

Keys Gate Charter School
(A Component Unit of the School
Board of Miami-Dade County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2022



Keys Gate Charter School

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of 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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of 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, 2022 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2022 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2022, the School adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



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, 2022 and 2021.

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.

- As of June 30, 2022 the School had net position of \$ 3,512,302 as compared to \$ 4,482,596 as of June 30, 2021, as restated.
- As of June 30, 2022, the School's governmental fund balances were \$ 3,527,801 as compared to \$ 4,148,258 as of June 30, 2021.

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.

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 9 and 10 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 changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

Government-Wide Financial Analysis

The School has been in operation for nineteen years; therefore, comparative government-wide data is presented. The School's net position was \$ 3,512,302 at June 30, 2022. Of this amount, \$ 3,169,080 represents unrestricted net position, \$ 290,701 represents restricted net position and \$ 52,521 represents net investment in capital assets. The School's net position was \$ 4,482,596 at June 30, 2021, as restated. Of this amount, \$ 3,946,030 represented unrestricted net position, \$ 162,071 represented restricted net position and \$ 374,495 represented net investment in capital assets.

Keys Gate Charter School
Management's Discussion and Analysis
June 30, 2022

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

Keys Gate Charter School Net Position		
	June 30, 2022	June 30, 2021, as Restated
	<u> </u>	<u> </u>
Assets:		
Current and other assets	\$ 4,645,706	\$ 5,462,044
Noncurrent assets	<u>28,774,506</u>	<u>30,548,937</u>
Total assets	<u>33,420,212</u>	<u>36,010,981</u>
Liabilities:		
Current liabilities	2,293,940	1,702,352
Noncurrent liabilities	<u>27,613,970</u>	<u>29,826,033</u>
Total liabilities	<u>29,907,910</u>	<u>31,528,385</u>
Net Position:		
Net investment in capital assets	52,521	374,495
Restricted	290,701	162,071
Unrestricted	<u>3,169,080</u>	<u>3,946,030</u>
Total net position	<u>\$ 3,512,302</u>	<u>\$ 4,482,596</u>

Current and other assets decreased mainly due to decreases in the School's cash position and in funds due from related parties. Capital assets, net of depreciation decreased due to depreciation expense of \$ 2,184,225 somewhat offset by an increase in asset purchases of \$ 734,794. Current liabilities increased due to the new recognition requirement for the building and ground leases. Noncurrent liabilities decreased due to payments made on the School's leases.

Governmental Activities: The results of this year's operations for the School as a whole are reported in the statement of activities on page 10. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2022 and 2021:

Keys Gate Charter School Change in Net Position		
	June 30, 2022	June 30, 2021, as Restated
	<u> </u>	<u> </u>
Revenues:		
General revenues	\$ 14,249,797	\$ 14,832,158
Program revenues	<u>4,447,081</u>	<u>2,571,107</u>
Total revenues	<u>18,696,878</u>	<u>17,403,265</u>
Functions/Program Expenses:		
Instruction	8,163,493	8,078,121
Instructional support services	6,257,917	6,675,847
Operation of non-instructional services	<u>5,245,762</u>	<u>3,372,854</u>
Total governmental activities	<u>19,667,172</u>	<u>18,126,822</u>
Change in net position	<u>\$ (970,294)</u>	<u>\$ (723,557)</u>

**Keys Gate Charter School
Management’s Discussion and Analysis
June 30, 2022**

General revenues decreased due to a decrease in state source revenues compared to the previous year. Program revenues increased compared to the previous years due to increases in grant funding. Total expenses increased due to increases in instructional and operation of non-instructional services.

