

Gateway Charter School

A Department of Southwest Charter
Foundation, Inc.

(A Component Unit of the School
District of Lee County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2026

Gateway Charter School

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gateway Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2026, 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, 2026, and the respective changes in financial position 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Southwest Charter Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2026, or its changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

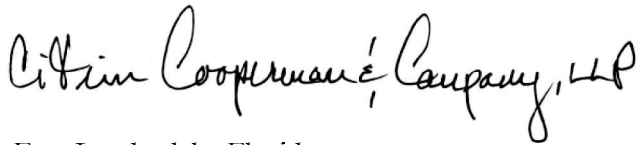
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on pages 27 through 29 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
September 9, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gateway Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal years ended June 30, 2026 and 2025.

Management's discussion and analysis is included at the beginning of the School's 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 financial statements.

Financial Highlights

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

- As of June 30, 2026, the School's governmental fund balances were \$ 4,603,264 as compared to \$ 3,952,213 as of June 30, 2025.
- As of June 30, 2026, the School had a net position of \$ 2,193,766 as compared to a net position of \$ 857,723 as of June 30, 2025.

Overview of the Financial Statements

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

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

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

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

The government-wide 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.

Overview of the Financial Statements (continued)

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 government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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

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

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

The governmental funds financial statements can be found on pages 11 through 14 of this report.

Notes to Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 15 through 26 of this report.

Financial Summary and Detailed Analysis

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 2,193,766 at the close of the most recent fiscal year.

Government-Wide Financial Analysis (continued)

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

Gateway Charter School Net Position			
	June 30, 2026	June 30, 2025	Variance
Assets:			
Current and other assets	\$ 7,463,772	\$ 7,023,568	\$ 440,204
Capital assets, net	33,664,136	34,879,158	(1,215,022)
Total assets	41,127,908	41,902,726	(774,818)
Liabilities:			
Other liabilities	3,080,500	3,302,010	(221,510)
Long-term liabilities	35,853,642	37,742,993	(1,889,351)
Total liabilities	38,934,142	41,045,003	(2,110,861)
Net Position:			
Net investment in capital assets	(2,071,822)	(2,783,698)	711,876
Restricted	212,284	893,003	(680,719)
Unrestricted	4,053,304	2,748,418	1,304,886
Total net position	\$ 2,193,766	\$ 857,723	\$ 1,336,043

Current and other assets increased mainly due to the increase in the School's cash position resulting from the timing of payments along with the increase in general prepaid expenses for the next school year. Capital assets, net of depreciation decreased mainly due to depreciation expense of \$ 2,155,166, partially offset by the purchase of computers and improvements to the school campus. Other liabilities decreased mainly due to the timing difference in accounts payable and less accrued payroll. Long-term liabilities decreased primarily due to principal payments made on the School's notes and lease payables, partially offset by the new notes payable for the purchase of computers.

Governmental Activities: The School's overall net position increased \$ 1,336,043 from the prior fiscal year. The reasons for this overall increase are discussed in the following section for governmental activities.

Gateway Charter School Change in Net Position			
	June 30, 2026	June 30, 2025	Variance
Revenues and transfers:			
Program revenues:			
Charges for services	\$ 549,904	\$ 639,685	\$ (89,781)
Operating grants and contributions	2,462,788	2,908,837	(446,049)
Capital grants and contributions	7,978,725	3,787,013	4,191,712
General revenues and transfers:			
FEFP and other nonspecific revenues	23,566,319	25,656,831	(2,090,512)
Interest income	415,660	503,873	(88,213)
Miscellaneous income	24,123	754	23,369
Transfers out	(907)	(159,508)	158,601
Total revenues and transfers	34,996,612	33,337,485	1,659,127

**Gateway Charter School
Management's Discussion and Analysis
June 30, 2026**

Governmental activities (continued):

