

Gateway 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, 2024**

Gateway Charter School

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gateway Charter School
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 the Gateway Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Lee County, Florida, 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 and each major fund of the School, as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the 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 changes in financial position of only that portion of the governmental activities and each major fund of Southwest Charter Foundation, Inc. that are 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, 2024 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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.

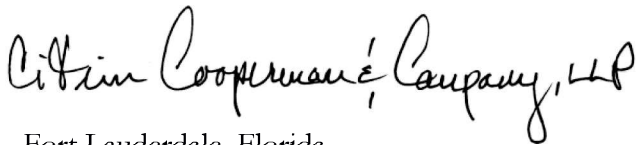
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control- related matters that we identified during the audit.

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 11, 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.



Fort Lauderdale, Florida
September 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gateway 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, 2024 and 2023.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and 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 and other supplementary information.

Financial Highlights

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

- As of June 30, 2024, the School's governmental fund balance was \$ 4,047,097, as compared to \$ 3,461,323 as of June 30, 2023.
- The net position at June 30, 2024 was \$ 743,347, as compared to \$ 1,812,651 as of June 30, 2023.

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 basic financial statements, 2) fund basic 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 components 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 basic 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 basic financial statements. However, unlike the government-wide basic financial statements, governmental basic fund 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 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 27 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 743,347 at the close of the most recent fiscal year.

**Gateway Charter School
Management's Discussion and Analysis
June 30, 2024**

Government-Wide Financial Analysis (Continued)

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

Gateway Charter School Net Position			
	June 30, 2024	June 30, 2023	Variance
Assets:			
Current and other assets	\$ 7,035,410	\$ 8,504,408	\$ (1,468,998)
Capital assets, net	<u>36,606,606</u>	<u>28,626,718</u>	<u>7,979,888</u>
Total assets	<u>43,642,016</u>	<u>37,131,126</u>	<u>6,510,890</u>
Liabilities:			
Current liabilities	5,264,491	6,660,921	(1,396,430)
Noncurrent liabilities	<u>37,634,178</u>	<u>28,657,554</u>	<u>8,976,624</u>
Total liabilities	<u>42,898,669</u>	<u>35,318,475</u>	<u>7,580,194</u>
Net Position:			
Net investment in capital assets	(2,882,820)	(1,489,178)	(1,393,642)
Restricted	832,632	162,998	669,634
Unrestricted	<u>2,793,535</u>	<u>3,138,831</u>	<u>(345,296)</u>
Total net position	<u>\$ 743,347</u>	<u>\$ 1,812,651</u>	<u>\$ (1,069,304)</u>

Current and other assets decreased mainly due to the decrease in the school's cash position. Capital assets, net of depreciation increased mainly due to the current year additions of \$9,971,219 offset by depreciation of \$2,185,363. Current liabilities decreased due to a reduction in trade payables, wages payable, and monies owed to trustee. Noncurrent liabilities increased due to an increase in School's lease payables.

Governmental Activities: The School's overall net position decreased \$ 1,069,304 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

Gateway Charter School Change in Net Position			
	June 30, 2024	June 30, 2023	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 491,487	\$ 915,025	\$ (423,538)
Operating grants and contributions	5,930,407	5,994,729	(64,322)
Capital grants and contributions	2,476,943	1,473,464	1,003,479
General revenues:			
FTE and other nonspecific revenues	22,913,048	20,927,350	1,985,698
Interest income	308,920	135,885	173,035
Contributions	-	773,231	(773,231)
Miscellaneous revenue	41,106	62,238	(21,132)
Transfers out	<u>(156,267)</u>	<u>(220,646)</u>	<u>64,379</u>
Total revenues	<u>\$ 32,005,644</u>	<u>\$ 30,061,276</u>	<u>\$ 1,944,368</u>

**Gateway Charter School
Management's Discussion and Analysis
June 30, 2024**

Governmental Activities (continued)