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

Functions/Programs	2022		2021	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 7,722,475	39%	\$ 7,867,581	45%
Plant operations and maintenance	1,935,204	10%	4,140,711	23%
Fiscal services	2,811,997	15%	2,582,895	14%
School administration	1,114,511	6%	933,413	5%
Capital outlay	734,794	4%	627,193	3%
All other functions/programs	5,021,361	26%	1,789,443	10%
Total governmental expenditures	\$ 19,340,342	100%	\$ 17,941,236	100%

Capital Assets and Debt Administration

Capital assets: At June 30, 2022, the School had capital assets of \$ 28,774,506, net of accumulated depreciation and amortization, invested in intangible right to use assets, computers, furniture, fixtures and equipment and leasehold improvements as compared to \$ 30,223,937 at June 30, 2021, as restated.

Debt: At June 30, 2022, the School had outstanding debt of \$ 28,721,985 as compared to \$ 29,849,442 at June 30, 2021, as restated. Additional information on the School’s debt can be found in Notes 9 and 10 on pages 23 and 24.

General Fund Budgetary Highlights

State sources revenues were unfavorable to budget due to a decrease in state funding. Local source revenues were favorable to budget due to increases in food and community service revenues. Aftercare revenues also fell short of budget due to a reduction in overall program participation.

Total General Fund revenues were \$ 569,438 below budget. Total General Fund expenditures exceeded budget by \$ 780,269 due primarily to an increase in capital outlay and instructional expenditures. Overall, the School ended the year with a change in fund balance that was unfavorable to the budget by \$ 565,566.

Economic Factors and Next Year's Budget

In fiscal year 2022, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 550 million. The capital outlay funding pool ended up at \$ 183.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

**Keys Gate Charter School
Management's Discussion and Analysis
June 30, 2022**

For fiscal year 2023, the teacher salary increase allocation will be \$ 800 million and will continue to be part of FEFP funding. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**Keys Gate Charter School
Statement of Net Position
June 30, 2022**

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 3,569,414
Due from other governments	583,563
Due from management company	24,076
Promissory note receivable	325,000
Interest receivable	1,083
Due from related party	55,599
Other receivables	13,863
Prepaid items	73,108
	<hr/>
Total current assets	4,645,706
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	28,774,506
	<hr/>
Total assets	33,420,212
Current Liabilities:	
Accounts payable and accrued liabilities	56,738
Salaries and wages payable	869,338
Due to other school	176,829
Unearned revenue	15,000
Compensated absences	51,015
Leases	1,125,020
	<hr/>
Total current liabilities	2,293,940
Noncurrent Liabilities:	
Compensated absences	17,005
Leases	27,596,965
	<hr/>
Total liabilities	29,907,910
Commitments (Note 11)	
	-
Net Position:	
Net investment in capital assets	52,521
Restricted for extracurricular activities	290,701
Unrestricted	3,169,080
	<hr/>
Total net position	\$ <u>3,512,302</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, 2022**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net position</u>
Functions/Programs:					
Instruction	\$ 8,163,493	\$ -	\$ 1,454,667	\$ -	\$ (6,708,826)
Student support services	810,307	-	103,943	-	(706,364)
Instructional staff training services	37,878	-	-	-	(37,878)
Instruction related technology	222,159	-	-	-	(222,159)
Board	28,800	-	-	-	(28,800)
School administration	1,114,511	-	-	-	(1,114,511)
Fiscal services	2,811,997	-	-	-	(2,811,997)
Food services	595,206	5,280	572,199	-	(17,727)
Central services	154,973	-	19,825	-	(135,148)
Transportation services	389,795	-	101,060	-	(288,735)
Operation of plant	3,295,250	-	504,186	27,924	(2,763,140)
Maintenance of plant	388,017	-	-	-	(388,017)
Community services	218,673	93,254	-	-	(125,419)
Extracurricular activities	163,466	-	292,096	-	128,630
Interest on long-term debt	1,272,647	-	-	1,272,647	-
Total governmental activities	\$ <u>19,667,172</u>	\$ <u>98,534</u>	\$ <u>3,047,976</u>	\$ <u>1,300,571</u>	<u>(15,220,091)</u>
General revenues:					
Grants and entitlements					14,189,172
Investment income					25,652
Miscellaneous income					34,973
Total general revenues					<u>14,249,797</u>
Change in net position					(970,294)
Net position, July 1, 2021, as restated (Note 15)					<u>4,482,596</u>
Net position, June 30, 2022					\$ <u><u>3,512,302</u></u>

