

**IMAGINE CHARTER
SCHOOL AT NORTH
LAUDERDALE
(A Division of Learning
Excellence Foundation of
East Broward County, Inc.)**

**Basic Financial Statements and
Supplementary Information**

**For the year ended
June 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Learning Excellence Foundation of East Broward County, Inc.
North Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imagine Charter School at North Lauderdale (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2019, 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.

Emphasis of Matter

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of the Charterholder or the District.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, 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 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.

September 27, 2019
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Imagine Charter School at North Lauderdale (the "School") which is a component unit of the School Board of Broward County, Florida and a division of Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements found as listed on the table of contents of this report.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$208,760 (net position).
- The School's total net position increased by \$38,279.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$18,327.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1.

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 have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 outflows/inflows of resources, with the difference 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 most recent fiscal 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 funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction, school administration, and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the School Board of Broward County, Florida. The School Board of Broward County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found as listed on the table of contents of this report.

Fund Financial Statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Both the governmental fund balance sheet and the School's 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 various individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and capital outlay fund are considered to be major funds.

The governmental fund financial statements can be found as listed on the table of contents of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules with required notes have been provided to demonstrate compliance with this budget and can be found as listed on the table of contents of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed on the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$208,760 (net position) for the year ended June 30, 2019, and \$170,481 as of June 30, 2018, respectively.

A significant portion of net position is the School's net investments in capital assets (e.g., leasehold improvements, buildings and fixed equipment, furniture, fixtures and equipment, audio visual equipment, information technology equipment, and computer software). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below:

Imagine Charter School at North Lauderdale Statement of Net Position

	Governmental Activities		
	2019	2018	Variance
ASSETS			
Current assets	\$ 549,168	\$ 489,895	\$ 59,273
Capital assets, net of accumulated depreciation	190,433	162,375	28,058
Total assets	<u>739,601</u>	<u>652,270</u>	<u>87,331</u>
LIABILITIES			
Current liabilities	530,841	481,789	49,052
NET POSITION			
Net investment in capital assets	190,433	162,375	28,058
Unrestricted	<u>18,327</u>	<u>8,106</u>	<u>10,221</u>
Total net position	<u>\$ 208,760</u>	<u>\$ 170,481</u>	<u>\$ 38,279</u>

The increase in current assets is primarily due to the timing of inflows and outflows of cash at the end of the current year. The increase in capital assets, net of accumulated depreciation is primarily due to an increase in current year fixed asset additions that exceeded current year depreciation. The increase in current liabilities is due to the amounts owed to Imagine.

**Imagine Charter School at North Lauderdale
Statement of Activities**

	Governmental Activities		
	2019	2018	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 1,072,837	\$ 1,095,357	\$ (22,520)
Charges for services	3,890	-	3,890
General revenues:			
State passed through school district	4,878,146	4,806,440	71,706
Other revenues	246,512	237,410	9,102
Total revenues	<u>6,201,385</u>	<u>6,139,207</u>	<u>62,178</u>
Expenses:			
Instruction	2,878,879	3,048,247	(169,368)
Guidance services	38,029	88,715	(50,686)
Health services	845	540	305
Media services	50,954	45,286	5,668
Curriculum development	17,916	13,691	4,225
Staff development	4,950	575	4,375
Board of directors	18,700	18,700	-
School administration	1,258,832	1,121,888	136,944
Food services	526,863	478,642	48,221
Central services	5,390	2,746	2,644
Transportation	316,488	298,153	18,335
Operation of plant	953,214	891,192	62,022
Maintenance of plant	50,944	72,968	(22,024)
Community service	35,053	1,351	33,702
Interest on long-term debt	6,049	15,901	(9,852)
Total expenses	<u>6,163,106</u>	<u>6,098,595</u>	<u>64,511</u>
Change in net position	38,279	40,612	(2,333)
Net position - beginning	<u>170,481</u>	<u>129,869</u>	<u>40,612</u>
Net position - ending	<u>\$ 208,760</u>	<u>\$ 170,481</u>	<u>\$ 38,279</u>

The increase in funding from the state passed through the district is primarily due to an increase in student enrollment. The decrease in instruction expense is due to receiving A+ money in 2018, reduced salaries for interim subs, staff leaving in the middle of the school year and being replaced and nonpayment of salaries to employees that went over their earned sick days. The decrease in guidance services was due to one less employee in this department in comparison to fiscal year 2018. The increase in school administration expense is primarily due to an increase in indirect costs. The increase in food services is mostly due to an increase in student enrollment. The increase in operation of plant is primarily due to an increase in facility use fee expense and insurance expense.