	June 30, 2024	June 30, 2023	Variance
Functions/Program Expenses:			
Instruction	\$ 11,462,289	\$ 11,445,469	\$ 16,820
Student support services	1,461,848	1,276,542	185,306
Instruction and curriculum development services	66,522	19,397	47,125
Instructional staff training services	54,617	124,211	(69,594)
Instruction related technology	505,923	337,008	168,915
Board	247,469	111,366	136,103
School administration	1,626,856	1,748,655	(121,799)
Fiscal services	4,670,676	1,714,053	2,956,623
Food services	1,192,100	893,579	298,521
Central services	138,275	329,504	(191,229)
Pupil transportation services	1,716,283	1,347,582	368,701
Operation of plant	5,015,388	2,977,978	2,037,410
Maintenance of plant	1,574,208	1,108,681	465,527
Community services	213,439	88,340	125,099
Extracurricular activities	412,832	382,248	30,584
Interest on long-term debt	2,716,223	2,298,846	417,377
Total expenses	<u>33,074,948</u>	<u>26,203,459</u>	<u>6,871,489</u>
Change in net position	(1,069,304)	3,857,817	(4,927,121)
Net position (deficit)-beginning	<u>1,812,651</u>	<u>(2,045,166)</u>	<u>3,857,817</u>
Net position-ending	\$ <u><u>743,347</u></u>	\$ <u><u>1,812,651</u></u>	\$ <u><u>(1,069,304)</u></u>

Program revenues increased due to ESSER III, and capital outlay revenues. General revenues increased due to a rise in funding for students and 102 additional students. Total expenses primarily increased due to increases in student support services, instructional related technologies, fiscal services, transportation, and operation of plant expenses.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 2,800,864, while total fund balance increased to \$ 3,886,793. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 7.7% of total General Fund expenditures, while total fund balance represents 10.8% of that same amount.

The fund balance of the School's General Fund increased by \$ 588,471 during the current fiscal year. The increase was due to monies received for prior year grant expenditures.

The Grants Fund doesn't have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expense reimbursement grants.

The Capital Project Fund doesn't have an increase or decrease in fund balance during the year as this fund reports state and local capital outlay funding that is used to cover a portion of interest expense.

Financial Analysis of Governmental Funds (continued)

The Club and Activities Fund had a decrease in fund balance during the current fiscal year due to additional expenditures for extracurricular activities.

Capital Assets and Debt Administration

Capital assets: At June 30, 2024, the School had capital assets of \$ 36,606,606, net of accumulated depreciation and amortization, invested in lease assets, furniture, fixtures and equipment, computer equipment, and improvements other than buildings. The increase in capital assets is due to a new lease agreement. Additional information on the School's capital assets can be found in Note 5 of this report.

Debt: At June 30, 2024, the School had outstanding debt of \$ 39,589,743 as compared to \$ 30,309,926 at June 30, 2023. The increase is a result of a new lease agreement less scheduled debt payments in accordance with the lease agreements. Additional information on the School's debt can be found in Notes 7 through 9 of this report.

General Fund Budgetary Highlights

State source revenues had a decrease to the budget due to the estimation of student funding. Local sources increased from food services. Expenditures were unfavorable to the budget primarily due to student support services, maintenance of plant expenses and capital outlay.

Economic Factors and Next Year's Budget

In fiscal year 2024, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 1.1 billion. The capital outlay funding pool ended up at \$ 213 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2025, the funding for teacher salaries and other instructional personnel will be \$ 1.25 billion. 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 Charter School
Statement of Net Position
June 30, 2024

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 5,062,640
Restricted investments	672,328
Due from other governments	777,860
Due from related party	21,290
Other receivables	87,648
Interest receivables	43
Prepaid items	343,388
Deposits	70,213
	<hr/>
Total current assets	7,035,410
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	36,606,606
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Total assets	43,642,016
Current Liabilities:	
Accounts payable and accrued liabilities	414,263
Accrued interest payable	240,748
Salaries and wages payable	981,825
Due to other governments	263,187
Due to management company	993,854
Due to related party	335,184
Compensated absences	59,899
Note payable	49,326
Lease payables	1,926,205
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Total current liabilities	5,264,491
Noncurrent Liabilities:	
Compensated absences	19,966
Note payable	50,991
Lease payables	37,563,221
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Total noncurrent liabilities	37,634,178
	<hr/>
Total liabilities	42,898,669
Net Position:	
Net investment in capital assets	(2,882,820)
Restricted for extracurricular activities	160,304
Restricted for capital projects	672,328
Unrestricted	2,793,535
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Total net position	\$ 743,347
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The accompanying notes to basic financial statements are an integral part of these statements.