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

Keys Gate Charter School
Balance Sheet - Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 3,262,250	\$ 15,000	\$ -	\$ 292,164	\$ 3,569,414
Due from other governments	-	469,508	114,055	-	583,563
Due from management company	24,076	-	-	-	24,076
Promissory note receivable	325,000	-	-	-	325,000
Interest receivable	1,083	-	-	-	1,083
Due from related party	55,599	-	-	-	55,599
Due from other funds	585,026	-	-	-	585,026
Other receivables	13,863	-	-	-	13,863
Prepaid items	73,108	-	-	-	73,108
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 4,340,005	\$ 484,508	\$ 114,055	292,164	\$ 5,230,732
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 56,738	\$ -	\$ -	-	\$ 56,738
Salaries and wages payable	869,338	-	-	-	869,338
Due to other school	176,829	-	-	-	176,829
Unearned revenues	-	15,000	-	-	15,000
Due to other funds	-	469,508	114,055	1,463	585,026
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,102,905	484,508	114,055	1,463	1,702,931
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Commitments (Note 11)	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Prepaid items	73,108	-	-	-	73,108
Restricted for extracurricular activities	-	-	-	290,701	290,701
Unassigned	3,163,992	-	-	-	3,163,992
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	3,237,100	-	-	290,701	3,527,801
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 4,340,005	\$ 484,508	\$ 114,055	\$ 292,164	\$ 5,230,732
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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, 2022**

Total Fund Balances of Governmental Funds \$ 3,527,801

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental cost of capital assets	\$ 36,318,637	
Less accumulated depreciation and amortization	<u>(7,544,131)</u>	28,774,506

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

Leases	\$ (28,721,985)	
Compensated absences	<u>(68,020)</u>	<u>(28,790,005)</u>

Net Position of Governmental Activities \$ 3,512,302

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

**Keys Gate Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Revenues:					
State sources	\$ 14,367,587	\$ -	\$ 1,262,950	\$ -	\$ 15,630,537
Federal through state	-	2,544,420	-	-	2,544,420
Local sources	121,957	-	37,621	292,096	451,674
Aftercare	93,254	-	-	-	93,254
	<u>14,582,798</u>	<u>2,544,420</u>	<u>1,300,571</u>	<u>292,096</u>	<u>18,719,885</u>
Total revenues					
Expenditures:					
Instruction	7,364,069	358,406	-	-	7,722,475
Student support services	706,364	103,943	-	-	810,307
Instructional staff training services	37,878	-	-	-	37,878
Instruction related technology	222,159	-	-	-	222,159
Board	28,800	-	-	-	28,800
School administration	1,114,511	-	-	-	1,114,511
Fiscal services	2,804,529	7,468	-	-	2,811,997
Food services	-	595,206	-	-	595,206
Central services	135,148	19,825	-	-	154,973
Transportation services	389,795	-	-	-	389,795
Operation of plant	1,105,644	413,619	27,924	-	1,547,187
Maintenance of plant	388,017	-	-	-	388,017
Community services	218,673	-	-	-	218,673
Extracurricular activities	-	-	-	163,466	163,466
Capital outlay	472,982	261,812	-	-	734,794
Debt service:					
Principal	1,127,457	-	-	-	1,127,457
Interest	-	-	1,272,647	-	1,272,647
	<u>16,116,026</u>	<u>1,760,279</u>	<u>1,300,571</u>	<u>163,466</u>	<u>19,340,342</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(1,533,228)</u>	<u>784,141</u>	<u>-</u>	<u>128,630</u>	<u>(620,457)</u>
Other Financing Sources (Uses):					
Transfer out	-	(784,141)	-	-	(784,141)
Transfer in	784,141	-	-	-	784,141
	<u>784,141</u>	<u>(784,141)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Net change in fund balances	(749,087)	-	-	128,630	(620,457)
Fund Balances, July 1, 2021	<u>3,986,187</u>	<u>-</u>	<u>-</u>	<u>162,071</u>	<u>4,148,258</u>
Fund Balances, June 30, 2022	<u>\$ 3,237,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,701</u>	<u>\$ 3,527,801</u>

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

**Keys Gate Charter School
 Reconciliation of Statement of Revenues,
 Expenditures and Changes in Fund Balances
 of the Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022**

Net change in Fund Balances - Governmental Funds \$ (620,457)

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 are depreciated and amortized over their estimated useful lives.