Governmental Activities. Governmental activities increased the School's net position by \$38,279 for the year ended June 30, 2019.

Financial Analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1, and nonspendable fund balance related to deposits and prepaid expenses was \$8,105 and \$10,221, respectively.

General Fund Budgetary Highlights

The School's final budgeted expenditures matched actual expenditures. The School had an excess of actual revenue over budgeted revenue of \$152,914 due to a difference between budgeted contributions and actual contributions. Additional information on the School's general fund budget and actual can be found as listed on the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$190,433 (net of accumulated depreciation). This net investment in capital assets includes leasehold improvements, buildings and fixed equipment, furniture, fixtures and equipment, audio visual equipment, computer software, and information technology equipment. Additional information on the School's capital assets can be found in Note C.

Debt Administration. As of June 30, 2019, the School has matured debt payable totaling \$6,068, which is a reduction of \$141,277 from the prior year. Additional information on the School's long-term obligations can be found in Note D.

Economic Factors and Future Enrollment

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to be approximately 619 students for the 2019-2020 school year.

Request for Information

This financial report is designed to provide a general overview of Imagine Charter School at North Lauderdale's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal's office at 1395 South State Road 7, North Lauderdale, FL 33068.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 433,433
Due from other agencies	97,409
Prepaid expenses	10,221
Deposits	<u>8,105</u>
Total current assets	<u>549,168</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Leasehold improvements	162,724
Buildings and fixed equipment	2,001
Furniture, fixtures and equipment	10,147
Audio visual equipment	5,380
Information technology equipment	10,162
Computer software	<u>19</u>
Total capital assets	<u>190,433</u>
Total assets	<u>739,601</u>
LIABILITIES	
LIABILITIES	
Accounts payable	20,002
Accrued payroll and related expenses	324,253
Matured debt payable	6,068
Net due to/from management company	172,068
Unearned revenue	<u>8,450</u>
Total liabilities	<u>530,841</u>
NET POSITION	
Net investment in capital assets	190,433
Unrestricted	<u>18,327</u>
Total net position (deficit)	<u><u>\$ 208,760</u></u>

The accompanying notes are an integral part of this financial statement.

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 2,878,879	\$ -	\$ 548,964	\$ -	\$ (2,329,915)
Guidance services	38,029	-	-	-	(38,029)
Health services	845	-	-	-	(845)
Media services	50,954	-	-	-	(50,954)
Curriculum development	17,916	-	-	-	(17,916)
Staff development	4,950	-	-	-	(4,950)
Board of directors	18,700	-	-	-	(18,700)
School administration	1,258,832	-	-	-	(1,258,832)
Food services	526,863	-	523,873	-	(2,990)
Central services	5,390	-	-	-	(5,390)
Transportation	316,488	-	-	-	(316,488)
Operation of plant	953,214	-	-	-	(953,214)
Maintenance of plant	50,944	-	-	-	(50,944)
Community service	35,053	3,890	-	-	(31,163)
Interest on long-term debt	6,049	-	-	-	(6,049)
Total governmental activities	<u>\$ 6,163,106</u>	<u>\$ 3,890</u>	<u>\$ 1,072,837</u>	<u>\$ -</u>	<u>(5,086,379)</u>
		General revenues:			
					4,878,146
					152,914
					93,598
					<u>5,124,658</u>
					Change in net position 38,279
					Net position at July 1, 2018 <u>170,481</u>
					<u>\$ 208,760</u>

The accompanying notes are an integral part of this financial statement.