**Gateway Charter School
Statement of Activities
For the Year Ended June 30, 2024**

	<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>Activities Net Revenue (Expense) and Change in Net Position (Deficit)</u>
Functions/Programs:					
Instruction	\$ 11,462,289	\$ -	\$ 2,852,840	\$ -	\$ (8,609,449)
Student support services	1,461,848	-	359,987	-	(1,101,861)
Instruction and curriculum development services	66,522	-	-	-	(66,522)
Instructional staff training services	54,617	-	43,618	-	(10,999)
Instruction related technology	505,923	-	-	-	(505,923)
Board services	247,469	-	-	-	(247,469)
School administration	1,626,856	-	36,536	-	(1,590,320)
Fiscal services	4,670,676	-	-	-	(4,670,676)
Food services	1,192,100	143,748	910,609	-	(137,743)
Central services	138,275	-	824	-	(137,451)
Pupil transportation services	1,716,283	-	519,059	-	(1,197,224)
Operation of plant	5,015,388	-	425,461	-	(4,589,927)
Maintenance of plant	1,574,208	-	-	-	(1,574,208)
Community services	213,442	347,739	575,176	-	709,473
Extracurricular activities	412,832	-	206,297	-	(206,535)
Interest on long-term debt	2,716,223	-	-	2,476,943	(239,280)
Total governmental activities	\$ <u>33,074,951</u>	\$ <u>491,487</u>	\$ <u>5,930,407</u>	\$ <u>2,476,943</u>	<u>(24,176,114)</u>
General revenues:					
FTE and other nonspecific revenues					22,913,048
Interest income					308,920
Miscellaneous					41,106
Transfer out					<u>(156,267)</u>
Total general revenues and transfers					<u>23,106,807</u>
Change in net position					(1,069,307)
Net position (deficit), July 1, 2023					<u>1,812,654</u>
Net position (deficit), June 30, 2024					\$ <u><u>743,347</u></u>

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

Gateway Charter School
Balance Sheet - Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 4,895,840	\$ -	\$ -	\$ 166,800	\$ 5,062,640
Restricted investments	672,328	-	-	-	672,328
Due from other governments	-	777,860	-	-	777,860
Due from related party	21,290	-	-	-	21,290
Due from other funds	784,356	-	263,187	-	1,047,543
Other receivables	87,648	-	-	-	87,648
Interest receivables	43	-	-	-	43
Prepaid items	343,388	-	-	-	343,388
Deposits	70,213	-	-	-	70,213
	<u>6,875,106</u>	<u>777,860</u>	<u>263,187</u>	<u>166,800</u>	<u>8,082,953</u>
Total assets	\$ <u>6,875,106</u>	\$ <u>777,860</u>	\$ <u>263,187</u>	\$ <u>166,800</u>	\$ <u>8,082,953</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 414,263	\$ -	\$ -	\$ -	\$ 414,263
Salaries and wages payable	981,825	-	-	-	981,825
Due to other governments	-	-	263,187	-	263,187
Due to related parties	335,184	-	-	-	335,184
Due to management company	993,854	-	-	-	993,854
Due to other funds	263,187	777,860	-	6,496	1,047,543
	<u>2,988,313</u>	<u>777,860</u>	<u>263,187</u>	<u>6,496</u>	<u>4,035,856</u>
Total liabilities	<u>2,988,313</u>	<u>777,860</u>	<u>263,187</u>	<u>6,496</u>	<u>4,035,856</u>
Fund Balances:					
Nonspendable:					
Prepaid items	343,388	-	-	-	343,388
Deposits	70,213	-	-	-	70,213
Restricted for extracurricular activities	-	-	-	160,304	160,304
Restricted for capital projects	672,328	-	-	-	672,328
Unassigned	2,800,864	-	-	-	2,800,864
	<u>3,886,793</u>	<u>-</u>	<u>-</u>	<u>160,304</u>	<u>4,047,097</u>
Total fund balances	<u>3,886,793</u>	<u>-</u>	<u>-</u>	<u>160,304</u>	<u>4,047,097</u>
Total liabilities and fund balances	\$ <u>6,875,106</u>	\$ <u>777,860</u>	\$ <u>263,187</u>	\$ <u>166,800</u>	\$ <u>8,082,953</u>

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

**Gateway Charter School
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2024**

Total Fund Balances - Governmental Funds \$ 4,047,097

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 fund statements. 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	\$	61,863,335	
Accumulated depreciation and amortization		<u>(25,256,729)</u>	36,606,606

