:

- (1) – The amounts presented for each fiscal year were determined as of June 30.
- (2) – GASB requires information for 10 years; however, until a full 10 year trend is compiled, only the years that information was available have been presented.

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

**SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS - HEALTH INSURANCE
SUBSIDY PENSION PLAN**

YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>
Contractually Required FRS Contribution	\$ 16,023	\$ 4,869
FRS Contribution in Relation to the Contractually Required Contribution	<u>(16,023)</u>	<u>(4,869)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 School's Covered Payroll	 <u>\$ 1,022,690</u>	 <u>\$ 850,075</u>
 FRS Contribution as a Percentage of Covered Payroll	 1.57%	 0.57%

Notes:

- (1) – The amounts presented for each fiscal year were determined as of June 30.
- (2) – GASB requires information for 10 years; however, until a full 10 year trend is compiled, only the years that information was available have been presented.

Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

Independent Auditor's Report

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 examined The Island School, Inc.'s (the "School"), a charter school and component unit of the District School Board of Lee County, Florida, compliance with the compliance requirements referenced in Section 10.556(10), Rules of the Auditor General (the "specified requirements") during the year ended June 30, 2024. Management of the School is responsible for the School's compliance with the specified requirements. Our responsibility is to express an opinion on the School's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the School complied, in all material respects, with the compliance requirements referenced in Section 10.556(10), Rules of the Auditor General ("specified requirements") during the year ended June 30, 2024.

Lengemann & Associates, P.C.

Papillion, NE
September 15, 2024

Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

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 *GOVERNMENTAL AUDITING STANDARDS*

Board of Directors
The Island School, Inc
Boca Grande, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Island School, Inc (hereinafter the "School"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-01, and 2024-02, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not a objective of our audit, and accordingly, we do not express such an opinion.

School's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings. The School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Lengemann & Associates, P.C.

Papillion, Nebraska
September 15, 2024

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

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2024

Significant Deficiency of Internal Control Over Financial Reporting Identified
2024 – 01

Criteria (Significant Deficiency)

Internal Controls should be in place to provide for preparation of the financial statements and notes in accordance with accounting principles generally accepted in the United States of America.

Condition (Significant Deficiency)

The Board of Directors has engaged an outside audit firm to prepare the financial statements and notes in accordance with accounting principles generally accepted in the United States of America.

Cause (Significant Deficiency)

The School has no administrative personnel available to prepare the financial statements and notes in accordance with accounting principles generally accepted in the United States of America.

Effect (Significant Deficiency)

The School is not in compliance with regulatory requirements to prepare the financial statements and notes in accordance with accounting principles generally accepted in the United States of America.

Recommendation

We recommend the Board of Directors become more aware of regulatory requirements and provide required oversight of financial reporting.

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

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2024

Significant Deficiency of Internal Control Over Financial Reporting Identified
2024 – 02

Criteria (Significant Deficiency)

The organization maintains an internal control system designed to provide for the adequate segregation of duties.

Condition (Significant Deficiency)

Due to the size of the School staff, there is limited segregation of duties over bookkeeping functions. The same individual reconciles the bank statements, and prepares the checks.

Cause (Significant Deficiency)

The School has limited staff size.

Effect (Significant Deficiency)

There is increased risk of financial misstatement associated with the limited segregation of duties.

Recommendation

It is the responsibility of those charged with governance to continue to provide the necessary oversight and monitoring required to reduce the degree of risk associated with this condition.

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

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2024

Schedule of Prior Year Audit Findings

<u>Reference Number</u>	<u>Description</u>	<u>Status</u>
2023-001	Financial Statement Preparation	Repeated
2023-002	Inadequate Segregation of Duties	Repeated

LOCAL GOVERNMENTAL ENTITY AUDIT REPORT SUBMITTAL CHECKLIST

Entity Name: The Island School, Inc.
Entity Address: 135 West First Street, POB 1090
Boca Grande, FL 33921

Entity Contact Person:

Name: Christine Oliver
Title: Head of School
Phone Number: 941.964.8016
E-mail Address: christineol@islandschoolbocagrande.com

CPA Firm Contact Person:

Name: Randy Hood
Title: CPA
Phone Number: 402.592.1236
E-mail Address: RHOOD@LENGEMANNCPA.COM

Fiscal Year Audited: June 30, 2024

Date the auditor delivered the audit report to the entity: 9.15.2024

Does the audit report include the following items required by Section 10.557(3), Rules of the Auditor General?

Required for municipalities, special districts, the county as a whole, and county agencies¹

<u>YES</u>	The financial statements described in Sections 10.556(3) and (4), Rules of the Auditor General, as applicable, together with related notes to financial statements?
<u>YES</u>	Required supplementary information (RSI) such as the management's discussion and analysis (not required for county agencies), or the budgetary comparison schedule (required as RSI if not presented as part of the financial statements)?
<u>YES</u>	The auditor's report on the financial statements?
<u>YES</u>	The auditor's report on compliance and internal control?
<u>YES</u>	The management letter ² defined in Section 10.554(1)(i), Rules of the Auditor General?

¹ Pursuant to Section 218.39(2), Florida Statutes, an audit of the board of county commissioners is not required. However, if the county report includes an audit of the board of county commissioners, it should, pursuant to Section 10.554(1)(e), Rules of the Auditor General, include the items required by Section 10.557(3), Rules of the Auditor General.

² If required reporting information for a dependent special district is fulfilled by inclusion in the primary local government audit report, a statement to that effect should be made in the dependent special districts' audit reports, and vice versa.

NA

The written statement of explanation or rebuttal, including corrective action to be taken, required by Section 10.558(2), Rules of the Auditor General?

YES

The auditor's report based on an examination conducted in accordance with *AICPA Professional Standards*, prepared in accordance with AT-C Section 315, promulgated by the American Institute of Certified Public Accountants, regarding the compliance requirements referenced in Section 10.556(10), Rules of the Auditor General?

Required for municipalities, special districts, and the county as a whole

NA

If applicable, 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?

NA

Any auditor's reports and related financial information required pursuant to the *Florida Single Audit Act* (see Section 10.557(3)(e), Rules of the Auditor General)?

NA

For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a schedule of receipts and expenditures of such funds required by Section 10.557(3)(m), Rules of the Auditor General?

NA

For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a report that includes an opinion (or disclaimer of opinion) as to whether the schedule of receipts and expenditures of such funds required by Section 10.557(3)(m), Rules of the Auditor General, is presented fairly in all material respects in relation to the financial statements taken as a whole? The report must be prepared in accordance with AICPA Professional Standards, AU-C Section 725, promulgated by the American Institute of Certified Public Accountants (see Section 10.557(3)(f), Rules of the Auditor General)?

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

YES

Are all the above elements of the audit report included in a **single document** as required by Section 10.557(3), Rules of the Auditor General?

YES

Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Section 10.558(4), Rules of the Auditor General?

YES

Is the audit report being 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?
NOTE: There is no provision in law authorizing an extension for filing the audit report.

YES

Is the electronic copy named using all lower-case letters as follows: [fiscal year] [name of entity].pdf? Counties should include the word "county" in the entity name; however, it is not necessary for municipalities to include "city of," "town of," etc. in the file name. For example, the converted document for the 2023-24 fiscal year for Alachua County should be named "2024 alachua county.pdf", while the converted document for the 2023-24 fiscal year for the City of Alachua should be named "2023 alachua.pdf".

NA

For entities that have adopted an impact fee by ordinance or resolution, was the affidavit referred to in Section 10.558(1), Rules of the Auditor General, submitted with the audit report if not submitted with the annual financial report?

YES

If the audit report is for a county or municipality, and a dependent special district was audited as part of the county or municipality audit, did the notes to financial statements clearly indicate that the special district had been included as part of the county or municipality reporting entity? **NOTE:** Pursuant to Section 218.39(3), Florida Statutes, an independent special district may not be audited as part of a county or municipality audit. When a dependent special district is audited as part of the county or municipality audit, the county or municipality notes to financial statements should clearly disclose that the special district is a component unit included within the county or municipality reporting entity.

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/251
Claude Pepper Building, Room
401 111 West Madison Street
Tallahassee, FL 32399-1450
Telephone: (850) 412-2892

E-mail Address: flaudgen_localgovt@aud.state.fl.us
Web Site Address: FLAuditor.gov

Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

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., Florida as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 15, 2024.

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 Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 15, 2024 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854 (1)(e) 5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is *The Island School, Inc., 4100*.

Financial Condition and Management

Sections 10.854 (1)(e)2. and 10.855(12), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the entity has met one or more of the conditions described in Section 218.503 (1), Florida Statutes, and to identify the specific condition(s) met. In connection with our

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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, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e) 7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)(4)., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 County and is not intended to be and should not be used by anyone else other than these specified parties.

Lengemann & Associates, P.C.

Papillion, NE
September 15, 2024