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 433,433	\$ -	\$ -	\$ 433,433
Due from other agencies	97,409	-	-	97,409
Prepaid expenses	10,221	-	-	10,221
Deposits	8,105	-	-	8,105
	<u>\$ 549,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,168</u>
Total assets	<u>\$ 549,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,168</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 20,002	\$ -	\$ -	\$ 20,002
Accrued payroll and related expenses	324,253	-	-	324,253
Matured debt payable	6,068	-	-	6,068
Due to operating company	172,068	-	-	172,068
Unearned revenue	8,450	-	-	8,450
	<u>530,841</u>	<u>-</u>	<u>-</u>	<u>530,841</u>
Total liabilities	<u>530,841</u>	<u>-</u>	<u>-</u>	<u>530,841</u>
 FUND BALANCES				
Nonspendable				
Prepaid expenses	10,221	-	-	10,221
Deposits	8,105	-	-	8,105
Unassigned	1	-	-	1
	<u>18,327</u>	<u>-</u>	<u>-</u>	<u>18,327</u>
Total fund balances	<u>18,327</u>	<u>-</u>	<u>-</u>	<u>18,327</u>
Total liabilities and fund balances	<u>\$ 549,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,168</u>

The accompanying notes are an integral part of this financial statement.

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2019

Fund balances - total governmental funds \$ 18,327

The net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Leasehold improvements, net	\$ 162,724	
Buildings and fixed equipment, net	2,001	
Furniture, fixtures and equipment, net	10,147	
Audio visual equipment, net	5,380	
Information technology equipment, net	10,162	
Computer software, net	<u>19</u>	
Total capital assets		<u>190,433</u>
Total net position of governmental activities		<u><u>\$ 208,760</u></u>

The accompanying notes are an integral part of this financial statement.

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2019

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through state	\$ -	\$ -	\$ 523,873	\$ 523,873
Federal passed through school district	-	-	548,964	548,964
State passed through school district	4,498,709	379,437	-	4,878,146
Contribution from management company	152,914	-	-	152,914
Other revenues	97,488	-	-	97,488
Total revenues	<u>4,749,111</u>	<u>379,437</u>	<u>1,072,837</u>	<u>6,201,385</u>
Expenditures				
Current:				
Instruction	2,281,127	-	574,996	2,856,123
Guidance services	38,029	-	-	38,029
Health services	845	-	-	845
Media services	50,954	-	-	50,954
Curriculum development	17,916	-	-	17,916
Staff development	4,950	-	-	4,950
Board of directors	18,700	-	-	18,700
School administration	1,254,586	-	3,370	1,257,956
Food services	-	-	526,863	526,863
Central services	5,390	-	-	5,390
Transportation	266,530	-	49,958	316,488
Operation of plant	551,980	379,437	-	931,417
Maintenance of plant	50,944	-	-	50,944
Community service	33,153	-	1,900	35,053
Capital outlay	73,487	-	-	73,487
Debt Service:				
Interest	6,049	-	-	6,049
Total expenditures	<u>4,654,640</u>	<u>379,437</u>	<u>1,157,087</u>	<u>6,191,164</u>
Excess (deficiency) revenues over (under) expenditures	<u>94,471</u>	<u>-</u>	<u>(84,250)</u>	<u>10,221</u>
Other financing sources (uses):				
Transfers in	-	-	84,250	84,250
Transfers out	(84,250)	-	-	(84,250)
Total other financing sources (uses)	<u>(84,250)</u>	<u>-</u>	<u>84,250</u>	<u>-</u>
Net change in fund balances	10,221	-	-	10,221
Fund balances at July 1, 2018	8,106	-	-	8,106
Fund balances at June 30, 2019	<u>\$ 18,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,327</u>

The accompanying notes are an integral part of this financial statement.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2019

Net change in fund balances - total governmental funds	\$	10,221
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 73,487	
Depreciation expense	<u>(45,429)</u>	
		<u>28,058</u>
Change in net position of governmental activities	\$	<u><u>38,279</u></u>