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Compensated absences	\$	(79,865)	
Accrued interest payable		(240,748)	
Note payable		(100,317)	
Lease payables		<u>(39,489,426)</u>	<u>(39,910,356)</u>

Net Position of Governmental Activities \$ 743,347

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

**Gateway Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Revenues:					
Federal sources	\$ -	\$ 3,777,831	\$ -	\$ -	\$ 3,777,831
State sources	24,189,037	9,155	1,692,242	-	25,890,434
Local sources	273,804	-	784,701	416,272	1,474,777
Aftercare	712,669	-	-	-	712,669
Interest income	303,030	-	-	3,170	306,200
	<u>25,478,540</u>	<u>3,786,986</u>	<u>2,476,943</u>	<u>419,442</u>	<u>32,161,911</u>
Expenditures:					
Current:					
Instruction	9,190,936	1,515,764	-	-	10,706,700
Student support services	1,101,861	359,987	-	-	1,461,848
Instruction and curriculum development services	66,522	-	-	-	66,522
Instructional staff training services	10,999	43,618	-	-	54,617
Instruction related technology	505,923	-	-	-	505,923
Board	247,469	-	-	-	247,469
School administration	1,590,320	36,536	-	-	1,626,856
Fiscal services	4,670,676	-	-	-	4,670,676
Food services	281,491	910,609	-	-	1,192,100
Central services	137,451	824	-	-	138,275
Pupil transportation services	1,707,283	9,000	-	-	1,716,283
Operation of plant	3,315,155	267,117	-	-	3,582,272
Maintenance of plant	1,574,208	-	-	-	1,574,208
Community services	200,355	13,087	-	-	213,442
Extracurricular activities	-	-	-	422,136	422,136
Capital outlay	9,763,404	207,815	-	-	9,971,219
Debt service:					
Principal	1,679,711	-	1,468	-	1,681,179
Interest	-	-	2,475,475	-	2,475,475
	<u>36,043,764</u>	<u>3,364,357</u>	<u>2,476,943</u>	<u>422,136</u>	<u>42,307,200</u>
Excess (deficiency) of revenues over (under) expenses	<u>(10,565,224)</u>	<u>422,629</u>	<u>-</u>	<u>(2,694)</u>	<u>(10,145,289)</u>
Other Financing Sources (Uses):					
Lease issued	10,887,330	-	-	-	10,887,330
Transfer out	(156,267)	(422,629)	-	-	(578,896)
Transfers in	422,629	-	-	-	422,629
	<u>11,153,692</u>	<u>(422,629)</u>	<u>-</u>	<u>-</u>	<u>10,731,063</u>
Net change in fund balances	588,468	-	-	(2,694)	585,774
Fund Balances, July 1, 2023	<u>3,298,325</u>	<u>-</u>	<u>-</u>	<u>162,998</u>	<u>3,461,323</u>
Fund Balances, June 30, 2024	<u>\$ 3,886,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,304</u>	<u>\$ 4,047,097</u>

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

**Gateway 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, 2024**

Net Change in Fund Balances - Governmental Funds \$ 585,774

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 over their estimated useful lives as provision for depreciation and amortization.

Cost of capital assets	\$	9,971,219	
Provision for depreciation and amortization		<u>(2,185,363)</u>	7,785,856

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (10,887,330)

Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long term liabilities in the statement of net position. 1,681,182

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	\$	5,962	
Change in accrued interest payable		<u>(240,748)</u>	<u>(234,786)</u>

Change in Net Position of Governmental Activities \$ (1,069,304)

