

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

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2006

The logo consists of the letters 'K', 'M', and 'C' in a bold, serif font, arranged in a grid-like pattern. The 'K' is in the top left, 'M' is in the top right, and 'C' is in the bottom right. The letters are white and set against a black square background.

**KEEFE, McCULLOUGH & CO., LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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SEARCH CHOICE  
AND FINANCIAL OPTIONS

**KEYS GATE CHARTER SCHOOL**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
 June 30, 2006

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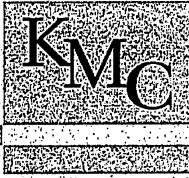
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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of net assets and balance sheet of the governmental activities and the General Fund of Keys Gate Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of June 30, 2006, and the Statement of Activities; Statement of Revenues, Expenditures and Change in Fund Balance; and Revenues and Expenditures - Budget and Actual - General Fund for the year then ended as listed in the Table of Contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the School as of June 30, 2006, and the respective changes in its financial position and budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 27, 2006, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Keys Gate Charter School

The Management's Discussion and Analysis on pages 3 through 7, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
July 27, 2006

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**KEYS GATE CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

As management of Keys Gate Charter School (the School), 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 year ended June 30, 2006.

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.

- The changes in net assets at the School resulted in net assets of \$ 1,363,007 as of June 30, 2006 as compared to \$ 835,953 as of June 30, 2005. The School continues to have strong financial performance due to the fact that it remains at near-full capacity. In addition, the School has been able to contain costs and exhibits good financial management and oversight under the direction of the finance department of the management company, Charter Schools USA.
- As of June 30, 2006, the School has net assets of \$ 1,363,007. See the preceding paragraph for an explanation of the net assets.

### **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. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide 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 assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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).

**KEYS GATE CHARTER SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2006

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 only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance for the General Fund.

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

The governmental fund financial statements can be found on pages 10 and 12 of this report.

**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 15 of this report.

**KEYS GATE CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**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 16 through 22 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning revenues and expenditures presented in a "management format" for the School's General Fund. Supplementary information can be found on page 23 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The School has been in operation for three years; therefore, comparative government-wide data is presented. The School's net assets were \$ 1,363,007 at June 30, 2006. Of this amount, \$ 1,290,857 represented an unrestricted net asset and \$ 72,150 represented amounts invested in capital assets, net of related debt. The School's net assets were \$ 835,953 at June 30, 2005. Of this amount, \$ 814,528 represented unrestricted net assets and \$ 21,425 represented amounts invested in capital assets, net of related debt. See "Financial Highlights" on page 3 of this report for an explanation of the reason for the change in net assets.

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

| Keys Gate Charter School<br>Net Assets             |                          |                          |
|--|--------------------------|--------------------------|
|  | <u>June 30,<br/>2006</u> | <u>June 30,<br/>2005</u> |
| <b>ASSETS:</b>                                     |                          |                          |
| Current and other assets                           | \$ 1,863,924             | \$ 1,441,424             |
| Capital assets, net of depreciation                | <u>72,150</u>            | <u>21,425</u>            |
| Total assets                                       | <u>1,936,074</u>         | <u>1,462,849</u>         |
| <b>LIABILITIES:</b>                                |                          |                          |
| Liabilities, excluding<br>long-term liabilities    | 378,067                  | 341,896                  |
| Long-term liabilities                              | <u>195,000</u>           | <u>285,000</u>           |
| Total liabilities                                  | <u>573,067</u>           | <u>626,896</u>           |
| <b>NET ASSETS:</b>                                 |                          |                          |
| Invested in capital assets,<br>net of related debt | 72,150                   | 21,425                   |
| Unrestricted                                       | <u>1,290,857</u>         | <u>814,528</u>           |
| Total net assets                                   | <u>\$ 1,363,007</u>      | <u>\$ 835,953</u>        |