The accompanying notes are an integral part of this financial statement.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Imagine Charter School at North Lauderdale (the "School") is a division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors (the "Board"), which is composed of four members. The financial information presented is that of the School only and is not intended to be a complete presentation of the Charterholder. The School's entire workforce is provided by the management company, therefore, all benefits are provided by the management company.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Broward County, Florida (the "District"). In 2018, a new charter agreement was entered into with the District that expires June 30, 2023. The charter may be renewed by mutual 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 90 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 School Board of Broward County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities and deferred outflows/inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction, or improvement of these assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining balances that do not meet the definition of the other two categories.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions.

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and capital outlay fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by the School Board of Broward County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash is made up of cash on hand at the School and a checking account held at a financial institution. The School does not have any cash equivalents.

5. Receivables

Receivables typically include amounts due from other schools, management company, and other agencies. The School's management determined, based on prior experience, that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/due from other funds. There were no due to/due from other funds as of June 30, 2019.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Prepaid expense

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid expenses in both government-wide and fund financial statements.

8. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	7 - 40
Buildings and fixed equipment	7 - 40
Furniture, fixtures and equipment	7 - 10
Audio visual equipment	7
Information technology equipment	5 - 7
Computer software	3 - 7

9. Noncurrent liabilities and matured debt payable

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and the repayment of debt as debt service expenditures. As of June 30, 2019, the School had no noncurrent liabilities related to debt. All debt is considered matured and additional information can be found in Note D.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's charter based on full time equivalent ("FTE") students. Funding for the School is adjusted during the year to reflect revised calculations of actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

12. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not spendable (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE B - CASH

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The bank balance of the School's deposits was \$435,939 at June 30, 2019. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes. As of June 30, 2019, none of the School's balances held in banks was exposed to custodial credit risk.

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets depreciated:				
Leasehold improvements	\$ 145,243	\$ 68,304	\$ -	\$ 213,547
Buildings & fixed equipment	3,430	-	-	3,430
Furniture, fixtures and equipment	58,317	3,549	-	61,866
Audio visual equipment	70,440	849	-	71,289
Information technology equipment	258,286	785	-	259,071
Computer software	23,012	-	-	23,012
Total assets depreciated	<u>558,728</u>	<u>73,487</u>	<u>-</u>	<u>632,215</u>
Less accumulated depreciation:				
Leasehold improvements	31,197	19,626	-	50,823
Buildings & fixed equipment	939	490	-	1,429
Furniture, fixtures and equipment	48,669	3,050	-	51,719
Audio visual equipment	61,763	4,146	-	65,909
Information technology equipment	231,022	17,887	-	248,909
Computer software	22,763	230	-	22,993
Total accumulated depreciation	<u>396,353</u>	<u>45,429</u>	<u>-</u>	<u>441,782</u>
Total capital assets, net	<u>\$ 162,375</u>	<u>\$ 28,058</u>	<u>\$ -</u>	<u>\$ 190,433</u>

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE C - CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2019 was charged to functions of the School as follows:

Basic instruction	\$	22,756
School administration		876
Operation of plant		<u>21,797</u>
	<u>\$</u>	<u>45,429</u>

NOTE D - NOTE PAYABLE

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2019</u>
Matured debt payable	<u>\$ 147,345</u>	<u>\$ -</u>	<u>\$ 141,277</u>	<u>\$ 6,068</u>