	Gateway Charter School Change in Net Position (continued)		
	June 30, 2026	June 30, 2025	Variance
Functions/program expenses:			
Instruction	11,438,473	11,827,349	(388,876)
Student support services	428,822	1,164,029	(735,207)
Instructional staff training services	96,194	54,116	42,078
Instruction-related technology	964,565	523,438	441,127
Board services	526,965	489,099	37,866
General administration	6,658	-	6,658
School administration	2,060,743	1,928,469	132,274
Fiscal services	5,193,608	4,792,563	401,045
Food services	1,374,117	1,096,952	277,165
Central services	174,641	114,380	60,261
Transportation services	2,171,033	1,975,591	195,442
Operation of plant	4,321,036	4,347,774	(26,738)
Maintenance of plant	1,230,650	1,416,096	(185,446)
Administrative technology services	85,089	-	85,089
Community services	479,192	275,228	203,964
Extracurricular activities	385,985	369,726	16,259
Interest on long-term debt	2,722,798	2,848,299	(125,501)
Total expenses	<u>33,660,569</u>	<u>33,223,109</u>	<u>437,460</u>
Change in net position	1,336,043	114,376	1,221,667
Net position-beginning	<u>857,723</u>	<u>743,347</u>	<u>114,376</u>
Net position-ending	<u>\$ 2,193,766</u>	<u>\$ 857,723</u>	<u>\$ 1,336,043</u>

Total revenues increased primarily due to new surtax revenue and surtax settlement funds. This increase in revenues was offset by a decrease in operating grants and contributions due to less federal grant revenues received in the current year. Total expenses increased primarily due to an increase in fiscal services related to management fees, and higher food service expenses resulting from an increase in student lunches and breakfast sold.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 3,922,957, while total fund balance was \$ 4,390,980. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 14.59% of total General Fund expenditures, while total fund balance represents 16.33% of that same amount.

Financial Analysis of Governmental Funds (continued):

The fund balance of the School's General Fund increased by \$ 629,512 during the current fiscal year. The increase was primarily attributable to the transfer in of surtax settlement funds to reimburse the General Fund for prior-year capital expenditures. This increase was partially offset by lower student enrollment resulting in less student-based funding.

The Grants Fund does not have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expense reimbursement grants and food service operations and related revenues and expenditures.

The Capital Projects Fund does not have an increase or decrease in fund balance during the year as this fund reports state and local capital outlay funding that is used to cover a portion of principal and interest expenditure.

The Club and Activities Fund experienced an increase in fund balance during the current fiscal year as revenues increased as a result of additional school events and student activities.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets: At June 30, 2026, the School had capital assets of \$ 33,664,136, net of accumulated depreciation and amortization, as compared to \$ 34,879,158 as of June 30, 2025, invested in lease assets – building, computer equipment, furniture, fixtures and equipment and improvements other than building. Major capital additions included \$ 940,144 for a network cabling installation, classroom computers, and classroom furniture. Additional information on the School's capital assets can be found in Note 6 of this report.

Debt: At June 30, 2026, the School had outstanding debt of \$ 35,735,958 as compared to \$ 37,662,856 at June 30, 2025. The decrease is a result of scheduled debt payments in accordance with the lease agreements, partially offset by new notes payable borrowings for the purchase of computers. Additional information on the School's debt can be found in Notes 7 through 9 of this report.

Currently Known Facts, Decisions, or Conditions

In fiscal year 2026, the state of Florida continued to include a teacher salary increase allocation of \$ 1.36 billion. The capital outlay funding pool was \$ 231 million.

For fiscal year 2027, the funding for teacher salaries and other instructional personnel will be \$ 1.56 billion. Additionally, the state of Florida approved an increase to the base funding allocation and capital outlay. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with the enrollment changes and the School's strategic objectives.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Gateway Charter School
Statement of Net Position
June 30, 2026

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 5,857,555
Due from other governments	316,829
Due from related parties	729,341
Other receivables	92,024
Prepaid items	422,040
Deposits	45,983
Total current assets	7,463,772
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	33,664,136
Total assets	41,127,908
Current Liabilities:	
Accounts payable and accrued expenses	583,027
Salaries and wages payable	801,507
Due to management company	1,464,788
Due to related parties	11,186
Accrued interest payable	219,992
Compensated absences	88,263
Note payables	121,497
Lease payables	2,180,194
Total current liabilities	5,470,454
Noncurrent Liabilities:	
Compensated absences	29,421
Note payables	98,849
Lease payables	33,335,418
Total noncurrent liabilities	33,463,688
Total liabilities	38,934,142
Net Position:	
Net investment in capital assets	(2,071,822)
Restricted for extracurricular activities	212,284
Unrestricted	4,053,304
Total net position	\$ 2,193,766

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

Gateway Charter School
Statement of Activities
For the Year Ended June 30, 2026

			Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses				
					Net Revenue (Expense) and Change in Net Position
Functions/Programs:					
Instruction	\$ 11,438,473	\$ -	\$ 21,086	\$ -	\$ (11,417,387)
Student support services	428,822	-	19,771	-	(409,051)
Instructional staff training services	96,194	-	26,653	-	(69,541)
Instruction-related technology	964,565	-	-	-	(964,565)
Board services	526,965	-	-	-	(526,965)
General administration	6,658	-	-	-	(6,658)
School administration	2,060,743	-	-	-	(2,060,743)
Fiscal services	5,193,608	-	-	-	(5,193,608)
Food services	1,374,117	205,752	1,139,048	-	(29,317)
Central services	174,641	-	-	-	(174,641)
Transportation services	2,171,033	-	601,965	-	(1,569,068)
Operation of plant	4,321,036	-	-	5,015,991	694,955
Maintenance of plant	1,230,650	-	-	229,273	(1,001,377)
Administrative technology services	85,089	-	-	-	(85,089)
Community services	479,192	344,152	252,358	-	117,318
Extracurricular activities	385,985	-	401,907	-	15,922
Interest on long-term debt	2,722,798	-	-	2,733,461	10,663
Total governmental activities	\$ 33,660,569	\$ 549,904	\$ 2,462,788	\$ 7,978,725	(22,669,152)
General revenues and transfers:					
FEFP and other nonspecific revenues					23,566,319
Interest income					415,660
Miscellaneous income					24,123
Transfer out					(907)
Total general revenues and transfers					24,005,195
Change in net position					1,336,043
Net position, July 1, 2025					857,723
Net position, June 30, 2026					\$ 2,193,766

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

Gateway Charter School
Balance Sheet - Governmental Funds
June 30, 2026

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 5,635,331	\$ -	\$ -	\$ 222,224	\$ 5,857,555
Due from other governments	-	23,340	293,489	-	316,829
Due from other funds	326,769	-	-	-	326,769
Due from related parties	729,341	-	-	-	729,341
Other receivables	92,024	-	-	-	92,024
Prepaid items	422,040	-	-	-	422,040
Deposits	45,983	-	-	-	45,983
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>7,251,488</u>	\$ <u>23,340</u>	\$ <u>293,489</u>	\$ <u>222,224</u>	\$ <u>7,790,541</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 583,027	\$ -	\$ -	\$ -	\$ 583,027
Salaries and wages payable	801,507	-	-	-	801,507
Due to management company	1,464,788	-	-	-	1,464,788
Due to related parties	11,186	-	-	-	11,186
Due to other funds	-	23,340	293,489	9,940	326,769
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,860,508</u>	<u>23,340</u>	<u>293,489</u>	<u>9,940</u>	<u>3,187,277</u>
Fund Balances:					
Nonspendable:					
Prepaid items	422,040	-	-	-	422,040
Deposits	45,983	-	-	-	45,983
Restricted for extracurricular activities	-	-	-	212,284	212,284
Unassigned	3,922,957	-	-	-	3,922,957
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,390,980</u>	<u>-</u>	<u>-</u>	<u>212,284</u>	<u>4,603,264</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>7,251,488</u>	\$ <u>23,340</u>	\$ <u>293,489</u>	\$ <u>222,224</u>	\$ <u>7,790,541</u>

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

Gateway Charter School
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds	\$	4,603,264
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	\$	63,246,008	
Accumulated depreciation and amortization		<u>(29,581,872)</u>	33,664,136

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

Compensated absences	\$	(117,684)	
Accrued interest payable		(219,992)	
Note payables		(220,346)	
Lease payables		<u>(35,515,612)</u>	<u>(36,073,634)</u>

Net Position of Governmental Activities	\$	<u><u>2,193,766</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

Gateway Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Club and Activities Fund	Total
Revenues:					
Federal sources	\$ -	\$ 1,195,843	\$ -	\$ -	\$ 1,195,843
State sources	24,168,284	10,715	1,881,107	-	26,060,106
Local sources	307,736	205,752	6,097,618	401,907	7,013,013
Aftercare	312,897	-	-	-	312,897
Interest income	410,043	-	-	5,617	415,660
Total revenues	25,198,960	1,412,310	7,978,725	407,524	34,997,519
Expenditures:					
Current:					
Instruction	11,197,788	19,947	-	-	11,217,735
Student support services	409,051	19,771	-	-	428,822
Instructional staff training services	69,541	26,653	-	-	96,194
Instruction-related technology	575,428	-	-	-	575,428
Board services	526,965	-	-	-	526,965
General administration	6,658	-	-	-	6,658
School administration	2,060,743	-	-	-	2,060,743
Fiscal services	5,193,608	-	-	-	5,193,608
Food services	29,317	1,344,800	-	-	1,374,117
Central services	174,641	-	-	-	174,641
Transportation services	2,171,033	-	-	-	2,171,033
Operation of plant	2,745,996	-	-	-	2,745,996
Maintenance of plant	1,001,377	-	229,273	-	1,230,650
Administrative technology services	77,291	-	-	-	77,291
Community services	479,192	-	-	-	479,192
Extracurricular activities	-	-	-	385,985	385,985
Capital outlay	-	1,139	939,005	-	940,144
Debt service:					
Principal	178,282	-	2,045,192	-	2,223,474
Interest	-	-	2,733,461	-	2,733,461
Total expenditures	26,896,911	1,412,310	5,946,931	385,985	34,642,137
Excess (deficiency) of revenues over (under) expenditures	(1,697,951)	-	2,031,794	21,539	355,382
Other Financing Sources (Uses):					
Issuance of note payable	296,576	-	-	-	296,576
Transfer in	2,031,794	-	-	-	2,031,794
Transfers out	(907)	-	(2,031,794)	-	(2,032,701)
Total other financing sources (uses)	2,327,463	-	(2,031,794)	-	295,669
Net change in fund balances	629,512	-	-	21,539	651,051
Fund Balances, July 1, 2025	3,761,468	-	-	190,745	3,952,213
Fund Balances, June 30, 2026	\$ 4,390,980	\$ -	\$ -	\$ 212,284	\$ 4,603,264

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

**Gateway Charter School
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026**

Net Change in Fund Balances - Governmental Funds		\$	651,051
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives as depreciation and amortization.			
Capital outlays	\$	940,144	
Depreciation and amortization		<u>(2,155,166)</u>	(1,215,022)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.			
			(296,576)
Principal payments on long-term debt are reported as an expenditure in the governmental funds, but as a reduction of long-term liabilities in the statement of net position.			
			2,223,474
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			(37,547)
Change in accrued interest payable			<u>10,663</u>
Change in Net Position of Governmental Activities	\$		<u>1,336,043</u>

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

Note 1 - Organization and Operations

The Southwest Charter Foundation, Inc. (the "SWCF") was organized in September 2001 as a Florida nonprofit corporation. Gateway Charter School (the "School") is a Department of SWCF and is established as a charter school for students from kindergarten to twelfth grade in Lee County. There were 2,800 students enrolled for the 2025/2026 school year.

The financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of SWCF as of June 30, 2026, and its changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. The School's financial statements do not include the activity or accounts of Lee County Community Charter Schools, LLC (Note 7), an entity created to fund the purchase of the facility housing the School's operations.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district, the School District of Lee County (the "District"). The current charter is effective until June 30, 2033, and may be renewed in increments of five years by mutual written agreement between the School and the District. 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. The School is considered a component unit of the 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 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 financial statements.

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental funds 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 funds financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental funds 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 for specific program purposes. The fund also accounts for food service operations and related revenues and expenditures that are restricted for food service activities.

Capital Projects 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 but restricted for use in the extracurricular activities.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 120 days of the end of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

All other revenue items are considered to be measurable and available only when cash is received by the School. 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.

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

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federal insured limit, however, the School's deposits are collateralized in accordance with Chapter 280 of the Florida Statutes (Note 3).

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Improvements other than building	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

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

Deferred outflows/inflows of resources: In addition to assets, the statement of net 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 assets that applies to future periods 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 net 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 assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation and amortization 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 - the residual portion of net position that does not meet the definition of the other two categories.

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

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GAAP, which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental funds financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

Note 2 - Summary of Significant Accounting Policies (continued)

The details of the fund balances are included in the Governmental Funds 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.

Date of management review: The School has evaluated subsequent events through September 9, 2026, which is the date that the financial statements were available to be issued.

Adoption of new accounting standards: The School implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. The Statement revised certain financial reporting requirements, including the content and presentation of management's discussion and analysis and other financial statement presentation and disclosure requirements.

The School also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which addresses obligations for governmental entities to separately disclose certain types of capital assets. Implementation did not change the presentation and related disclosures of the School.

The adoption of both standards did not affect any amounts previously reported in the School's financial statements.

Note 3 - Cash and Cash Equivalents

At June 30, 2026, the carrying amount of the deposits and cash on hand totaled \$ 5,857,555 with a bank balance of \$ 5,882,267.

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 are defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of \$ 5,632,267 in excess of the federal insured limit of \$ 250,000 are held in a qualified public depository and are covered by the collateral pool held in the name of the financial institution's trust department or agent, but not in the School's name.

Note 4 - Interfund Receivables and Payables and Interfund Transfers

The composition of interfund balances as of June 30, 2026, is as follows:

Due From/To Other Funds		Amount
Receivable Fund	Payable Fund	
General Fund	Grants Fund	\$ 23,340
General Fund	Capital Projects Fund	293,489
General Fund	Club and Activities Fund	9,940
		<u>\$ 326,769</u>

The outstanding balances between funds result 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, 2026, is as follows:

	Transfers In General Fund
Transfers Out:	
Capital Projects Fund	\$ <u>2,031,794</u>
Other transfer out*	\$ <u>(907)</u>

During the year, transfers were used to move local capital outlay surtax revenue (Note 12) received in the current year for prior year expenditures to the General Fund.

* In 2007, a majority of the schools governed by SWCF were involved in a bond issuance for the financing and acquisition of facilities for the schools to occupy (Note 7). The schools pay amounts under the indenture of trust which are considered their portion of the principal and interest payments on the Bonds. At year-end, based on student enrollment, debt service payments are reallocated through a "Transfer In/Out" from/to the other schools that are part of the Lee County Community Charter Schools, LLC. There is a "Transfer Out" of \$ 907 in the statement of activities and the statement of revenues, expenditures and changes in fund balances for the year ended June 30, 2026.

Note 5 - Due From/To Related Parties

Due from/to related parties represents amounts that are due from SWCF and from/to other schools that share common board membership and are Departments of SWCF, which are expected to be repaid within one year.

Note 6 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets being depreciated/ amortized:				
Improvements other than building	\$ 4,300,782	\$ 298,248	\$ -	\$ 4,599,030
Furniture, fixtures and equipment	3,071,416	124,375	-	3,195,791
Computer equipment	5,263,784	517,521	-	5,781,305
Lease assets:				
Building	49,669,882	-	-	49,669,882
Total capital assets being depreciated/amortized	62,305,864	940,144	-	63,246,008
Accumulated depreciation/ amortization:				
Improvements other than building	1,811,448	331,498	-	2,142,946
Furniture, fixtures and equipment	2,486,418	184,013	-	2,670,431
Computer equipment	4,900,305	396,113	-	5,296,418
Lease assets:				
Building	18,228,535	1,243,542	-	19,472,077
Total accumulated depreciation/ amortization	27,426,706	2,155,166	-	29,581,872
Net capital assets being depreciated/amortized	\$ 34,879,158	\$ (1,215,022)	\$ -	\$ 33,664,136

Depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 183,191
Instruction-related technology	389,137
Operation of plant	1,575,040
Administrative technology services	7,798
Total	\$ 2,155,166

Note 7 - Lease Payables

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

In August 2012, the Authority issued \$ 20,685,000 in Tax Exempt Industrial Development Revenue Bonds, Series 2012A, and \$ 2,120,000 in Taxable Industrial Development Revenue Bonds, Series 2012B, pursuant to an indenture of trust between the Authority and a trustee to make a loan to the LLC to finance the cost of acquiring, constructing and equipping certain charter school facilities.

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

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

As part of the above Bond transactions, the School entered into lease arrangements for the use of its facilities. The lease payments and terms of the leases are based on the debt service requirements of the Series 2007, 2012 and 2024 Bonds. These payments are made from revenues received from the School District for the operation of the School. The Foundation is obligated under the indenture to deposit all charter revenues received from the School District and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses/expenditures.

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

Future minimum payments at June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 2,180,194	\$ 2,601,379	\$ 4,781,573
2028	2,089,059	2,462,774	4,551,833
2029	2,233,983	2,314,394	4,548,377
2030	2,388,165	2,157,275	4,545,440
2031	2,555,433	1,991,181	4,546,614
2032-2036	14,327,379	7,123,439	21,450,818
2037-2041	9,440,056	1,950,600	11,390,656
2042	301,343	96,669	398,012
	<u>\$ 35,515,612</u>	<u>\$ 20,697,711</u>	<u>\$ 56,213,323</u>

Note 8 - Note Payables

Previously the School entered into a purchase agreement for computer equipment. The agreement calls for the yearly payment of \$ 24,845 through July 2026 at a 1.42% interest rate.

During the year the School entered into two purchase agreements for computer equipment. The agreements call for annual payments of \$ 22,022 through September 2027 and \$ 78,704 through August 2027, both at a 1.90% interest rate.

The following is a combined schedule of the future minimum payments under the note payable agreements as of June 30, 2026:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 121,497	\$ 4,074	\$ 125,571
2028	98,849	1,877	100,726
	<u>\$ 220,346</u>	<u>\$ 5,951</u>	<u>\$ 226,297</u>

Note 9 - Long-Term Liabilities

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Retirements	Balance at June 30, 2026	Amount Due Within One Year
2007 Lease - building	\$ 22,267,045	\$ -	\$ 1,487,613	\$ 20,779,432	\$ 1,580,194
2012 Lease - building	4,986,883	-	185,000	4,801,883	195,000
2024 Lease - building	10,309,297	-	375,000	9,934,297	405,000
Note payables - computers	99,631	296,576	175,861	220,346	121,497
Compensated absences	80,137	37,547 *	-	117,684	88,263
Total	<u>\$ 37,742,993</u>	<u>\$ 334,123</u>	<u>\$ 2,223,474</u>	<u>\$ 35,853,642</u>	<u>\$ 2,389,954</u>

* The change in compensated absences above is a net change for the year.

Note 10 - Commitments

Management agreement: The School has a formal agreement through 2033 with Charter Schools USA at Lehigh Acres, LLC, a wholly-owned subsidiary of Charter Schools USA, Inc. ("CSUSA") to manage, staff and operate the School. All staff of the School are employees of CSUSA. CSUSA shall be entitled to receive cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee ranges from \$ 4,717,848 for 2027 to \$ 5,865,936 for 2038, as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total management fees amounted to \$ 5,176,888 for the year ended June 30, 2026.

The School has an amount due to CSUSA of \$ 1,464,788 at June 30, 2026 for expenses paid on behalf of the School.

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

Note 11 - Employee Benefit Plan

During the year ended June 30, 2026, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in School contributions and earnings on School contributions according to the following schedule:

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

Nonvested contributions are forfeited upon termination of employment, and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2025, the School had forfeitures of \$ 5,809. For the year ended June 30, 2026, the School contributed a matching amount of \$ 49,689.

Note 12 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay ("CSCO") award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled \$ 1,881,107 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the District has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the District. The School has elected to use these funds to pay a portion of the principal and interest expenditure on the lease of the facility.

Local Capital Improvement Revenue ("LCIR") funds are also appropriated by the District for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School's LCIR award totaled \$ 2,265,415 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements.

Local Capital Outlay Surtax ("LCOS") funds are also appropriated by the District for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the LCIR award. The School's LCOS totaled \$ 1,800,409 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements.

The School recognized a further \$ 2,031,794 in LCOS revenues relating to prior school years awarded through a settlement agreement with the District. The School retroactively identified qualifying expenditures previously recorded in the General Fund, prompting a transfer out of the Capital Projects Fund (Note 4).

Note 13 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Gateway Charter School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Original vs. Final Budget Variance	Actual	Actual vs. Final Budget Variance
Revenues:					
State sources	\$ 26,019,310	\$ 26,019,310	\$ -	\$ 24,168,284	\$ (1,851,026)
Local sources	999,625	999,625	-	307,736	(691,889)
Aftercare	276,318	276,318	-	312,897	36,579
Interest income	471,167	471,167	-	410,043	(61,124)
Total revenues	<u>27,766,420</u>	<u>27,766,420</u>	<u>-</u>	<u>25,198,960</u>	<u>(2,567,460)</u>
Expenditures:					
Current:					
Instruction	12,744,093	12,744,093	-	11,197,788	1,546,305
Student support services	522,581	522,581	-	409,051	113,530
Instructional staff training services	134,864	134,864	-	69,541	65,323
Instruction-related technology	646,899	646,899	-	575,428	71,471
Board services	143,373	143,373	-	526,965	(383,592)
General administration	-	-	-	6,658	(6,658)
School administration	2,177,247	2,177,247	-	2,060,743	116,504
Fiscal services	5,202,789	5,202,789	-	5,193,608	9,181
Food services	119,645	119,645	-	29,317	90,328
Central services	158,126	158,126	-	174,641	(16,515)
Transportation services	2,153,010	2,153,010	-	2,171,033	(18,023)
Operation of plant	2,669,408	2,669,408	-	2,745,996	(76,588)
Maintenance of plant	710,912	710,912	-	1,001,377	(290,465)
Administrative technology services	-	-	-	77,291	(77,291)
Community services	131,771	131,771	-	479,192	(347,421)
Capital outlay	448,014	448,014	-	-	448,014
Debt service:					
Principal	-	-	-	178,282	(178,282)
Total expenditures	<u>27,962,732</u>	<u>27,962,732</u>	<u>-</u>	<u>26,896,911</u>	<u>1,065,821</u>
Deficiency of revenues under expenditures	(196,312)	(196,312)	-	(1,697,951)	(1,501,639)
Other Financing Sources (Uses):					
Issuance of note payable	350,400	350,400	-	296,576	(53,824)
Transfer in	-	-	-	2,031,794	2,031,794
Transfer out	(101,238)	(101,238)	-	(907)	100,331
Total other financing sources	<u>249,162</u>	<u>249,162</u>	<u>-</u>	<u>2,327,463</u>	<u>2,078,301</u>
Net change in fund balance	\$ <u>52,850</u>	\$ <u>52,850</u>	\$ <u>-</u>	629,512	\$ <u>576,662</u>
Fund Balance, July 1, 2025				<u>3,761,468</u>	
Fund Balance, June 30, 2026				<u>\$ 4,390,980</u>	

See the accompanying notes to the budgetary comparison schedules.

Gateway Charter School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2026

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original vs. Final Budget Variance</u>	<u>Actual</u>	<u>Actual vs. Final Budget Variance</u>
Revenues:					
Federal sources:					
National School Lunch Program	\$ 1,068,293	\$ 1,068,293	\$ -	\$ 1,128,333	\$ 60,040
Title II	-	-	-	10,990	10,990
Title IV	-	-	-	56,520	56,520
State sources:					
National School Lunch Program	-	-	-	10,715	10,715
Local sources:					
Cafeteria sales	-	-	-	205,752	205,752
Total revenues	<u>1,068,293</u>	<u>1,068,293</u>	<u>-</u>	<u>1,412,310</u>	<u>344,017</u>
Expenditures:					
Current:					
Instruction	-	-	-	19,947	(19,947)
Student support services	-	-	-	19,771	(19,771)
Instructional staff					
training services	-	-	-	26,653	(26,653)
Food services	1,068,293	1,068,293	-	1,344,800	(276,507)
Capital outlay	-	-	-	1,139	(1,139)
Total expenditures	<u>1,068,293</u>	<u>1,068,293</u>	<u>-</u>	<u>1,412,310</u>	<u>(344,017)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance, July 1, 2025				<u>-</u>	
Fund Balance, June 30, 2026				<u>\$ -</u>	

See the accompanying notes to the budgetary comparison schedules.

Note 1 - Budgetary Policy and Basis of Accounting

An operating budget is adopted and maintained by the Governing Board for all governmental funds except the Capital Projects Fund and the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting used in the preparation of the financial statements. All appropriations lapse at the end of the fiscal year.

The level of budgetary control is at the fund level. The School Principal may make unlimited transfers between functional categories throughout the year. Any budget transfers made must be discussed with management and presented to the Governing Board. A potential increase in expenditures over approved budget should be approved by the Governing Board.

Note 2 - Budgetary Highlights between Original Budget and Final Budget

There were no variances between Original Budget and Final Budget for the General Fund or the Grants Fund.

Note 3 - Budgetary Highlights between Actual Results and Final Budget

In the General Fund, actual revenues were unfavorable to the final budget for the year ended June 30, 2026, primarily due to enrollment being lower than projected, resulting in state source and local source revenues falling below budget by \$ 1,851,026 and \$ 691,889, respectively. Total expenditures were favorable compared to the final budget, primarily due to lower-than-budgeted instructional costs resulting from fewer instructional personnel being required, as well as lower student support services, school administration, food services, and capital outlay expenditures. These favorable variances were partially offset by unfavorable variances in board services, maintenance of plant, administrative technology services, community services, and debt service which resulted from the need for additional support staff and professional services, unplanned HVAC repairs and other costs.

In the Grants Fund, actual revenues were favorable compared to the final budget for the year ended June 30, 2026, primarily due to unbudgeted Title II and Title IV revenues received during the year and higher than budgeted NSLP revenues received during the year because of increased participation in the program. Expenditures were unfavorable to the final budget primarily due to costs associated with the food service program along with unbudgeted Title II and Title IV expenditures.

Note 4 - Excesses of Expenditures over Appropriations

In the Grants Fund, expenditures for the year ended June 30, 2026, exceeded appropriations by \$ 344,017. These over-expenditures were funded by greater than anticipated revenues in that fund.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gateway Charter School (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 9, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Fort Lauderdale, Florida
September 9, 2026

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

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Gateway Charter School (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 9, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 9, 2026, 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 findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Gateway Charter School and 364103.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions 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

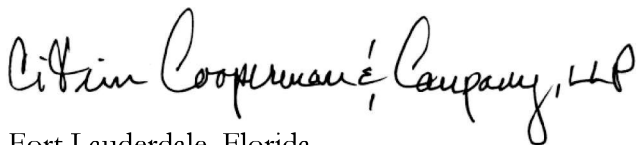
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with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

Additional Matters

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

Purpose of this Letter

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



Fort Lauderdale, Florida
September 9, 2026