**KEYS GATE CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**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, 2006 and 2005:

| Keys Gate Charter School<br>Changes in Net Assets |                         |         |                         |
|---|-------------------------|---------|-------------------------|
|   | June 30,<br><u>2006</u> |         | June 30,<br><u>2005</u> |
| <b>REVENUES:</b>                                  |                         |         |                         |
| General revenues                                  | \$ 5,922,441            | \$      | 5,684,982               |
| Program revenues                                  | <u>966,631</u>          | <u></u> | <u>1,165,601</u>        |
| Total revenues                                    | <u>6,889,072</u>        | <u></u> | <u>6,850,583</u>        |
| <b>FUNCTIONS/PROGRAM<br/>EXPENSES:</b>            |                         |         |                         |
| Instruction                                       | 2,577,278               |         | 2,429,275               |
| Instructional support services                    | 2,380,742               |         | 2,494,023               |
| Operation of non-instructional<br>services        | 1,184,708               |         | 1,216,830               |
| Community services                                | <u>219,290</u>          |         | <u>97,878</u>           |
| Total governmental activities                     | <u>6,362,018</u>        |         | <u>6,238,006</u>        |
| Increase in net assets                            | \$ <u>527,054</u>       | \$      | <u>612,577</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:

| <u>Functions/Programs</u>               | <u>2006</u>         |                | <u>2005</u>         |                |
|---|---------------------|----------------|---------------------|----------------|
|   | <u>Expenditures</u> | <u>Percent</u> | <u>Expenditures</u> | <u>Percent</u> |
| <b>Governmental expenditures:</b>       |                     |                |                     |                |
| Instructional expenditures              | \$ 2,623,364        | 40.3%          | \$ 2,423,169        | 38.3%          |
| Administrative services                 | 367,778             | 5.6%           | 458,875             | 7.3%           |
| Plant operations and maintenance        | 1,601,896           | 24.6%          | 1,588,312           | 25.1%          |
| Other instructional support<br>services | 398,296             | 6.1%           | 441,771             | 7.0%           |
| All other functions/programs            | <u>1,511,409</u>    | <u>23.4%</u>   | <u>1,407,787</u>    | <u>22.3%</u>   |
| Total governmental<br>expenditures      | \$ <u>6,502,743</u> | <u>100.0%</u>  | \$ <u>6,319,914</u> | <u>100.0%</u>  |

The increase in total governmental expenditures from 2005 to 2006 was \$ 182,829.

**KEYS GATE CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**General Fund budgetary highlights**

Actual revenues were lower than budget amounts due primarily to the fact that the budget was calculated on 1,144 students and the actual number of students was 1,121. Expenditures were below budgeted amounts by 6%. Instructional and pupil services expenses were lower than budget due to several open instructional and resource teacher positions that were budgeted for and not filled, as a result of lower student count and the overall student mix. Administrative expenses were lower than budget due to an open position in the school leadership department. Plant operations expense was lower than the budget due to actual property and general liability insurance expenses being lower than anticipated. Food services expenses were lower than budget due to lower expenses for catering services. Site building and equipment expenses were lower than budget due to the fact that the school was able to have the builder pay for the improvements to the physical education field, as opposed to having the expense be paid by the school. Community services expenses (i.e., aftercare and enrichment programs) generated higher revenue than budgeted, but also generated higher expenses due to an increased number of staff needed to handle the number of students participating in the programs.

**Capital assets and debt administration**

*Capital assets*

At June 30, 2006, the School had capital assets of \$ 71,150, net of accumulated depreciation, invested in computers, furniture and equipment and leasehold improvements as compared to \$ 21,415 at June 30, 2005.

*Long-term debt*

At June 30, 2006, the School had long-term debt consisting of development fees owed to the management company of \$ 195,000 as compared to \$ 285,000 at June 30, 2005.

**Economic factors and next year's budget**

The State of Florida has approved an increase in education funding of over 6% for the FEFP program for the fiscal year 2006-2007. In addition, the capital outlay allocation is expected to increase significantly due to a legislative action. Student enrollment is expected to remain at full capacity with a large waiting list. Both factors were considered in preparing the School's budget for fiscal year 2006-2007.

**Requests for information**

If you have any questions about this report or need additional information, please write Lorrie Davidson, Vice President of School Finance; Charter Schools USA; 6425 North Federal Highway, 5th Floor; Fort Lauderdale, Florida 33308.