Expenditures for capital assets	\$ 734,794	
Less current year provision for depreciation and amortization	<u>(2,184,225)</u>	(1,449,431)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. (23,007)

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position. 1,127,457

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

Change in compensated absences		<u>(4,856)</u>
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Change in Net Position of Governmental Activities \$ (970,294)

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, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	\$ 14,860,669	\$ 14,367,587	\$ (493,082)
Local sources	86,895	121,957	35,062
Aftercare	<u>204,672</u>	<u>93,254</u>	<u>(111,418)</u>
Total revenues	<u>15,152,236</u>	<u>14,582,798</u>	<u>(569,438)</u>
Expenditures:			
Instruction	6,992,628	7,364,069	(371,441)
Student support services	490,153	706,364	(216,211)
Instruction and curriculum development services	10,373	-	10,373
Instruction staff training	23,270	37,878	(14,608)
Instruction related technology	282,431	222,159	60,272
Board	213,699	28,800	184,899
School administration	975,982	1,114,511	(138,529)
Fiscal services	2,763,739	2,804,529	(40,790)
Central services	107,275	135,148	(27,873)
Transportation services	404,838	389,795	15,043
Operation of plant	2,331,652	1,105,644	1,226,008
Maintenance of plant	413,786	388,017	25,769
Community services	170,512	218,673	(48,161)
Capital outlay	114,676	472,982	(358,306)
Debt service:			
Principal	39,200	1,127,457	(1,088,257)
Interest	<u>1,543</u>	<u>-</u>	<u>1,543</u>
Total expenditures	<u>15,335,757</u>	<u>16,116,026</u>	<u>(780,269)</u>
Excess (deficiency) of revenues over expenditures	<u>(183,521)</u>	<u>(1,533,228)</u>	<u>(1,349,707)</u>
Other Financing Sources (Uses):			
Transfer in	<u>-</u>	<u>784,141</u>	<u>784,141</u>
Net change in fund balance	<u>\$ (183,521)</u>	<u>\$ (749,087)</u>	<u>\$ (565,566)</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 - Grants Fund
For the Year Ended June 30, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources:			
National School Lunch Program	\$ 748,315	\$ 1,031,832	\$ 283,517
Title I	451,679	889,587	437,908
Title IV	255	-	(255)
ESSER I	572,364	3,000	(569,364)
ESSER II	-	620,001	620,001
	<u>1,772,613</u>	<u>2,544,420</u>	<u>771,807</u>
Total revenues	<u>1,772,613</u>	<u>2,544,420</u>	<u>771,807</u>
Expenditures:			
Instruction	909,288	358,406	550,882
Student support services	79,016	103,943	(24,927)
School administration	30,207	-	30,207
Fiscal services	-	7,468	(7,468)
Food services	584,877	595,206	(10,329)
Central services	5,787	19,825	(14,038)
Operation of plant	163,438	413,619	(250,181)
Capital outlay	-	261,812	(261,812)
	<u>1,772,613</u>	<u>1,760,279</u>	<u>12,334</u>
Total expenditures	<u>1,772,613</u>	<u>1,760,279</u>	<u>12,334</u>
Excess of revenues over expenditures	<u>-</u>	<u>784,141</u>	<u>784,141</u>
Other Financing Sources (Uses):			
Transfer out	<u>-</u>	<u>(784,141)</u>	<u>(784,141)</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.

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. There were 1,911 students enrolled for the 2021/2022 school year.

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, 2022, 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, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

The School's major governmental funds are as follows:

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

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

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

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

Basis of accounting: Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

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

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.

Note 2 - Summary of Significant Accounting Policies (continued)

The School maintains its cash accounts with two financial institutions, 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 (Note 3).

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

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

Income taxes: The School is a 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 reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related 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:

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

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

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

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

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

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.

Date of management review: Subsequent events were evaluated by management through September 13, 2022, which is the date the financial statements were available to be issued.

Note 3 - Deposits

At June 30, 2022, the carrying amount of the deposits and cash on hand totaled \$ 3,569,414 with bank balances of \$ 3,590,346.

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

Note 4 - Due From Related Party

The School is a Department of The Florida Charter Educational Foundation, Inc. ("FCEF"). The due from balances represent amounts that are due from FCEF.

Note 5 - Due to Other School

Both the School and Keys Gate Charter High School (“KGCHS”) share teachers and administrative staff, as well as operating expenses. At June 30, 2022, the basic financial statements include an amount due to KGCHS in the amount \$ 176,829 for payroll expenses and other costs.

Note 6 - Interfund Receivables and Payables and Interfund Transfers

The composition of interfund balances as of June 30, 2022 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Grants Fund	\$	469,508
General Fund	Capital Project Fund		114,055
General Fund	Club and Activities Fund		1,463
		\$	<u>585,026</u>

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

The composition of interfund transfers for the year ended June 30, 2022 is as follows:

	Transfers In General Fund
Transfers Out: Grants Fund	\$ <u>784,141</u>

During the year, transfers were used to move prior year unavailable revenue that was received in fiscal year 2022 to the General Fund.

Note 7 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 are as follows:

	Balance at June 30, 2021, as Restated	Additions	Transfers	Balance at June 30, 2022
Capital assets being depreciated/ amortized:				
Leasehold improvements	\$ 1,284,319	\$ 34,463	\$ -	\$ 1,318,782
Furniture, fixtures and equipment	1,113,785	39,949	(82,576)	1,071,158
Computer equipment	2,274,278	660,382	82,576	3,017,236
Intangible right to use:				
Buildings and grounds	<u>30,911,461</u>	<u>-</u>	<u>-</u>	<u>30,911,461</u>
Total capital assets, being depreciated/amortized	<u>35,583,843</u>	<u>734,794</u>	<u>-</u>	<u>36,318,637</u>

Keys Gate Charter School
Notes to Basic Financial Statements
June 30, 2022

Note 7 - Capital Assets (continued)

	Balance at June 30, 2021, as Restated	Additions	Transfers	Balance at June 30, 2022
Accumulated depreciation/ amortization:				
Leasehold improvements	1,000,565	93,574	-	1,094,139
Furniture, fixtures and equipment	851,924	97,198	4,985	944,137
Computer equipment	1,852,928	338,964	(4,985)	2,196,877
Intangible right to use:				
Buildings and grounds	<u>1,654,489</u>	<u>1,654,489</u>	<u>-</u>	<u>3,308,978</u>
Total accumulated depreciation/ amortization	<u>5,359,906</u>	<u>2,184,225</u>	<u>-</u>	<u>7,544,131</u>
Net capital assets being depreciated/amortized	<u>\$ 30,223,937</u>	<u>\$ (1,449,431)</u>	<u>\$ -</u>	<u>\$ 28,774,506</u>

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

Instruction	\$ 436,162
Operation of plant	<u>1,748,063</u>
	<u>\$ 2,184,225</u>

Note 8 - Promissory Note Receivable

Previously, the School entered into a promissory note receivable from Keys Gate Charter High School for funding of general working capital. Principal payments plus interest at 4.0% are payable in monthly installments through June 2023.

The following is a schedule of the future minimum note receivable payments as of June 30, 2022:

Year Ending June 30,	
<u>2023</u>	<u>\$ 325,000</u>

Note 9 - Leases

The School leases its main facility under an agreement which expires in August 2033. The monthly rental amount is based on full enrollment which is considered 1,100 students per the lease. If the School is not at 1,100 students, the monthly amount is prorated. For purposes of the lease, the School was considered fully enrolled for the year ended June 30, 2022. The monthly rent shall increase annually based upon the percentage change in the Consumer Price Index.

The School also occupies two additional facilities which it has been granted a license for use under two use agreements with Renaissance Charter School, Inc. Both agreements expire in June 2050. Payments under both agreements are determined according to the proportion of the facility used by the School.

Keys Gate Charter School
Notes to Basic Financial Statements
June 30, 2022

Note 9 - Leases (continued)

The School also has a ground lease agreement with Renaissance Charter School, Inc. which expires in June 2046 with an option to extend for fifteen years. The School anticipates exercising this option. Payments are determined according to the proportion of the facility used by the School.

All of the lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded as the present value of the future lease payments as of the implementation date of June 30, 2021.

The following is a schedule of the Schools future lease payments as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,125,020	\$ 1,234,329	\$ 2,359,349
2024	1,163,168	1,196,210	2,359,378
2025	1,202,679	1,156,696	2,359,375
2026	1,340,143	1,115,112	2,455,255
2027	1,422,426	1,068,197	2,490,623
2028-2032	7,897,171	4,560,721	12,457,892
2033-2037	3,790,611	3,350,273	7,140,884
2038-2042	3,086,780	2,599,068	5,685,848
2043-2047	4,061,256	1,641,726	5,702,982
2048-2052	3,244,429	437,509	3,681,938
2053-2057	202,749	43,671	246,420
2058-2061	185,553	11,587	197,140
	<u>\$ 28,721,985</u>	<u>\$ 18,415,099</u>	<u>\$ 47,137,084</u>

Note 10 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2022, are as follows:

	Balance July 1, 2021, as Restated	Increases	Decreases	Balance June 30, 2022	Amount Due Within One Year
Lease - buildings and grounds	\$ 29,810,242	\$ -	\$ 1,088,257	\$ 28,721,985	\$ 1,125,020
Lease - computer equipment	39,200	-	39,200	-	-
Compensated absences	63,164	240,090	235,234	68,020	51,015
	<u>\$ 102,364</u>	<u>\$ 240,090</u>	<u>\$ 274,434</u>	<u>\$ 68,020</u>	<u>\$ 51,015</u>

Note 11 - Commitments

Management agreement: 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 cost reimbursements and management fees amounted to \$ 2,756,912 for the year ended June 30, 2022.

The School has an amount of \$ 24,076 due from CSUSA for the year ending June 30, 2022.

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

Note 12 - Employee Benefit Plan

During the year ended June 30, 2022, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

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

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ended December 31, 2021, the School had \$ 3,000 in forfeitures. For the year ended June 30, 2022, the School contributed a matching amount of \$ 40,640.

Note 13 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School’s allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School’s CSCO Award totaled \$ 1,262,950 for the 2021/2022 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 for a portion of the operation of plant expense.

Note 13 - Capital Appropriations Funding (continued)

Previously, Local Capital Improvement Revenue (LCIR) funds were also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. During the year, an adjustment of \$ 37,621 was made to the School’s LCIR Award from the 2017/2018 school year, which has been recognized as revenue in the accompanying financial statements.

Note 14 - 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 during the past three years.

As disclosed in Note 11, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers’ compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

Note 15 - Change in Accounting Principles and Restatement

For 2022, the School implemented Government Accounting Standards Board (GASB)Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the School’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School’s 2022 financial statements and had the following effect on the beginning net position of the governmental activities.

Net position, June 30, 2021	\$ 5,035,866
Adjustments:	
Net book value leased asset	29,256,972
Lease liability	<u>(29,810,242)</u>
Restated net position, June 30, 2021	<u>\$ 4,482,596</u>

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 and each major fund 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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 13, 2022

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, 2022, and have issued our report thereon dated September 13, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 13, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are Keys Gate Charter School and 133610.

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Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 13, 2022