In July 2006, the School entered into a promissory note with the management company to pay off past indebtedness in relation to management services and working capital advances as described in Note G-2. The promissory note was negotiated at a lower interest rate of 7.25% effective June 30, 2009. The principal and interest payments relating to the note ended as of June 30, 2017. The remaining debt balances are considered matured debt payable and due to the management company. Payments related to the note were considered operating expenses of the School, subject to the provisions of the operating agreement. In addition to the promissory note scheduled payments, eighty-seven and one half percent (87.5%) of all funds remaining in the operating account after payment of all other operating expenses, as defined in the operating agreement, shall also be paid on this note. Payments will be first applied to any unpaid interest that is accrued through the date that the payment is made and then to a reduction of principal. For the year ended June 30, 2019, the School was forgiven \$141,277 towards the matured debt payable. Current fiscal year interest expense related to the matured debt payable was \$6,049.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE E - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Broward County, Florida	
Base funding	\$ 2,929,303
Class size reduction	825,509
Discretionary local effort	343,505
Supplemental academic instruction	138,484
2017-2018 FTE adjustment	813
Digital classrooms allocation	8,999
ESE guaranteed allocation	116,623
Declining enrollment	3,888
Instructional materials	47,132
Safe schools	33,328
Reading allocation	27,621
Funding Compression Allocation	409
Discretionary lottery	2,200
Mental Health Allocation	14,031
Administration fee withheld	(90,998)
Transportation	46,295
Capital outlay funding	379,437
FL teacher lead program	7,008
Miscellaneous state revenue	44,559
Total School Board of Broward County, Florida	4,878,146
21st Century Grant	233,078
Title I funding	315,886
National school lunch program	523,873
Contribution from operating company	152,914
Charges for services	3,890
Other revenues	93,598
Total revenues	\$ 6,201,385

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Operating agreement

An amended and restated operating agreement was made and entered into on September 27, 2006 with the management company. The agreement calls for an administrative allocation equal to 12% of the funding provided by state and local governments. Current year management fees charged to operations totaled \$579,189.

In the event there are not sufficient funds to pay operating expenses, the management company will provide operating advances to cover such shortfalls. Per the operating agreement, any advances and repayment agreements will be approved by the Board before any transactions take place. The management company shall be reimbursed for such advances on the first date of each month in which funds reside in the School's operating account for which not otherwise reserved by the operating budget. At the end of each fiscal year, any advances that cannot be reimbursed by current year revenue shall be considered a contribution from the management company. For the year ended June 30, 2019, the management company contributed \$152,914 to the School.

2. Facilities

The School committed to pay a facility allocation fee to the management company on September 27, 2006 for the building where the School is located pursuant to the terms of the lease or any mortgage agreement which payments relate to the School's use, tenancy or ownership. On July 1, 2014, the agreement was amended and the terms of the agreement require an annual fee of \$402,673 increased annually by four percent (4%) over the previous fiscal year. The lease agreement expired on June 30, 2019. The Imagine Schools is working on the new agreement to be finalized.

The current year facility use fee charged to operations totaled \$471,060. A portion of the facility use fee in the amount of \$379,437 was reimbursed through capital outlay funds. The terms of the agreements are until the termination or expiration of the charter agreement (see Note A-1).

3. Federal grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE F - COMMITMENTS AND CONTINGENCIES (continued)

4. Legal

The School may be involved in legal actions arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School's financial statements.

NOTE G - RELATED PARTIES

1. Operating agreement

The School has entered into multiple agreements with the management company. The management company is responsible for organizing, developing, managing, staffing and operating the School. During the current year, the management company charged fees to the School for operating services and the use of the facility and certain equipment as described in Note F-1 and F-2. The net due to/from management company balance of \$172,068 represents certain refunds and credits that will reduce payments applicable to future invoices.

2. Note payable

As described in Note D, the School has entered into a note payable agreement with the management company in order to pay operating expenses and working capital advances accumulated prior to July 1, 2006.

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2019. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the previous three years.