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

**Gateway Charter School
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 24,545,368	\$ 24,545,368	\$ 24,189,037	\$ (356,331)
Local sources	123,343	123,343	273,804	150,461
Aftercare	642,983	642,983	712,669	69,686
Interest income	48,770	48,770	303,030	254,260
	<u>25,360,464</u>	<u>25,360,464</u>	<u>25,478,540</u>	<u>118,076</u>
Total revenues				
Expenditures:				
Current:				
Instruction	9,326,100	9,326,100	9,190,936	135,164
Student support services	797,550	797,550	1,101,861	(304,311)
Instruction and curriculum development services	-	-	66,522	(66,522)
Instructional staff training services	19,715	19,715	10,999	8,716
Instruction related technology	550,463	550,463	505,923	44,540
Board	69,841	69,841	247,469	(177,628)
School administration	2,436,530	2,436,530	1,590,320	846,210
Fiscal services	4,512,005	4,512,005	4,670,676	(158,671)
Food services	-	-	281,491	(281,491)
Central services	227,095	227,095	137,451	89,644
Pupil transportation services	1,867,597	1,867,597	1,707,283	160,314
Operation of plant	3,250,189	3,250,189	3,315,155	(64,966)
Maintenance of plant	616,529	616,529	1,574,208	(957,679)
Community services	21,793	21,793	200,352	(178,559)
Capital outlay	764,350	764,350	9,763,404	(8,999,054)
Debt service:				
Principal	1,353,101	1,353,101	1,679,711	(326,610)
	<u>25,812,858</u>	<u>25,812,858</u>	<u>36,043,761</u>	<u>(10,230,903)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(452,394)</u>	<u>(452,394)</u>	<u>(10,565,221)</u>	<u>(10,112,827)</u>
Other Financing Sources (Uses):				
Lease issued	-	-	10,887,330	10,887,330
Transfer out	-	-	(156,267)	(156,267)
Transfers in	642,103	642,103	422,629	(219,474)
	<u>642,103</u>	<u>642,103</u>	<u>11,153,692</u>	<u>10,511,589</u>
Total other financing sources (uses)				
Net change in fund balance	\$ <u>189,709</u>	\$ <u>189,709</u>	\$ <u>588,471</u>	\$ <u>398,762</u>

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

**Gateway Charter School
Statement of Revenues and Expenditures -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources:				
National School Lunch Program	\$ 984,413	\$ 984,413	\$ 1,106,857	\$ 122,444
Title II	-	-	49,069	49,069
Title IV	15,626	15,626	39,374	23,748
ESSER II	-	-	21,055	21,055
ESSER III	1,596,852	1,596,852	2,561,476	964,624
State sources:				
National School Lunch Program	-	-	9,155	9,155
Total revenues	<u>2,596,891</u>	<u>2,596,891</u>	<u>3,786,986</u>	<u>1,190,095</u>
Expenditures:				
Current:				
Instruction	803,083	803,083	1,515,764	(712,681)
Student support services	87,648	87,648	359,987	(272,339)
Instructional staff training services	-	-	43,618	(43,618)
School administration	522,740	522,740	36,536	486,204
Food services	489,329	489,329	910,609	(421,280)
Central services	-	-	824	(824)
Pupil transportation services	-	-	9,000	(9,000)
Operation of plant	495,084	495,084	267,117	227,967
Community services	-	-	13,087	(13,087)
Capital outlay	199,007	199,007	207,815	(8,808)
Total expenditures	<u>2,596,891</u>	<u>2,596,891</u>	<u>3,364,357</u>	<u>(767,466)</u>
Total excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>422,629</u>	<u>422,629</u>
Other Financing Uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(422,629)</u>	<u>(422,629)</u>
Net change in fund balance	<u>\$ -</u>	<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

The Southwest Charter Foundation, Inc. (the "Foundation"), was organized in September 2001 as a Florida nonprofit corporation. Gateway Charter School (the "School") is a Department of the Foundation. The School Board of Lee County, Florida ("District") had three separate charters for Gateway Charter School serving grades 1-4, Gateway Intermediate Charter School serving grades 5-8, and Gateway Charter High School serving grades 9-12, which expired on June 30, 2023. The District approved the consolidation of the 3 charters into one charter under Gateway Charter School commencing on July 1, 2023. There were 2,849 students enrolled for the 2023/2024 school year serving students from kindergarten through twelfth grade.

The basic financial statements of Gateway Charter School, a Department of the Foundation, 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 Foundation, Inc. as of June 30, 2024, 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 7), an entity created to fund the purchase of the facility housing 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 30, 2033 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 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: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased 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 federal insured limit, however, the School is covered by Chapter 280 of the Florida Statutes (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 prorated 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 equal to or greater than \$ 750 and useful life of over one year. Donated property and equipment assets 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/expended as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

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	10 years

The School has recorded a right-to-use lease asset as required by GAAP. 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 the outstanding balances of any 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.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GAAP which provides 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.
- 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified to conform to current period presentation.

Budget: An operating budget is adopted and maintained by the governing board for all government 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 basic financial statements. The General Fund's expenditures exceeded the budget by \$ 10,230,903.

Date of Management Review: The School has evaluated subsequent events through September 11, 2024, which is the date that the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2024, the carrying amount of the deposits and cash on hand totaled \$ 5,062,640 with bank balances of \$5,349,876.

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 of \$ 5,099,876 in excess of the federal insured level of \$ 250,000 are held in a qualified public depository and 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, 2024 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Grants Fund	\$	777,860
General Fund	Club and Activities Fund		6,496
Capital Project Fund	General Fund		<u>263,187</u>
		\$	<u><u>1,047,543</u></u>

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, 2024 is as follows:

	Transfers In General Fund
Transfers Out: Grants Fund	\$ <u><u>422,629</u></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 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 are as follows:

	Balance at July 1, 2023	Additions	Transfers	Balance at June 30, 2024
Capital assets being depreciated/ amortized:				
Improvements other than building	\$ 3,513,630	\$ 554,437	\$ -	\$ 4,068,067
Furniture, fixtures and equipment	2,470,298	602,062	-	3,072,360
Computer equipment	4,404,084	546,042	-	4,950,126
Lease assets:				
Building	41,401,204	8,268,678	-	49,669,882
Computer equipment	<u>102,900</u>	<u>-</u>	<u>-</u>	<u>102,900</u>
Total capital assets being depreciated/amortized	<u>51,892,116</u>	<u>9,971,219</u>	<u>-</u>	<u>61,863,335</u>

Note 5 - Capital Assets (continued)

	Balance at July 1, 2023	Additions	Transfers	Balance at June 30, 2024
Accumulated depreciation/ amortization:				
Improvements other than building	\$ 1,135,884	\$ 325,517	\$ -	\$ 1,461,401
Furniture, fixtures and equipment	2,217,778	136,027	6,695	2,347,110
Computer equipment	3,803,100	613,553	(11,037)	4,427,690
Lease assets:				
Building	15,877,395	1,107,599	-	16,984,994
Computer equipment	37,209	2,667	4,342	35,534
Total accumulated depreciation/ amortization	<u>23,071,366</u>	<u>2,185,363</u>	<u>-</u>	<u>25,256,729</u>
Net capital assets being depreciated/amortized	<u>\$ 28,820,750</u>	<u>\$ 7,785,856</u>	<u>\$ -</u>	<u>\$ 36,606,606</u>

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

Instruction	\$ 752,247
Operation of plant	<u>1,433,116</u>
Total	<u>\$ 2,185,363</u>

Note 6 - Due From/To Related Parties

The School is a Department of the Foundation. The due from/to balances represent amounts that are due from/to the Foundation and other schools that share common board membership and are departments of the Foundation and are expected to be repaid within one year.

Note 7 – Lease Payables

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 five charter schools under the Foundation.

In August 2012, 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 2012B, pursuant to an indenture of trust between the Authority and a trustee to make a loan to the LLC to finance the cost of acquiring, constructing and equipping certain charter school facilities.

In January 2024, the Authority issued \$ 9,400,000 in Tax Exempt Industrial Development Revenue Bonds, Series 2024A, and \$ 2,445,000 in Taxable Industrial Development Revenue Bonds, Series 2024B, pursuant to an indenture of trust between the Authority and a trustee to make a loan to the LLC to finance the cost of acquiring, constructing and equipping certain charter school facilities.

Note 7 - Lease Payables (continued)

In order to secure the payment of the principal and interest on the Series 2007, 2012 and 2024 Bonds, the Authority assigned all of its rights and interest in the loan agreements to the trustee. The Series 2007, 2012 and 2024 Bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

As part of the above Bond transactions, the School entered into lease arrangements for the use of its facilities. The lease payments and terms of the leases are based on the debt service requirements of the Series 2007, 2012 and 2024 Bonds. These payments are made from revenues received from the School District for the operation of the School. 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 lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses/expenditures.

The lease associated with the Series 2007 Bond is through 2057 and requires monthly principal and interest payments through June 2037. The lease associated with the Series 2012 Bond is through August 2057 and requires monthly principal and interest payments through June 2042. The lease associated with the Series 2024 Bond is through June 2069 and requires monthly principal and interest payments through June 2042.

Future minimum payments required under these leases at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,926,205	\$ 2,853,962	\$ 4,780,167
2026	2,047,613	2,731,039	4,778,652
2027	2,180,193	2,601,379	4,781,572
2028	2,089,059	2,462,774	4,551,833
2029	2,233,983	2,314,394	4,548,377
2030-2034	13,526,350	9,025,185	22,551,535
2035-2039	12,515,380	3,748,104	16,263,484
2040-2042	2,970,643	545,873	3,516,516
	<u>\$ 39,489,426</u>	<u>\$ 26,282,710</u>	<u>\$ 65,772,136</u>

Note 8 - Note Payable

The School entered into a purchase agreement for computer equipment during the year ended June 30, 2024. The agreement calls for a yearly payment of \$ 52,711 through October 2025 at a 3.33% interest rate. Future payments required under this agreement at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 49,326	\$ 3,385	\$ 52,711
2026	50,991	1,721	52,712
	<u>\$ 100,317</u>	<u>\$ 5,106</u>	<u>\$ 105,423</u>

Gateway Charter School
Notes to Basic Financial Statements
June 30, 2024

Note 9 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2024, are as follows:

	Balance at July 1, 2023	Additions	Retirements	Balance at June 30, 2024	Due Within 1 Year
2007 Lease - building	\$ 24,983,043	\$ -	\$ 1,314,797	\$ 23,668,246	\$ 1,401,205
2012 Lease - building	5,326,883	-	165,000	5,161,883	175,000
2024 Lease - building	-	10,739,297	80,000	10,659,297	350,000
Note payable - computers	-	148,033	47,716	100,317	49,326
Compensated absences	85,827	113,289	119,251	79,865	59,899
Total	\$ 30,395,753	\$ 11,000,619	\$ 1,726,764	\$ 39,669,608	\$ 2,035,430

The above retirements do not include the elimination of a \$ 73,666 loan between Gateway Charter School and Gateway Intermediate Charter School due to the consolidation of charter agreements. See Note 1.

Note 10 - Employee Benefit Plan

During the year ended June 30, 2024, 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, 2023, the School had forfeitures of \$ 432. For the year ended June 30, 2024, the School contributed a matching amount of \$ 33,131.

Note 11 - Commitments

Management agreement: The School has a formal agreement through 2033 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. CSUSA shall be entitled to receive cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee ranges from \$ 4,519,341 for 2025 to \$ 5,865,936 for 2038, as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 4,500,000 for the year ended June 30, 2024.

Note 11 - Commitments (continued)

The School also has an amount due to CSUSA of \$ 993,854 at June 30, 2024 for expenses paid on behalf of the School.

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

Note 12 - 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 \$ 1,692,242 for the 2023/2024 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 interest expense of the lease.

Local Capital Improvement Revenue (“LCIR”) funds are also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School’s LCIR Award totaled \$ 784,701 for the 2023/2024 school year which has been recognized as revenue in the accompanying financial statements

Note 13 - 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 have been no claims in excess of insurance coverage limits during the past three years. As disclosed in Note 11, 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 14 - Transfer Out

In 2007, a majority of the schools governed by the Foundation were involved in a bond issue for the financing and acquisition of facilities for the schools to occupy (Note 7). The schools pay amounts under the indenture of trust which are considered their portion of the principal and interest payments on the Bonds. There is a “Transfer Out” of \$ 156,267 in the statement of activities and the statement of revenues, expenditures and change in fund balances. At year end, based on student enrollment, debt service payments are reallocated through a “Transfer In/Out” to the other schools that are part of the Lee County Community Charter Schools, LLC.

**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 Charter School
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 Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Lee County, Florida, 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 11, 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.

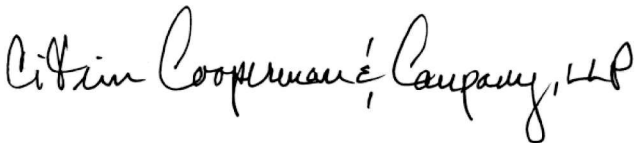
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
September 11, 2024



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MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Gateway Charter School
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of Gateway Charter School (the "School"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 11, 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 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 11, 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 findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial 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 and the school code assigned by the Florida Department of Education of the entity is Gateway Charter School and 364103.

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

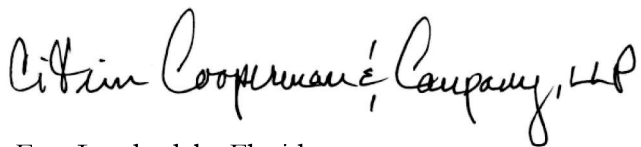
Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with 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 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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Fort Lauderdale, Florida
September 11, 2024