

# Gateway Intermediate Charter School

A Department of Southwest Charter Foundation, Inc.  
(A Component Unit of the School  
District of Lee County, Florida)

Basic Financial Statements  
For the Year Ended June 30, 2023



# Gateway Intermediate Charter School

## Table of Contents

---

Independent Auditor's Report	1-3
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	4-8
<b>Basic Financial Statements</b>	
Basic Financial Statements:	
Government-wide Basic Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Basic Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues and Expenditures - Budget and Actual - General Fund	15
Statement of Revenues and Expenditures - Budget and Actual - Grants Fund	16
Notes to Basic Financial Statements	17-26
<b>Other Independent Auditor's Reports</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28
Independent Auditor's Report to the Board of Directors	29-30

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Gateway Intermediate Charter School  
A Department of Southwest Charter Foundation, Inc.  
Fort Myers, Florida

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Gateway Intermediate Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2023, 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 and each major fund of the School, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Grants Fund 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.

#### Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of Southwest Charter Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2023 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

CPAs + Trusted Advisors

## **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 management's discussion and analysis on pages 4 through 8 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 September 9, 2023 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 9, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of Gateway Intermediate Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida (the "School District"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2023 and 2022.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2023, the School's governmental fund balance was \$ 2,847,080 as compared to \$ 663,656 as of June 30, 2022.
- As of June 30, 2023, the School had overall net position of \$ 3,178,536 as compared to \$ 1,208,784 as of June 30, 2022.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 9 and 10 of this report.

**Fund Basic Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Project Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Club and Activities Fund. A budgetary comparison statement has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 11 through 16 of this report.

**Notes to Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 26 of this report.

### **Government-Wide Financial Analysis**

The School has been in operation for fifteen years; therefore, comparative government-wide data is presented. The School's net position was \$ 3,178,536 at June 30, 2023, of which \$ 351,579 represents net investment in capital assets, and \$ 2,826,957 represents unrestricted net position. The School's net position was \$ 1,208,784 at June 30, 2022, of which \$ 566,831 represented net investment in capital assets, \$ 10,497 represented restricted net position and \$ 631,456 represented unrestricted net position.



**Gateway Intermediate Charter School  
Management's Discussion and Analysis  
June 30, 2023**

---

Our analysis in the table below focuses on the net position of the School's governmental activities:

Gateway Intermediate Charter School Net Position		
	June 30, 2023	June 30, 2022
<b>Assets:</b>		
Current and other assets	\$ 4,715,075	\$ 2,302,141
Noncurrent assets	351,579	709,321
Total assets	<u>5,066,654</u>	<u>3,011,462</u>
<b>Liabilities:</b>		
Current liabilities	1,883,087	1,797,252
Noncurrent liabilities	5,031	5,426
Total liabilities	<u>1,888,118</u>	<u>1,802,678</u>
<b>Net Position:</b>		
Net investment in capital assets	351,579	566,831
Restricted	-	10,497
Unrestricted	<u>2,826,957</u>	<u>631,456</u>
Total net position	<u>\$ 3,178,536</u>	<u>\$ 1,208,784</u>

Current and other assets rose due to an increase in the School's cash position. Capital assets, net of depreciation decreased due to depreciation expense of approximately \$ 274,900 offset by the addition of \$ 52,527 in capital assets. Current liabilities decreased mainly due to monies owed to related parties.

**Governmental Activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 10. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2023 and 2022:

Gateway Intermediate Charter School Change in Net Position		
	June 30, 2023	June 30, 2022
<b>Revenues:</b>		
General revenues	\$ 7,690,328	\$ 6,989,081
Program revenues	2,653,192	1,061,208
Total revenues	<u>10,343,520</u>	<u>8,050,289</u>
<b>Functions/Program Expenses:</b>		
Instruction	3,521,566	3,167,827
Instructional support services	1,912,129	1,669,917
Non-instructional services	1,475,020	1,496,056
Transfer out	1,465,053	1,418,462
Total governmental activities	<u>8,373,768</u>	<u>7,752,262</u>
Change in net position	<u>\$ 1,969,752</u>	<u>\$ 298,027</u>

**Gateway Intermediate Charter School  
Management’s Discussion and Analysis  
June 30, 2023**

---

General revenues increased compared to the previous year due to a rise in enrollment and Florida Education Finance Program (FEFP) revenue. The program revenues rose due to an increase in ESSER II, ESSER III, and NSLP funding. Total expenses increased due to rising instructional and non-instructional services.

**Governmental Fund Expenditures**

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

<u>Functions/Programs</u>	<u>2023</u>		<u>2022</u>	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
Governmental expenditures:				
Instructional expenditures	\$ 3,248,294	49%	\$ 2,918,471	44%
Fiscal services	1,259,913	19%	1,305,849	20%
Plant operations and maintenance	535,605	8%	344,663	5%
Transportation	458,234	7%	521,684	8%
Administrative services	428,895	6%	379,387	6%
All other functions/programs	<u>764,102</u>	<u>11%</u>	<u>1,151,472</u>	<u>17%</u>
Total governmental expenditures	\$ <u>6,695,043</u>	<u>100%</u>	\$ <u>6,621,526</u>	<u>100%</u>

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2023, the School had capital assets of \$ 351,579, net of accumulated depreciation and amortization, invested in intangible right to use assets, furniture, fixtures and equipment, computer equipment and improvements other than buildings as compared to \$ 573,904 at June 30, 2022. A detailed schedule is on page 23 in the footnotes to the basic financial statements.

**Debt:** At June 30, 2023, the School had outstanding debt of \$ 0 as compared to \$ 7,073 at June 30, 2022. Additional information on the School’s debt can be found in Note 9 on page 24.

**General Fund Budgetary Highlights**

State source revenues were favorable to budget due to an increase in enrollment and FEFP. Local source revenues were favorable to budget due to increase in Interest and cafeteria revenues. Total General Fund revenues were favorable to budget by \$ 474,451. Total General Fund expenditures were favorable to budget by \$ 432,101. Overall, the School ended the year with an increase in fund balance of \$ 2,193,921.

**Economic Factors and Next Year’s Budget**

In fiscal year 2023, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 800 million. The capital outlay funding pool ended up at \$ 196.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2024, the teacher salary increase allocation will be \$ 1.1 billion and will continue to be part of FEFP funding. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School’s strategic objectives.

**Requests for Information**

If you have questions about this report or need additional information, please contact Michael Valdes, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

# BASIC FINANCIAL STATEMENTS

**Gateway Intermediate Charter School**  
**Statement of Net Position**  
**June 30, 2023**

---

	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 4,296,073
Due from other governments	144,769
Interest receivable	451
Loan to related party	135,417
Prepaid items	<u>138,365</u>
Total current assets	<u>4,715,075</u>
<b>Noncurrent Assets:</b>	
Capital assets (depreciable and amortization), net of accumulated depreciation and amortization	<u>351,579</u>
Total assets	<u>5,066,654</u>
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	24,230
Salaries and wages payable	320,281
Due to management company	1,198,191
Due to other governments	17,633
Due to related parties	307,660
Compensated absences	<u>15,092</u>
Total current liabilities	<u>1,883,087</u>
<b>Noncurrent Liabilities:</b>	
Compensated absences	<u>5,031</u>
Total liabilities	<u>1,888,118</u>
<b>Commitments (Note 10)</b>	-
<b>Net Position:</b>	
Net investment in capital assets	351,579
Unrestricted	<u>2,826,957</u>
Total net position	<u>\$ 3,178,536</u>

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

**Gateway Intermediate Charter School**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
<b>Functions/Programs:</b>					
Instruction	\$ 3,521,566	\$ -	\$ 1,490,289	\$ -	\$ (2,031,277)
Student support services	370,660	-	7,719	-	(362,941)
Instruction and curriculum development services	206	-	-	-	(206)
Instructional staff training services	6,700	-	6,700	-	-
Instruction related technology	111,829	-	-	-	(111,829)
Board	29,873	-	-	-	(29,873)
School administration	428,895	-	58,980	-	(369,915)
Fiscal services	1,259,913	-	-	-	(1,259,913)
Food services	-	21,429	-	-	21,429
Central services	103,873	-	4,484	-	(99,389)
Pupil transportation services	458,234	-	183,242	-	(274,992)
Operation of plant	451,036	-	245,712	556,311	350,987
Maintenance of plant	84,569	-	-	-	(84,569)
Community services	-	7,685	-	-	7,685
Extracurricular activities	81,138	-	70,641	-	(10,497)
Interest and fees	223	-	-	-	(223)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total governmental activities	\$ <u>6,908,715</u>	\$ <u>29,114</u>	\$ <u>2,067,767</u>	\$ <u>556,311</u>	<u>(4,255,523)</u>
General revenues:					
Grants and entitlements					7,624,571
Interest income					65,757
Transfer out					<u>(1,465,053)</u>
Total general revenues and transfers					<u>6,225,275</u>
Change in net position					1,969,752
Net position, July 1, 2022					<u>1,208,784</u>
Net position, June 30, 2023					\$ <u><u>3,178,536</u></u>

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

**Gateway Intermediate Charter School  
Balance Sheet - Governmental Funds  
June 30, 2023**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 4,284,465	\$ -	\$ -	\$ 11,608	\$ 4,296,073
Due from other governments	-	144,769	-	-	144,769
Due from other funds	156,377	-	-	-	156,377
Interest receivable	451	-	-	-	451
Prepaid items	138,365	-	-	-	138,365
Loan to related party	135,417	-	-	-	135,417
	<u>4,715,075</u>	<u>144,769</u>	<u>-</u>	<u>11,608</u>	<u>4,871,452</u>
Total assets	\$ <u>4,715,075</u>	\$ <u>144,769</u>	\$ <u>-</u>	\$ <u>11,608</u>	\$ <u>4,871,452</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 24,230	\$ -	\$ -	\$ -	\$ 24,230
Salaries and wages payable	320,281	-	-	-	320,281
Due to management company	1,198,191	-	-	-	1,198,191
Due to other governments	17,633	-	-	-	17,633
Due to other funds	-	144,769	-	11,608	156,377
Due to related parties	307,660	-	-	-	307,660
	<u>1,867,995</u>	<u>144,769</u>	<u>-</u>	<u>11,608</u>	<u>2,024,372</u>
Total liabilities	1,867,995	144,769	-	11,608	2,024,372
<b>Commitments (Note 10)</b>					
	-	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	138,365	-	-	-	138,365
Unassigned	2,708,715	-	-	-	2,708,715
	<u>2,847,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,847,080</u>
Total fund balances	2,847,080	-	-	-	2,847,080
Total liabilities and fund balances	\$ <u>4,715,075</u>	\$ <u>144,769</u>	\$ <u>-</u>	\$ <u>11,608</u>	\$ <u>4,871,452</u>

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

**Gateway Intermediate Charter School  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2023**

---

**Total Fund Balances of Governmental Funds** \$ 2,847,080

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$	1,853,900	
Less accumulated depreciation and amortization		<u>(1,502,321)</u>	351,579

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences			<u>(20,123)</u>
----------------------	--	--	-----------------

**Net Position of Governmental Activities** \$ 3,178,536

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



**Gateway Intermediate Charter School  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Federal Sources	\$ -	\$ 1,762,576	\$ -	\$ -	\$ 1,762,576
State sources	7,823,885	3,279	556,311	-	8,383,475
Local sources	119,143	-	-	70,641	189,784
Aftercare	7,685	-	-	-	7,685
	<u>7,950,713</u>	<u>1,765,855</u>	<u>556,311</u>	<u>70,641</u>	<u>10,343,520</u>
<b>Expenditures:</b>					
Instruction	2,667,301	580,993	-	-	3,248,294
Student support services	362,941	7,719	-	-	370,660
Instruction and curriculum development services	206	-	-	-	206
Instructional staff training services	-	6,700	-	-	6,700
Instruction related technology	111,829	-	-	-	111,829
Board services	29,873	-	-	-	29,873
School administration	369,915	58,980	-	-	428,895
Fiscal services	1,259,913	-	-	-	1,259,913
Central services	99,389	4,484	-	-	103,873
Pupil transportation services	458,234	-	-	-	458,234
Operation of plant	242,761	208,275	-	-	451,036
Maintenance of plant	84,569	-	-	-	84,569
Capital outlay	44,027	8,500	-	-	52,527
Extracurricular activities	-	-	-	81,138	81,138
Debt service:					
Principal	7,073	-	-	-	7,073
Interest	223	-	-	-	223
	<u>5,738,254</u>	<u>875,651</u>	<u>-</u>	<u>81,138</u>	<u>6,695,043</u>
Excess (deficiency) of revenues over expenditures	<u>2,212,459</u>	<u>890,204</u>	<u>556,311</u>	<u>(10,497)</u>	<u>3,648,477</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	890,204	-	-	-	890,204
Transfers out	(908,742)	(890,204)	(556,311)	-	(2,355,257)
	<u>(18,538)</u>	<u>(890,204)</u>	<u>(556,311)</u>	<u>-</u>	<u>(1,465,053)</u>
Net change in fund balances	2,193,921	-	-	(10,497)	2,183,424
<b>Fund Balances, July 1, 2022,</b>	<u>653,159</u>	<u>-</u>	<u>-</u>	<u>10,497</u>	<u>663,656</u>
<b>Fund Balances, June 30, 2023</b>	<u>\$ 2,847,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,847,080</u>

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

**Gateway Intermediate Charter School  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances  
 of the Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2023**

---

**Net Change in Fund Balances - Governmental Funds** \$ 2,183,424

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are depreciated and amortized over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$	52,527	
Provision for depreciation and amortization		<u>(274,852)</u>	(222,325)

Principal payments on long-term debt are reported as an expenditure in the governmental funds, but as a reduction of long-term liabilities in the statement of net position. 7,073

Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences			<u>1,580</u>
--------------------------------	--	--	--------------

**Change in Net Position of Governmental Activities** \$ 1,969,752

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

**Gateway Intermediate Charter School  
Statement of Revenues and Expenditures  
Budget and Actual - General Fund  
For the Year Ended June 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
State sources	\$ 7,424,930	\$ 7,823,885	\$ 398,955
Local sources	51,332	119,143	67,811
Aftercare	-	7,685	7,685
	<u>7,476,262</u>	<u>7,950,713</u>	<u>474,451</u>
<b>Expenditures:</b>			
Instruction	2,816,199	2,667,301	148,898
Student support services	247,578	362,941	(115,363)
Instruction and curriculum development services	-	206	(206)
Instructional staff training services	5,207	-	5,207
Instruction related technology	155,324	111,829	43,495
Board	14,047	29,873	(15,826)
School administration	310,148	369,915	(59,767)
Fiscal services	1,268,929	1,259,913	9,016
Food services	2,405	-	2,405
Central services	100,790	99,389	1,401
Pupil transportation services	602,442	458,234	144,208
Operation of plant	524,041	242,761	281,280
Maintenance of plant	74,112	84,569	(10,457)
Capital outlay	34,540	44,027	(9,487)
Debt service:			
Principal	14,593	7,073	7,520
Interest	-	223	(223)
	<u>6,170,355</u>	<u>5,738,254</u>	<u>432,101</u>
Excess of revenues over expenditures	<u>1,305,907</u>	<u>2,212,459</u>	<u>906,552</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	-	890,204	890,204
Transfer out	<u>(807,962)</u>	<u>(908,742)</u>	<u>(100,780)</u>
Total other financing sources (uses)	<u>(807,962)</u>	<u>(18,538)</u>	<u>789,424</u>
Net change in fund balance	<u>\$ 497,945</u>	<u>\$ 2,193,921</u>	<u>\$ 1,695,976</u>

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

**Gateway Intermediate Charter School  
Statement of Revenues and Expenditures  
Budget and Actual - Grants Fund  
For the Year Ended June 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Federal sources:			
National School Lunch Program	\$ -	\$ 204,996	\$ 204,996
Title I	9,000	-	(9,000)
Title II	27,870	10,338	(17,532)
Title IV	-	20,238	20,238
ESSER II	-	772,780	772,780
ESSER III	404,736	754,224	349,488
State sources:			
National School Lunch Program	-	3,279	3,279
<b>Total revenues</b>	<u>441,606</u>	<u>1,765,855</u>	<u>1,324,249</u>
<b>Expenditures:</b>			
Instruction	357,647	580,993	(223,346)
Student support services	-	7,719	(7,719)
Instructional staff training services	27,870	6,700	21,170
School administration	56,089	58,980	(2,891)
Central services	-	4,484	(4,484)
Operation of plant	-	208,275	(208,275)
Capital outlay	-	8,500	(8,500)
<b>Total expenditures</b>	<u>441,606</u>	<u>875,651</u>	<u>(434,045)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>890,204</u>	<u>890,204</u>
<b>Other Financing Uses:</b>			
Transfer out	<u>-</u>	<u>(890,204)</u>	<u>(890,204)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

### Note 1 - Organization and Operations

Southwest Charter Foundation, Inc. (the "Foundation"), formerly known as The Lee Charter Foundation, Inc., was organized in September 2001 as a Florida nonprofit corporation. Gateway Intermediate Charter School (the "School") is a Department of the Foundation and was originally established as a charter school for students from fifth through eighth grade in Lee County. There were 1,032 students enrolled for the 2022/2023 school year.

The basic financial statements of Gateway Intermediate Charter School, a Department of Southwest Charter Foundation, Inc. and component unit of the School District of Lee County, Florida, present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the Southwest Charter Foundation, Inc. as of June 30, 2023, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The School's basic financial statements do not include the activity or accounts of Lee County Community Charter Schools, LLC (Note 10), an entity created to fund the purchase of the facility housing a portion of the School's operations. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

### Note 2 - Summary of Significant Accounting Policies

**Reporting entity:** The School operates under a charter granted by the sponsoring School District, the Lee County School District. The current charter is effective until June 2028 and may be renewed in increments of five years by mutual written agreement between the School and the School District. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. Gateway Intermediate Charter School is considered a component unit of the School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

**Basis of presentation:** Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide financial statements:** Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

## Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

**Fund financial statements:** Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Grants Fund** - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Project Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

**Club and Activities Fund** - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

**Basis of accounting:** Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred twenty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Cash and cash equivalents:** The School considers all demand accounts and money market funds which are not subject to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Revenue recognition:** Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorata basis over a twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

**Income taxes:** The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

**Capital assets:** Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Furniture, fixtures and equipment	5 years
Computer equipment	3 years
Improvements other than buildings	5 years

The School has recorded a right to use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

**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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

**Note 2 - Summary of Significant Accounting Policies (continued)**

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.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by any outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.



## Note 2 - Summary of Significant Accounting Policies (continued)

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Budget:** An operating budget is adopted and maintained by the governing board for all governmental funds, except the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of management review:** Subsequent events were evaluated by management through September 9, 2023, which is the date the financial statements were available to be issued.

## Note 3 - Cash and Cash Equivalents

At June 30, 2023, the carrying amount of the deposits and cash on hand totaled \$ 4,296,073 with a bank balance of \$ 4,354,162.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity.

**Note 4 - Interfund Receivables and Payables and Interfund Transfers**

The composition of interfund balances as of June 30, 2023 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Grants Fund	\$	144,769
General Fund	Club and Activities Fund		11,608
		\$	156,377

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

	Transfers In General Fund
Transfers Out:	
Grants Fund	\$ <u>890,204</u>

During the year, transfers were used to move grant revenue received in the current year for prior year expenditures to the General Fund.

**Note 5 - Loan to Related Party**

As of June 30, 2023, Six Mile Charter Academy owes the School \$ 135,417 for general working capital purposes. Principal payments of \$ 10,417 plus interest at 4.0% are payable in monthly installments through June 2024.

Year Ending June 30,	
2024	\$ <u>135,417</u>

**Gateway Intermediate Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

---

**Note 6 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital assets being depreciated/ amortized:				
Improvements other than building	\$ 4,625	\$ -	\$ -	\$ 4,625
Furniture, fixtures and equipment	487,767	13,695	-	501,462
Computer equipment	1,288,401	38,832	-	1,327,233
Intangible right to use:				
Computer equipment	<u>20,580</u>	<u>-</u>	<u>-</u>	<u>20,580</u>
 Total capital assets being depreciated/amortized	 <u>1,801,373</u>	 <u>52,527</u>	 <u>-</u>	 <u>1,853,900</u>
Accumulated depreciation/ amortization:				
Improvements other than building	4,625	-	-	4,625
Furniture, fixtures and equipment	455,940	15,012	-	470,952
Computer equipment	756,614	252,980	-	1,009,594
Intangible right to use:				
Computer equipment	<u>10,290</u>	<u>6,860</u>	<u>-</u>	<u>17,150</u>
 Total accumulated depreciation/ amortization	 <u>1,227,469</u>	 <u>274,852</u>	 <u>-</u>	 <u>1,502,321</u>
 Net capital assets depreciated/amortized	 \$ <u>573,904</u>	 \$ <u>(222,325)</u>	 \$ <u>-</u>	 \$ <u>351,579</u>

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ <u>274,852</u>
-------------	-------------------

**Note 7 - Due To Related Parties**

The School is a Department of Southwest Charter Foundation, Inc. ("SCF"). The due to balances represent amounts that are due to SCF and other schools that share common board membership and are departments of SCF.

**Note 8 - Employee Benefit Plan**

During the year ended June 30, 2023, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2022, the School had no forfeitures. For the year ended June 30, 2023, the School contributed a matching amount of \$ 13,788.

**Note 9 - Long-Term Liabilities**

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2023, are as follows:

	<u>Balance at July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due Within One Year</u>
Lease - computer equipment	\$ 7,073	\$ -	\$ 7,073	\$ -	\$ -
Compensated absences	<u>21,703</u>	<u>61,054</u>	<u>62,634</u>	<u>20,123</u>	<u>15,092</u>
	<u>\$ 28,776</u>	<u>\$ 61,054</u>	<u>\$ 69,707</u>	<u>\$ 20,123</u>	<u>\$ 15,092</u>

#### Note 10 - Commitments

**Management agreement:** The School has a formal agreement through June 2027 with Charter Schools USA at Lehigh Acres, LC, a wholly owned subsidiary of Charter Schools USA, Inc. ("CSUSA") to manage, staff and operate the School. All staff of the School are employees of CSUSA. The agreement states that CSUSA will receive cost reimbursements and management fees (the "fee") in annual amounts based on the fee schedule which includes the School, Gateway Charter School, Gateway Charter High School, Six Mile Academy Charter School and Cape Coral Charter School or the budgeted amount approved by the Board of Directors based on enrollment and School performance. The amount of the fee allocated to and paid by the School for the year ended June 30, 2023 was \$ 1,251,176.

The School also has an amount due to CSUSA of \$ 1,198,191 at June 30, 2023 for expenses paid on behalf of the School.

**Lease agreements:** In 2007, the Lee County Industrial Development Authority (the "Authority") issued \$ 80,250,000 in Tax Exempt Industrial Development Revenue Bonds, Series 2007A and \$ 1,645,000 in Taxable Industrial Development Revenue Bonds, Series 2007B pursuant to an indenture of trust between the Authority and a trustee to make a loan to Lee County Community Charter Schools, LLC (the "LLC") to finance the acquisition of the facilities of four charter schools under the Southwest Charter Foundation, Inc. (the "Foundation").

In August 2012, the Lee County Industrial Development Authority (the "Authority") issued \$ 20,685,000 in Tax Exempt Industrial Development Revenue Bonds, Series 2012A and \$ 2,120,000 in Taxable Industrial Development Revenue Bonds, Series 2012A pursuant to an indenture of trust between the Authority and a trustee to make a loan to Lee County Community Charter Schools, LLC (the "LLC") to finance or refinance the acquisition of certain facilities of the charter schools under the Southwest Charter Foundation, Inc. (the "Foundation").

Pursuant to the loan agreements, the Authority loaned the proceeds of the Bonds to the LLC. In order to secure the payment of the principal and interest on the Bonds, the Authority assigned all of its rights and interest in the loan agreements to the trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

The School is committed to pay for a portion of its facility to the LLC (Note 13). The payments and term of the commitment are based on the debt service requirements of the Bonds. These payments are made from revenues received from the School District of Lee County for the operation of the schools. The Foundation is obligated under the indenture to deposit all charter revenues received from the School District and additional revenues, if any, directly with the trustee during the term of the commitment. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Note 11 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 556,311 for the 2022/2023 school year which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School District has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School District. The School has elected to use these funds to pay a portion of the lease expense on the facility.

**Note 12 - Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years. As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals.

**Note 13 - Transfer Out**

In 2007 and 2012, a majority of the Schools governed by the Southwest Charter Foundation, Inc. were involved in bond issuances for the financing and acquisition of facilities for the Schools to occupy (Notes 10). The Schools pay amounts under the indenture of trust which are considered their portion of principal and interest payments on the Bonds. Because this School was not a separate entity apart from the Gateway Charter School at the time the transaction was initially recorded as a lease in the other Schools involved, there is a "Transfer out" of \$ 1,465,053 in the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balances for the School's portion of the debt payments.

# OTHER INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Directors  
Gateway Intermediate Charter School  
A Department of Southwest Charter Foundation, Inc.  
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gateway Intermediate Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2023, 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 9, 2023.

### 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## 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 statements. 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 9, 2023

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Gateway Intermediate Charter School  
A Department of Southwest Charter Foundation, Inc.  
Fort Myers, Florida

### Report on the Financial Statements

We have audited the basic financial statements of Gateway Intermediate Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2023, and have issued our report thereon dated September 9, 2023.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 9, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education are Gateway Intermediate Charter School and 364261.

CPAs + Trusted Advisors

### **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 9, 2023