NOTE I - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 27, 2019, the date which the financial statements were available for issuance and has determined that no material subsequent events occurred that would require additional disclosures in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Base FTE funding	\$ 4,437,553	\$ 4,447,142	\$ 4,447,142	\$ -
Other state revenue	9,500	51,567	51,567	-
Supplemental revenue	45,998	97,488	97,488	-
Contribution from management company	478,680	-	152,914	152,914
Total revenue	<u>4,971,731</u>	<u>4,596,197</u>	<u>4,749,111</u>	<u>152,914</u>
Expenses				
Salaries and benefits	2,786,464	2,524,037	2,524,037	-
School services	598,755	613,808	613,808	-
Direct educational expense	195,186	257,877	257,877	-
General and administrative	159,399	179,671	179,671	-
Marketing and enrollment	10,000	4,064	4,064	-
Facility operating expense	338,600	330,884	330,884	-
School operating expenditures	4,088,404	3,910,341	3,910,341	-
Facility use fee	197,498	91,623	91,623	-
Indirect costs	565,334	579,189	579,189	-
Total expenses	<u>4,851,236</u>	<u>4,581,153</u>	<u>4,581,153</u>	<u>-</u>
Change in net position (budgetary basis)	120,495	15,044	167,958	152,914
Other financing sources (uses):				
Transfers out	-	-	(84,250)	(84,250)
Adjustments to conform with GAAP:				
Capital outlay expenditures	(76,000)	(75,777)	(73,487)	2,290
Net change in fund balances (GAAP basis)	44,495	(60,733)	10,221	70,954
Fund balances at July 1, 2018	8,106	8,106	8,106	-
Fund balances at June 30, 2019	<u>\$ 52,601</u>	<u>\$ (52,627)</u>	<u>\$ 18,327</u>	<u>\$ 70,954</u>

See accompanying note to required supplementary information.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Charter capital funding	<u>\$ 273,562</u>	<u>\$ 379,437</u>	<u>\$ 379,437</u>	<u>\$ -</u>
Expenditures				
Facility use fee	<u>273,562</u>	<u>379,437</u>	<u>379,437</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at June 30, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to required supplementary information.

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. Since the budgetary basis differs from accounting principles generally accepted in the United States of America ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. Reconciliation to the net change in fund balances presented in conformity with GAAP is set forth in the adjustments to the required supplementary information. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

SINGLE AUDIT AND COMPLIANCE INFORMATION

Imagine Schools at North Lauderdale
(a Division of Learning Excellence Foundation of East Broward, Inc.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Pass through District School Board of Broward County, Florida		
Title I Grants to Local Educational Agencies (LEAs)	84.010	\$ 347,889
Twenty-first Century Community Learning Centers	84.287	282,335
U.S. DEPARTMENT OF AGRICULTURE		
Pass through Florida Department of Education		
National School Lunch Program (NSLP)	10.555	<u>526,863</u>
		<u>\$ 1,157,087</u>

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the School during its fiscal year July 1, 2018 to June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. INDIRECT COST RATE

The School did not elect to use the 10-percent de minimis indirect cost rate.

NOTE 3. - SUB-RECIPIENTS

During the year ended June 30, 2019, the School had no sub-recipients.

NOTE 4. - NONCASH ASSISTANCE AND OTHER

The School did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended June 30, 2019.

See independent auditor's report.

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
Learning Excellence Foundation of East Broward County, Inc.
North Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imagine Charter School at North Lauderdale (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2019, 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 27, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

September 27, 2019
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Learning Excellence Foundation of East Broward County, Inc.
North Lauderdale, Florida

Report on Compliance for Each Major Federal Program

We have audited Imagine Charter School at North Lauderdale's (the "School"), a component unit of the School Board of Broward County, Florida and a division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2019. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

September 27, 2019
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) are included in this schedule? **No**

The program tested as a major program is as follows:

U.S. Department of Education - National School Lunch Program - CFDA Number 10.555

The threshold for distinguishing type A and B programs was **\$750,000**

Did the auditee qualify as a low-risk auditee? **Yes**

B. FINDINGS - FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None.

D. SUMMARY OF PRIOR YEAR FINDINGS

None.

MANAGEMENT LETTER

To the Board of Directors
Learning Excellence Foundation of East Broward County, Inc.
North Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of Imagine Charter School at North Lauderdale (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a division of Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 27, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 27, 2019, 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 in the annual financial audit report for the year ended June 30, 2018.

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 Florida Department of Education of the entity are Imagine Charter School at North Lauderdale, 5171.

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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

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, the School's management, Board of Directors, others within the School, the School Board of Broward County, Florida, the State of Florida, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 27, 2019
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP