

KEYS GATE CHARTER SCHOOL
(A COMPONENT UNIT OF THE SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS

June 30, 2014

KEYS GATE CHARTER SCHOOL
 BASIC FINANCIAL STATEMENTS
 June 30, 2014

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BASIC
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Keys Gate Charter School
Homestead, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keys Gate Charter School (the "School"), a Department of The Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2014, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, each major fund and the aggregate remaining fund information of The Florida Charter Educational 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 The Florida Charter Educational Foundation, Inc. as of June 30, 2014 and the changes in its 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEYS GATE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

As management of Keys Gate Charter School (the "School"), a Department of The Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Miami-Dade County, Florida, 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, 2014 and 2013.

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.

FINANCIAL HIGHLIGHTS

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

- The changes in net position at the School resulted in net position of \$ 7,387,020 as of June 30, 2014 as compared to \$ 7,531,527, as of June 30, 2013.
- The School's total revenues were \$ 16,021,872 and consisted of \$ 14,043,935 from grants and entitlements; \$ 958,781 from capital grants and contributions, \$ 670,094 from operating grants and contributions, \$ 263,548 from charges for services, \$ 7,895 from investment earnings and \$ 77,619 from miscellaneous income. The School's expenses for this year were \$ 16,166,379.

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 basic 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.

KEYS GATE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, 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 basic 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 basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic 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 change in fund balance 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 change in fund balances. The General Fund, Special Revenue Fund and Capital Project Fund are considered to be the School's major funds.

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

The governmental fund financial statements can be found on pages 10 through 15 of this report.

KEYS GATE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Agency Fund

In addition, the School has one agency fund which is a student activity fund. This fund is formed for education and school purposes.

The basic agency fund financial statement can be found on page 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 basic financial statements. The notes to basic financial statements can be found on pages 17 through 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for eleven years; therefore, comparative government-wide data is presented. The School's net position was \$ 7,387,020 at June 30, 2014. Of this amount, \$ 6,978,218 represented unrestricted net position and \$ 408,802 represented net investment in capital assets. The School's net position was \$ 7,531,527 at June 30, 2013. Of this amount, \$ 7,205,535 represented unrestricted net position and \$ 325,992 represented net investment in capital assets.

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

Keys Gate Charter School Net Position		
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
ASSETS:		
Current and other assets	\$ 7,814,056	\$ 8,239,227
Capital assets, net of depreciation	<u>408,802</u>	<u>325,992</u>
Total assets	<u>8,222,858</u>	<u>8,565,219</u>
LIABILITIES:		
Current liabilities	831,440	1,029,979
Long-term liabilities	<u>4,398</u>	<u>3,713</u>
Total liabilities	<u>835,838</u>	<u>1,033,692</u>
NET POSITION		
Net investment in capital assets	408,802	325,992
Unrestricted	<u>6,978,218</u>	<u>7,205,535</u>
Total net position	<u>\$ 7,387,020</u>	<u>\$ 7,531,527</u>

KEYS GATE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Governmental Activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2014 and 2013:

Keys Gate Charter School Change in Net Position			
		<u>June 30, 2014</u>	<u>June 30, 2013</u>
REVENUES:			
General revenues	\$	14,129,449	\$ 12,404,954
Program revenues		<u>1,892,423</u>	<u>1,636,043</u>
Total revenues		<u>16,021,872</u>	<u>14,040,997</u>
FUNCTIONS/PROGRAM EXPENSES:			
Instruction		6,887,061	5,901,622
Instructional support services		5,781,687	5,042,723
Operation of non-instructional services		<u>3,497,631</u>	<u>2,559,750</u>
Total governmental activities		<u>16,166,379</u>	<u>13,504,095</u>
Change in net position	\$	<u><u>(144,507)</u></u>	\$ <u><u>536,902</u></u>

Governmental Fund Expenditures

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

Functions/Programs	2014		2013	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 6,704,211	41.3%	\$ 5,750,856	42.5%
Administrative services	743,209	4.6%	676,309	5.0%
Plant operations and maintenance	4,020,129	24.7%	3,579,087	26.5%
Fiscal services	2,641,100	16.3%	1,758,333	13.0%
All other functions/programs	<u>2,134,352</u>	<u>13.1%</u>	<u>1,755,688</u>	<u>13.0%</u>
Total governmental expenditures	<u>\$ 16,243,001</u>	<u>100.0%</u>	<u>\$ 13,520,273</u>	<u>100.0%</u>

KEYS GATE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2014, the School had capital assets of \$ 408,802, net of accumulated depreciation, invested in computers, furniture and equipment and leasehold improvements as compared to \$ 325,992 at June 30, 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were favorable to the budget for the year mainly due to the per student funding rate which was higher than budgeted.

Expenditures were unfavorable to the budget in instruction due to salary increases relating to the Governor's allocation. Expenditures were also unfavorable in central services because the School was not considered high performing for the 2013/2014 school year and paid an administrative fee to the District of 5% rather than 2%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Florida is projecting a 2.6% funding increase in per student revenue for the next fiscal year. This increase is reflected in the per student Florida Education Finance Program (FEFP) funding for the School.

Capital outlay funding is expected to decrease with a reduction in the overall funding pool for all charter schools. A reduction in capital outlay funding of approximately 33% has been budgeted in the coming fiscal year to account for this and the dilution effect resulting from a greater number of schools being included in the pool.

Expenditures are budgeted to rise in proportion to the expected growth at the School. A 2% merit pay increase pool has been built into the budgets for all eligible school staff.

REQUESTS FOR INFORMATION

If you have any questions about this report or need additional information, please write Ms. Hillary Daigle, Controller; Charter Schools USA; 800 Corporate Drive, Suite 124; Fort Lauderdale, Florida 33334.

KEYS GATE CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2014

A S S E T S

	<u>Governmental Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 7,124,924
Note receivable	524,515
Due from other governments	81,874
Other deposits	41,628
Other receivables	21,365
Prepaid expenditures and other assets	<u>19,750</u>
Total current assets	7,814,056
NONCURRENT ASSETS:	
Capital assets (depreciable), net of accumulated depreciation	<u>408,802</u>
Total assets	<u>8,222,858</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable	74,138
Salaries and wages payable	662,181
Compensated absences	13,194
Due to related party	<u>81,927</u>
Total current liabilities	<u>831,440</u>
NONCURRENT LIABILITIES:	
Compensated absences	<u>4,398</u>
Total noncurrent liabilities	<u>4,398</u>
Total liabilities	<u>835,838</u>
COMMITMENTS (Notes 8 and 10)	-
NET POSITION:	
Net investment in capital assets	408,802
Unrestricted	<u>6,978,218</u>
Total net position	<u>\$ 7,387,020</u>

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

KEYS GATE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</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>
FUNCTIONS/PROGRAMS:					
Instruction	\$ 6,887,061	\$ -	\$ 31,130	\$ -	\$ (6,855,931)
Pupil personnel services	328,174	-	-	-	(328,174)
Instructional media services	23,248	-	-	-	(23,248)
Instruction and curriculum development services	114,861	-	-	-	(114,861)
Instructional staff training services	19,119	-	-	-	(19,119)
Instruction related technology	158,327	-	61,825	-	(96,502)
School board	24,256	-	-	-	(24,256)
School administration	744,334	-	-	-	(744,334)
Fiscal services	2,641,100	-	-	-	(2,641,100)
Food services	671,932	81,825	577,139	-	(12,968)
Central services	10,360	-	-	-	(10,360)
Pupil transportation services	333,647	-	-	-	(333,647)
Operation of plant	3,709,654	-	-	958,781	(2,750,873)
Maintenance of plant	350,323	-	-	-	(350,323)
Community services	<u>149,983</u>	<u>181,723</u>	<u>-</u>	<u>-</u>	<u>31,740</u>
 Total governmental activities	 <u>\$ 16,166,379</u>	 <u>\$ 263,548</u>	 <u>\$ 670,094</u>	 <u>\$ 958,781</u>	 <u>(14,273,956)</u>
General revenues:					
Grants and entitlements					14,043,935
Investment earnings					7,895
Miscellaneous					<u>77,619</u>
					<u>14,129,449</u>
					Change in net position (144,507)
					<u>7,531,527</u>
					Net position, July 1, 2013
					<u>\$ 7,387,020</u>
					Net position, June 30, 2014

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

KEYS GATE CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

ASSETS

	General Fund	Special Revenue Fund	Capital Project Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 7,124,924	\$ -	\$ -	\$ 7,124,924
Note receivable	524,515	-	-	524,515
Due from other governments	-	-	81,874	81,874
Due from other funds	81,874	-	-	81,874
Other deposits	41,628	-	-	41,628
Other receivables	21,365	-	-	21,365
Prepaid expenditures and other assets	19,750	-	-	19,750
Total assets	\$ 7,814,056	\$ -	\$ 81,874	\$ 7,895,930

LIABILITIES AND FUND BALANCES

LIABILITIES:				
Accounts payable	\$ 74,138	\$ -	\$ -	\$ 74,138
Salaries and wages payable	662,181	-	-	662,181
Due to other funds	-	-	81,874	81,874
Due to related party	81,927	-	-	81,927
Total liabilities	818,246	-	81,874	900,120
COMMITMENTS (Notes 8 and 10)	-	-	-	-
FUND BALANCES:				
Nonspendable:				
Prepaid expenditures and deposits	61,378	-	-	61,378
Unassigned	6,934,432	-	-	6,934,432
Total fund balances	6,995,810	-	-	6,995,810
Total liabilities and fund balances	\$ 7,814,056	\$ -	\$ 81,874	\$ 7,895,930

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

KEYS GATE CHARTER SCHOOL
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2014

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES
 IN THE STATEMENT OF NET POSITION
 ARE DIFFERENT BECAUSE:

Total fund balances of governmental funds in the balance sheet, page 10	\$	6,995,810
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Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported
 in the governmental funds.

Governmental cost of capital assets	\$	1,729,779	
Less accumulated depreciation		<u>(1,320,977)</u>	408,802

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

Compensated absences		<u>(17,592)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u><u>7,387,020</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

KEYS GATE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
REVENUES:				
State sources	\$ 14,075,065	\$ 2,191	\$ 958,781	\$ 15,036,037
Federal through state	-	636,773	-	636,773
Local sources	167,339	-	-	167,339
Aftercare	<u>181,723</u>	<u>-</u>	<u>-</u>	<u>181,723</u>
 Total revenues	 <u>14,424,127</u>	 <u>638,964</u>	 <u>958,781</u>	 <u>16,021,872</u>
 EXPENDITURES:				
Instruction	6,704,211	-	-	6,704,211
Pupil personnel services	327,568	-	-	327,568
Instructional media services	23,248	-	-	23,248
Instruction and curriculum development services	114,861	-	-	114,861
Instructional staff training services	19,119	-	-	19,119
Instruction related technology	96,502	61,825	-	158,327
School board	24,256	-	-	24,256
School administration	743,209	-	-	743,209
Facilities acquisition and construction	301,051	-	-	301,051
Fiscal services	2,641,100	-	-	2,641,100
Food services	94,793	577,139	-	671,932
Central services	10,360	-	-	10,360
Pupil transportation services	333,647	-	-	333,647
Operation of plant	2,711,025	-	958,781	3,669,806
Maintenance of plant	350,323	-	-	350,323
Community services	<u>149,983</u>	<u>-</u>	<u>-</u>	<u>149,983</u>
 Total expenditures	 <u>14,645,256</u>	 <u>638,964</u>	 <u>958,781</u>	 <u>16,243,001</u>
 Excess (deficiency) of revenues over expenditures	 (221,129)	 -	 -	 (221,129)
 OTHER FINANCING ACTIVITIES:				
Proceeds from insurance claims	<u>11,404</u>	<u>-</u>	<u>-</u>	<u>11,404</u>
 Net change in fund balances	 <u>(209,725)</u>	 <u>-</u>	 <u>-</u>	 <u>(209,725)</u>
 FUND BALANCES, July 1, 2013	 <u>7,205,535</u>	 <u>-</u>	 <u>-</u>	 <u>7,205,535</u>
 FUND BALANCES, June 30, 2014	 <u>\$ 6,995,810</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,995,810</u>

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

KEYS GATE CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

AMOUNTS REPORTED FOR GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

Net change in fund balances - total governmental funds, page 12.	\$	(209,725)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	\$	301,051	
Loss on disposition of capital assets		(20,936)	
Less current year provision for depreciation		<u>(197,305)</u>	82,810

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.

Compensated absences		<u>(17,592)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$	<u><u>(144,507)</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

KEYS GATE CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
State sources	\$ 13,953,948	\$ 13,953,948	\$ 14,692,485	\$ 738,537
Local sources	112,900	112,900	167,339	54,439
Aftercare	<u>193,780</u>	<u>193,780</u>	<u>181,723</u>	<u>(12,057)</u>
Total revenues	<u>14,260,628</u>	<u>14,260,628</u>	<u>15,041,547</u>	<u>780,919</u>
EXPENDITURES:				
Instruction	6,153,473	6,153,473	6,704,211	(550,738)
Pupil personnel services	404,915	404,915	327,568	77,347
Instructional media services	16,834	16,834	23,248	(6,414)
Instruction and curriculum development services	80,693	80,693	114,861	(34,168)
Instructional staff training services	12,759	12,759	19,119	(6,360)
Instruction related technology	99,360	99,360	96,502	2,858
School board	20,881	20,881	24,256	(3,375)
School administration	712,536	712,536	743,209	(30,673)
Facilities acquisition and construction	264,191	264,191	301,051	(36,860)
Fiscal services	2,211,743	2,642,859	2,641,100	1,759
Food services	88,171	88,171	94,793	(6,622)
Central services	306,862	306,862	627,780	(320,918)
Pupil transportation services	396,000	396,000	333,647	62,353
Operation of plant	2,592,415	2,592,415	2,711,025	(118,610)
Maintenance of plant	307,708	307,708	350,323	(42,615)
Community services	<u>236,524</u>	<u>236,524</u>	<u>149,983</u>	<u>86,541</u>
Total expenditures	<u>13,905,065</u>	<u>14,336,181</u>	<u>15,262,676</u>	<u>(926,495)</u>
Excess (deficiency) of revenues over expenditures	355,563	(75,553)	(221,129)	(145,576)
OTHER FINANCING ACTIVITIES:				
Proceeds from insurance claims	<u>-</u>	<u>-</u>	<u>11,404</u>	<u>11,404</u>
Net change in fund balance	<u>\$ 355,563</u>	<u>\$ (75,553)</u>	<u>\$ (209,725)</u>	<u>\$ (134,172)</u>

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

KEYS GATE CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Year Ended June 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Federal sources:			
National School Lunch Program	\$ 542,058	\$ 574,948	\$ 32,890
Race to the Top	-	61,825	61,825
State sources:			
National School Lunch Program	-	2,191	2,191
Total revenues	<u>542,058</u>	<u>638,964</u>	<u>96,906</u>
EXPENDITURES:			
Instruction related technology	-	61,825	(61,825)
Food services	<u>542,058</u>	<u>577,139</u>	<u>(35,081)</u>
Total expenditures	<u>542,058</u>	<u>638,964</u>	<u>(96,906)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

KEYS GATE CHARTER SCHOOL
STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUND
June 30, 2014

A S S E T S

	<u>Student Activity</u>
ASSETS:	
Cash	\$ <u>123,584</u>
Total assets	\$ <u><u>123,584</u></u>

L I A B I L I T I E S

LIABILITIES:	
Due to students	\$ <u><u>123,584</u></u>

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

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - ORGANIZATION AND OPERATIONS

Keys Gate Charter School (the "School"), a Department of The Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Miami-Dade County, Florida, was established in October 2000 as a public charter school for students from kindergarten to eighth grade in Miami-Dade County. The School is a Department of The Florida Charter Educational Foundation, Inc., a Florida nonprofit corporation. As of June 30, 2014, 2,164 students were enrolled in the School.

The basic financial statements of the School, a Department of The Florida Charter Educational Foundation, Inc. and component unit of the School Board of Miami-Dade County, Florida, present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present the financial position of The Florida Charter Educational Foundation, Inc. as of June 30, 2014, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School District, the Miami-Dade County Public School District. The current charter is effective until June 30, 2027. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Keys Gate Charter School is considered a component unit of the Miami-Dade County Public 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 reporting entity's 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(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide Basic Statements:

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both the government-wide and fund basic financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2014, the School had program revenues of \$ 1,892,423.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Fund financial statements:

The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures.

The School reports the following major governmental funds:

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.

Special Revenue Fund – This 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 capital outlay funding that is legally restricted to expenditures for particular purposes.

Measurement focus and basis of accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents:

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

The School maintains its cash accounts with a financial institution, which, 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.

Prepaid items:

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

Due to and due from other funds:

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Revenue recognition:

Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial basic statements and is net of a 5% administration fee retained by the School Board. 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 division 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 assets are valued at the estimated fair market 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 fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	3-10 years

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. For the year ended June 30, 2014, 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 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.

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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 10.

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.

Budget:

An operating budget is adopted and maintained by the governing board for the School 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, except for the reporting of a 5% administration fee retained by the School Board.

KEYS GATE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A reconciliation of the General Fund presented on a budgetary basis to the amount presented in accordance with generally accepted accounting principles (GAAP) is as follows:

	Revenues	Expenditures
Budgetary basis, page 14	\$ 15,041,547	\$ 15,262,676
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	(617,420)	(617,420)
GAAP basis, page 12	\$ 14,424,127	\$ 14,645,256

Reclassifications:

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Date of management review:

Subsequent events were evaluated by management through August 26, 2014, which is the date the financial statements were available to be issued.

NOTE 3 - DEPOSITS

At June 30, 2014, the carrying amount of the deposits and cash on hand totaled \$ 7,248,508 with a bank balance of \$ 7,339,890.

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 at June 30, 2014.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2014 consists of an amount due from the Florida Department of Education for capital outlay funding for the month of June.

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 - DUE TO RELATED PARTY

Both the School and Keys Gate Charter High School ("KGCHS") are related as they both share common board membership. These two schools share teachers, administrative staff, as well as expenses, which include rent and other operating expenses. At June 30, 2014, the basic financial statements include an amount due to KGCHS in the amount of \$ 81,927 for payroll expenses and other costs.

NOTE 6 – NOTE RECEIVABLE

Both the Florida Charter Education Foundation, Inc. (the "Foundation") and Renaissance Charter School, Inc. ("REN") are related as they both share common board membership. REN has the ability to borrow up to \$ 3,000,000 from the Foundation to purchase equipment for six of its new charter schools. The note matures December 31, 2014 and carries interest at a rate of 6.5%. For the year ended June 30, 2014, REN has borrowed \$ 524,515 from the School.

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 are as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, depreciable:				
Furniture and equipment	\$ 342,680	\$ 43,439	\$ -	\$ 386,119
Computer equipment	670,969	227,634	31,404	867,199
Leasehold improvements	<u>446,483</u>	<u>29,978</u>	<u>-</u>	<u>476,461</u>
Total capital assets, depreciable	<u>1,460,132</u>	<u>301,051</u>	<u>31,404</u>	<u>1,729,779</u>
Accumulated depreciation:				
Furniture and equipment	256,384	38,479	-	294,863
Computer equipment	567,467	118,978	10,468	675,977
Leasehold improvements	<u>310,289</u>	<u>39,848</u>	<u>-</u>	<u>350,137</u>
Total accumulated depreciation	<u>1,134,140</u>	<u>197,305</u>	<u>10,468</u>	<u>1,320,977</u>
Net capital assets	<u>\$ 325,992</u>	<u>\$ 103,746</u>	<u>\$ 20,936</u>	<u>\$ 408,802</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 157,457
Operation of plant	<u>39,848</u>
	<u>\$ 197,305</u>

KEYS GATE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 8 - LEASES

The School previously entered into an operating lease agreement for the use of various capital assets and its premises. The lease expires in August 2043. The base monthly rental amount is based on full enrollment of the School. If the School is not fully enrolled, the monthly rental amount is prorated. The School was fully enrolled for the year ended June 30, 2014. For the year ended June 30, 2014, the School paid \$ 1,175,334, net of certain credits provided by the landlord. The monthly rent shall increase annually based upon the percentage change in the consumer price index.

Previously, the School entered into a facility use agreement with Renaissance Charter School, Inc. The agreement expires in September 2040 and payments under the agreement are determined according to the proportion of the facility used by the School. For the year ending June 30, 2014, the payment is 100% of the required total payment as outlined in the use agreement. In subsequent years, the payment will be determined based on capacity for the following fiscal year.

Rent expense for the leases totaled \$ 2,309,268 for the year ended June 30, 2014.

NOTE 9 - LONG-TERM LIABILITIES

Changes in the School's long-term liabilities for fiscal year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amount Due Within One Year
Compensated absences	\$ 14,852	\$ 16,728	\$ 13,988	\$ 17,592	\$ 13,194

NOTE 10 - COMMITMENTS

The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. All staff of the School are employees of CSUSA. The agreement requires the School to pay an administrative fee to CSUSA of 15% of the School's revenues as defined in the agreement or the budgeted amount approved by the Board of Directors. The term of the agreement is consistent with the term of the charter and may be renewed to correspond to charter renewals.

Total management fees amounted to \$ 2,639,258 for the year ended June 30, 2014. The School's accounts payable balance contains an amount payable to CSUSA of \$ 30,975, which represents management fees and other expense reimbursements unpaid at June 30, 2014.

Post-retirement benefits:

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

KEYS GATE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 - EMPLOYEE BENEFIT PLAN

During the year ended June 30, 2014, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 20% of his/her annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 15,651 for the year ended June 30, 2014.

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 \$ 958,781 for the 2013/2014 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 Board 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 Board. The School has elected to use these funds to pay its portion of the lease expense on the facility.

NOTE 13 - RISK FINANCING

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. Claims have not exceeded this commercial coverage since the School's inception.

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. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

OTHER REPORTS OF
INDEPENDENT AUDITORS

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
Keys Gate Charter School
Homestead, 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, each major fund, and the aggregate remaining fund information of Keys Gate Charter School (the "School"), a Department of The Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 26, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 26, 2014

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Keys Gate Charter School
Homestead, Florida

Report on the Financial Statements

We have audited the basic financial statements of Keys Gate Charter School (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated August 26, 2014.

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 26, 2014, 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.

Financial Condition

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

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine 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.

Other Matters

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

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

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Keys Gate Charter School.

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
August 26, 2014