**BASIC  
FINANCIAL STATEMENTS**

KEYS GATE CHARTER SCHOOL  
STATEMENT OF NET ASSETS  
June 30, 2006

A S S E T S

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>CURRENT ASSETS:</b>  |                                    |
| Cash and cash equivalents                                     | \$ 1,190,515                       |
| Due from other governments                                    | 626,270                            |
| Due from agency fund  | 13,916                             |
| Prepaid expenses and other assets                             | 6,818                              |
| Deposits  | <u>26,405</u>                      |
| Total current assets  | 1,863,924                          |
| <b>NONCURRENT ASSETS:</b>                                     |                                    |
| Capital assets (depreciable), net of accumulated depreciation | <u>72,150</u>                      |
| Total assets  | <u>1,936,074</u>                   |
| <b>LIABILITIES AND NET ASSETS</b>                             |                                    |
| <b>CURRENT LIABILITIES:</b>                                   |                                    |
| Accounts payable and accrued liabilities                      | 74,041                             |
| Accrued contracted services                                   | 299,640                            |
| Due to management company                                     | <u>4,386</u>                       |
| Total current liabilities                                     | <u>378,067</u>                     |
| <b>NONCURRENT LIABILITIES:</b>                                |                                    |
| Due within one year   | 90,000                             |
| Due in more than one year                                     | <u>105,000</u>                     |
| Total noncurrent liabilities                                  | <u>195,000</u>                     |
| Total liabilities   | <u>573,067</u>                     |
| <b>NET ASSETS:</b>  |                                    |
| Invested in capital assets, net of related debt               | 72,150                             |
| Unrestricted  | <u>1,290,857</u>                   |
| Total net assets  | \$ <u>1,363,007</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, 2006

| <u>Expenditures</u>                             | <u>Program Revenues</u>                         |   |   | <u>Governmental</u><br><u>Activities</u>  |
|---|---|---|---|---|
|   | <u>Charges</u><br><u>for</u><br><u>Services</u> | <u>Operating</u><br><u>Grants and</u><br><u>Contributions</u> | <u>Capital</u><br><u>Grants and</u><br><u>Contributions</u> | <u>Net Revenue</u><br><u>(Expense) and</u><br><u>Change in</u><br><u>Net Assets</u> |
| <b>FUNCTIONS/PROGRAMS:</b>                      |   |   |   |   |
| <b>Instruction:</b>                             |   |   |   |   |
| Regular instruction                             | \$ 2,540,197                                    | \$ --   | \$ --   | \$ (2,540,197)  |
| Exceptional instruction                         | 87,611  | --  | --  | (87,611)  |
| <b>Instructional support services:</b>          |   |   |   |   |
| Pupil services                                  | 152,578   | --  | --  | (152,578)   |
| Instructional services                          | 6,847   | --  | --  | (6,847)   |
| Administrative services                         | 377,256   | --  | --  | (377,256)   |
| Plant operations and maintenance                | 1,605,190                                       | --  | 612,371   | (992,819)   |
| Transportation                                  | 238,871   | --  | --  | (238,871)   |
| <b>Operation of non-instructional services:</b> |   |   |   |   |
| Food services                                   | 226,285   | 178,168   | --  | (48,117)  |
| Board services                                  | 26,090  | --  | --  | (26,090)  |
| Fiscal services                                 | 927,316   | --  | --  | (927,316)   |
| Central services                                | 5,017   | --  | --  | (5,017)   |
| Community services                              | <u>168,760</u>                                  | <u>176,092</u>  | <u>--</u>   | <u>7,332</u>  |
| <b>Total governmental activities</b>            | <b>\$ <u>6,362,018</u></b>                      | <b>\$ <u>354,260</u></b>                                      | <b>\$ <u>--</u></b>   | <b>\$ <u>612,371</u></b>  |
|   |   |   |   | <b>(5,395,387)</b>  |
| <b>General revenues:</b>                        |   |   |   |   |
|   |   |   |   | 5,890,086   |
|   |   |   |   | <u>32,355</u>   |
|   |   |   |   | <b>5,922,441</b>  |
|   |   |   |   | 527,054   |
|   |   |   |   | <u>835,953</u>  |
|   |   |   |   | <b>\$ <u>1,363,007</u></b>  |

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

KEYS GATE CHARTER SCHOOL  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2006

A S S E T S

|                                       | <u>General<br/>Fund</u> |
|---------------------------------------|-------------------------|
| <b>ASSETS:</b>                        |                         |
| Cash and cash equivalents             | \$ 1,190,515            |
| Due from other governments            | 626,270                 |
| Due from agency funds                 | 13,916                  |
| Prepaid expenditures and other assets | 6,818                   |
| Deposits                              | <u>26,405</u>           |
| Total assets                          | <u>\$ 1,863,924</u>     |

L I A B I L I T I E S   A N D   F U N D   B A L A N C E

|  |                |
|--|----------------|
| <b>LIABILITIES:</b>                            |                |
| Accounts payable and other accrued liabilities | \$ 74,041      |
| Accrued contracted services                    | 299,640        |
| Due to management company                      | <u>4,386</u>   |
| Total liabilities                              | <u>378,067</u> |

|                                       |                     |
|---------------------------------------|---------------------|
| <b>FUND BALANCE:</b>                  |                     |
| Reserved for:                         |                     |
| Prepaid expenditures and other assets | 6,818               |
| Unrestricted                          | <u>1,479,039</u>    |
| Total fund balance                    | <u>1,485,857</u>    |
| Total liabilities and fund balance    | <u>\$ 1,863,924</u> |

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, 2006

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

|   |                 |                         |
|---|-----------------|-------------------------|
| Total fund balances of governmental funds in the balance sheet, page 10   |                 | \$ 1,485,857            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund: |                 |                         |
| Governmental capital assets   | 105,899         |                         |
| Less accumulated depreciation   | <u>(33,749)</u> | 72,150                  |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:                      |                 |                         |
| Development fees  |                 | <u>(195,000)</u>        |
| <br>NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8   |                 | <br>\$ <u>1,363,007</u> |

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 BALANCE - GOVERNMENTAL FUND**  
For the Year Ended June 30, 2006

|  | <u>General<br/>Fund</u> |
|--|-------------------------|
| <b>REVENUES:</b>                         |                         |
| State sources                            | \$ 6,502,457            |
| Local sources                            | 210,523                 |
| Aftercare                                | <u>176,092</u>          |
| Total revenues                           | <u>6,889,072</u>        |
| <b>EXPENDITURES:</b>                     |                         |
| Current:                                 |                         |
| Instruction:                             |                         |
| Regular instruction                      | 2,535,753               |
| Exceptional instruction                  | 87,611                  |
| Instructional support services:          |                         |
| Pupil services                           | 152,578                 |
| Instructional services                   | 6,847                   |
| Administrative services                  | 367,778                 |
| Plant operations and maintenance         | 1,601,896               |
| Transportation                           | 238,871                 |
| Other support services                   |                         |
| Operation of non-instructional services: |                         |
| Food services                            | 226,285                 |
| Board services                           | 26,090                  |
| Fiscal services                          | 927,316                 |
| Central services                         | 95,017                  |
| Community services                       | 168,760                 |
| Capital outlay:                          |                         |
| Site, building and equipment             | <u>67,941</u>           |
| Total expenditures                       | <u>6,502,743</u>        |
| Net change in fund balance               | 386,329                 |
| FUND BALANCE, July 1, 2005               | <u>1,099,528</u>        |
| FUND BALANCE, June 30, 2006              | \$ <u>1,485,857</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 BALANCE OF  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2006

NET CHANGE IN FUND BALANCE - TOTAL  
GOVERNMENTAL FUND, PAGE 12 \$ 386,329

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 cost of those assets  
is depreciated over their estimated useful lives.

|  |                 |        |
|--|-----------------|--------|
| Expenditures for capital assets              | \$ 67,941       |        |
| Less current year provision for depreciation | <u>(17,216)</u> | 50,725 |

|   |  |               |
|---|--|---------------|
| Repayment of debt principal is an expenditure in the<br>governmental fund, but the repayment reduces long-term<br>liabilities in the statement of net assets. |  | <u>90,000</u> |
|---|--|---------------|

CHANGE IN NET ASSETS OF GOVERNMENTAL  
ACTIVITIES, PAGE 9 \$ 527,054

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, 2006

|  | <u>Original/<br/>Final Budget</u> | <u>Actual</u>     | <u>Variance</u>   |
|--|-----------------------------------|-------------------|-------------------|
| <b>REVENUES:</b>                         |                                   |                   |                   |
| State sources                            | \$ 6,931,368                      | \$ 6,811,467      | \$ (119,901)      |
| Federal sources                          | 240,000                           | 210,523           | (29,477)          |
| Local                                    | <u>144,000</u>                    | <u>176,092</u>    | <u>32,092</u>     |
| Aftercare                                |                                   |                   |                   |
| Total revenues                           | <u>7,315,368</u>                  | <u>7,198,082</u>  | <u>(117,286)</u>  |
| <b>EXPENDITURES:</b>                     |                                   |                   |                   |
| Instruction:                             |                                   |                   |                   |
| Regular instruction                      | 2,605,709                         | 2,535,753         | 69,956            |
| Exceptional instruction                  | 72,320                            | 87,611            | (15,291)          |
| Instructional support services:          |                                   |                   |                   |
| Pupil services                           | 250,027                           | 152,578           | 97,449            |
| Instructional services                   | 5,714                             | 6,847             | (1,133)           |
| Administrative services                  | 458,629                           | 367,778           | 90,851            |
| Transportation                           | 255,852                           | 238,871           | 16,981            |
| Plant operations and maintenance         | 1,645,759                         | 1,601,896         | 43,863            |
| Operation of non-instructional services: |                                   |                   |                   |
| Board services                           | 29,127                            | 26,090            | 3,037             |
| Fiscal services                          | 949,102                           | 927,316           | 21,786            |
| Food services                            | 273,804                           | 226,285           | 47,519            |
| Central services                         | 412,695                           | 404,027           | 8,668             |
| Community services                       | 103,220                           | 168,760           | (65,540)          |
| Site, building and equipment             | <u>200,000</u>                    | <u>67,941</u>     | <u>132,059</u>    |
| Total expenditures                       | <u>7,261,958</u>                  | <u>6,811,753</u>  | <u>450,205</u>    |
| Net change in fund balance               | \$ <u>53,410</u>                  | \$ <u>386,329</u> | \$ <u>332,919</u> |

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

KEYS GATE CHARTER SCHOOL  
STATEMENT OF NET ASSETS - AGENCY FUND  
June 30, 2006

A S S E T S

|              | <u>Student<br/>Activity</u> |
|--------------|-----------------------------|
| ASSETS:      |                             |
| Cash         | \$ <u>81,326</u>            |
| Total assets | \$ <u><u>81,326</u></u>     |

L I A B I L I T I E S

|                   |                         |
|-------------------|-------------------------|
| LIABILITIES:      |                         |
| Accounts payable  | \$ 13,916               |
| Due to students   | <u>67,410</u>           |
| Total liabilities | \$ <u><u>81,326</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, 2006

**NOTE 1 - ORGANIZATION AND OPERATIONS**

The Homestead Charter Foundation, Inc. d/b/a Keys Gate Charter School (the "School"), a component unit of the School Board of Miami-Dade County, Florida, is established as a charter school for students from kindergarten to eighth grade in Miami-Dade County. As of June 30, 2006, approximately 1,124 students were enrolled in the School. The School is funded primarily through the School Board of Miami-Dade County. The entity was organized in October 2000 as a Florida nonprofit corporation. The School was granted a charter from the School Board of Miami-Dade County to operate a public elementary school within the School District. The School Board may terminate the charter before its expiration date based on various circumstances as defined in the charter agreement.

**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, 2012, and may be renewed in increments of five years by mutual written agreement between the School and the Sponsor. 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 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 fund). 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.

In the government-wide statement of net assets, 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.

**KEYS GATE CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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

Fund Basic 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 General Fund is employed in accounting for the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions.

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.

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. For this purpose, the current period means one year.

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

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

KEYS GATE CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 nonprofit corporation whose revenue 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.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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.

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

|                         |         |
|-------------------------|---------|
| Computers               | 3 years |
| Furniture and equipment | 5 years |
| Leasehold improvements  | 3 years |

Net assets:

Net assets are classified in two categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt - 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.

Unrestricted - indicates that portion of net assets that will need to be funded by future operations.

**KEYS GATE CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund balance:

Fund balance is classified in two categories. The general meaning of each is as follows:

Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.

Unreserved - indicates the portion of fund balance that will need to be funded by future operations.

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.

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:

|  | <u>Revenues<br/>and Other<br/>Financing<br/>Sources</u> | <u>Expenditures</u> |
|--|---|---------------------|
| Budgetary basis  | \$ 7,198,082  | \$ 6,811,753        |
| Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis | <u>(309,010)</u>  | <u>(309,010)</u>    |
| GAAP basis   | \$ <u>6,889,072</u>                                     | \$ <u>6,502,743</u> |

**NOTE 3 - DEPOSITS**

At June 30, 2006, the carrying amount of the deposits and cash on hand totaled \$ 1,190,515 with a bank balance of \$ 1,273,987.

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, 2006.

**KEYS GATE CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2006 consists of amounts due from the School Board for capital outlay as described in Note 9.

**NOTE 5 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2006 are as follows:

|                              | <u>Balance at<br/>July 1,<br/>2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at<br/>June 30,<br/>2006</u> |
|------------------------------|--|------------------|------------------|---|
| Capital assets, depreciable: |  |                  |                  |   |
| Furniture and equipment      | \$ 13,575                              | \$ 8,706         | \$ --            | \$ 22,281                               |
| Computers                    | 15,922                                 | 5,533            | --               | 21,455                                  |
| Leasehold improvements       | <u>8,461</u>                           | <u>53,702</u>    | <u>--</u>        | <u>62,163</u>                           |
|                              | <u>37,958</u>                          | <u>67,941</u>    | <u>--</u>        | <u>105,899</u>                          |
| Accumulated depreciation:    |  |                  |                  |   |
| Furniture and equipment      | 3,695                                  | 3,296            | --               | 6,991                                   |
| Computers                    | 4,231                                  | 9,706            | --               | 13,937                                  |
| Leasehold improvements       | <u>8,607</u>                           | <u>4,214</u>     | <u>--</u>        | <u>12,821</u>                           |
|                              | <u>16,533</u>                          | <u>17,216</u>    | <u>--</u>        | <u>33,749</u>                           |
| Net capital assets           | \$ <u>21,425</u>                       | \$ <u>50,725</u> | \$ <u>--</u>     | \$ <u>72,150</u>                        |

Provision for depreciation was charged to governmental activities as follows:

|  |                  |
|--|------------------|
| Instruction - regular  | \$ 4,443         |
| Instructional support services -<br>administrative                   | 9,478            |
| Instructional support services - plant<br>operations and maintenance | <u>3,295</u>     |
|  | \$ <u>17,216</u> |

**NOTE 6 - LEASES**

The School entered into an operating lease agreement for the use of various capital assets and its premises. The lease is for a ten-year term expiring in 2013 and requires monthly payments ranging from \$ 81,280 to \$ 100,936. The base monthly rental amount is based on full enrollment of 1,100 students. If the number of students is greater than or less than 1,100, the monthly rental amount is prorated.



**KEYS GATE CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 6 - LEASES (continued)**

The School also leases office equipment under an operating lease agreement which expires in July 2006 and requires monthly payments of \$ 455.

Future minimum principal payments required under long-term noncancelable operating leases at June 30, 2006 are approximately as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2007                            | \$ 1,049,638  |
| 2008                            | 1,070,304     |
| 2009                            | 1,095,146     |
| Thereafter                      | NONE          |

Rent expense totaled \$ 1,025,112 for the year ended June 30, 2006.

**NOTE 7 - 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 expires in June 2012 and requires the School to pay an administration fee to CSUSA of 14% of the School's revenues, as defined in the agreement.

Total management fees amounted to \$ 926,988 for the year ended June 30, 2006.

The School previously entered into a development agreement with CSUSA in October 2002. Under the agreement, the School is to pay CSUSA a development fee of \$ 450,000, payable in 60 equal installments of \$ 7,500, commencing on September 1, 2003. The development fee covers services rendered by CSUSA to cover the start-up costs from the time the School was organized to commencement of activities. In connection with the agreement, the School expensed \$ 90,000 during the year ended June 30, 2006.

Future minimum payments under the development agreement at June 30, 2006 are as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2007                            | \$ 90,000     |
| 2008                            | 90,000        |
| 2009                            | 15,000        |
| Thereafter                      | NONE          |

**KEYS GATE CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 8 - EMPLOYEE BENEFIT PLAN**

During the year ended June 30, 2006, 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.

**NOTE 9 - 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 \$ 612,371 for the 2005-2006 school year, which has been recognized as revenue in the accompanying basic financial statements. This amount, plus interest of \$ 13,899, is due from the Florida Department of Education at June 30, 2006. 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 10 - 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.

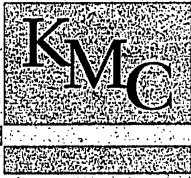
As disclosed in Note 7, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

**SUPPLEMENTARY  
INFORMATION**

KEYS GATE CHARTER SCHOOL  
STATEMENT OF REVENUES AND EXPENDITURES -  
GENERAL FUND - MANAGEMENT FORMAT  
For the Year Ended June 30, 2006

|                                       | Account | 300<br>Purchased<br>Services | 400<br>Energy<br>Services | 500<br>Materials<br>and Supplies | 600<br>Capital<br>Outlay | 700<br>Other<br>Expenses |
|---------------------------------------|---------|------------------------------|---------------------------|----------------------------------|--------------------------|--------------------------|
| <u>Totals</u>                         |         |                              |                           |                                  |                          |                          |
| Revenues:                             |         |                              |                           |                                  |                          |                          |
| State sources                         | 3300    |                              |                           |                                  |                          | \$ 6,811,467             |
| Local sources                         | 3400    |                              |                           |                                  |                          | <u>386,615</u>           |
| Total revenues                        |         |                              |                           |                                  |                          | <u>7,198,082</u>         |
| Expenditures:                         |         |                              |                           |                                  |                          |                          |
| Instruction                           | 5000    | \$ 2,490,183                 | \$ 117,581                | \$ 15,600                        | \$ --                    | \$ 2,623,364             |
| Pupil services                        | 6100    | 137,394                      | --                        | 15,184                           | --                       | 152,578                  |
| Instructional staff training services | 6400    | 1,442                        | 5,405                     | --                               | --                       | 6,847                    |
| Board                                 | 7100    | 26,090                       | --                        | --                               | --                       | 26,090                   |
| School administration                 | 7300    | 336,764                      | 25,491                    | 5,523                            | --                       | 367,778                  |
| Fiscal services                       | 7500    | 927,316                      | --                        | --                               | --                       | 927,316                  |
| Food service                          | 7600    | 16,760                       | 209,525                   | --                               | --                       | 226,285                  |
| Other support services                | 7700    | 314,027                      | --                        | --                               | 90,000                   | 404,027                  |
| Pupil transportation services         | 7800    | 238,871                      | --                        | --                               | --                       | 238,871                  |
| Operation of plant                    | 7900    | 1,394,380                    | 127,137                   | --                               | 858                      | 1,542,522                |
| Maintenance of plant                  | 8100    | 59,374                       | --                        | --                               | --                       | 59,374                   |
| Community services                    | 9100    | 162,563                      | 6,197                     | --                               | --                       | 168,760                  |
| Capital outlay:                       |         |                              |                           |                                  |                          |                          |
| Site, building and equipment          | 9300    | --                           | --                        | 67,941                           | --                       | 67,941                   |
| Total expenditures                    |         | \$ 6,105,164                 | \$ 384,346                | \$ 104,248                       | \$ 90,858                | 6,811,753                |
| Net change in fund balance (deficit)  |         |                              |                           |                                  |                          | \$ <u>386,329</u>        |

**OTHER REPORTS OF  
INDEPENDENT AUDITORS'**



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INDEPENDENT AUDITORS' 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 the Statement of Net Assets and Balance Sheet of Keys Gate Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of June 30, 2006, and the Statement of Activities; Statement of Revenues, Expenditures, and Change in Fund Balance; and Revenues and Expenditures - Budget and Actual - General Fund for the year then ended and have issued our report thereon dated July 27, 2006. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

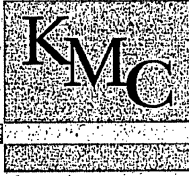
As part of obtaining reasonable assurance about whether the School's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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.

Keys Gate Charter School

This report is intended solely for the information and use of School's management, members of the Board of Directors, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
July 27, 2006



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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS**

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

This letter is written in connection with our audit of 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 year ended June 30, 2006. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules or regulations reported for the preceding audit.
2. There were no recommendations made relating to the preceding audit.
3. There were no recommendations to improve the School's financial management, accounting procedures, and internal controls.
4. There were no violations of laws, rules, regulations, and contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the basic financial statements.
6. There were no other matters requiring correction which may or may not materially affect the basic financial statements reported on, including, but not limited to: improper or inadequate accounting procedures, failures to properly record financial transactions, or other inaccuracies, shortages, defalcations and instances of fraud or other reportable conditions.



Keys Gate Charter School

This report is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
July 27, 2006