

**IMAGINE  
SCHOOL AT BROWARD  
(A division of Imagine at  
Broward, Inc.)**

**Basic Financial Statements  
and  
Supplementary Information**

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

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	28
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	29
Note to Required Supplementary Information	30
COMPLIANCE INFORMATION	
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 <i>Government Auditing Standards</i>	32
Management Letter	34

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Imagine at Broward, Inc.  
Coral Springs, 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 School at Broward (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a division of Imagine at Broward, 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 results of its operation 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 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 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 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.

September 27, 2019  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## Management's Discussion and Analysis

As management of Imagine School at Broward (the "School"), a division of Imagine at Broward, Inc. and a component unit of the School Board of Broward 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 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.

Because 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 listed in the table of contents.

### Financial Highlights

- The assets of the School exceeded its liabilities at the close of the current fiscal year by \$1,118,749 (net position).
- The net position of the School decreased by \$471,395 during the fiscal year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$2,621,178.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,226,837.

### 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required 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 and school administration 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 on pages listed in the table of contents.

**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 School's near-term financing decisions. Both the governmental fund balance sheet and the 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 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, capital outlay fund, and debt service fund are considered to be major funds.

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

The School adopts annual appropriated budgets for its entire operations. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets and can be found on pages listed in 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 starting on pages as listed in 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. Assets exceeded liabilities by \$1,118,749 and \$1,590,144 (net position), as of June 30, 2019 and 2018, respectively.

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

A summary of the School's statement of net position as of June 30, 2019 and 2018 is presented below:

### Imagine School at Broward Statement of Net Position

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Variance</b>
<b>ASSETS</b>			
Current assets	\$ 3,063,452	\$ 1,563,398	\$ 1,500,054
Capital assets, net of accumulated depreciation	19,776,325	457,713	19,318,612
Total assets	<u>22,839,777</u>	<u>2,021,111</u>	<u>20,818,666</u>
<b>LIABILITIES</b>			
Current liabilities	442,274	430,967	11,307
Noncurrent liabilities	21,278,754	-	21,278,754
Total liabilities	<u>21,721,028</u>	<u>430,967</u>	<u>21,290,061</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,963,515	457,713	1,505,802
Restricted	1,362,190	-	1,362,190
Unrestricted	(2,206,956)	1,132,431	(3,339,387)
Total net position	<u>\$ 1,118,749</u>	<u>\$ 1,590,144</u>	<u>\$ (471,395)</u>

Current assets increased from prior year as a result of an increase in restricted cash and cash equivalents due to the net proceeds from the bond issuance during the fiscal year. Capital assets, net of accumulated depreciation increased because the School's building was purchased with bond proceeds during the fiscal year. Noncurrent liabilities increased because of the bonds that were issued to purchase the School's building. Net investment in capital assets increased because of the purchase of the School's building. Restricted net position increased and unrestricted net position decreased because of the increase in restricted cash and cash equivalents which is a result of the net proceeds from the bond issuance.

## Government-Wide Financial Analysis (continued)

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 and 2018 is presented below:

		Imagine School at Broward		
		Statement of Activities		
		Governmental Activities		
		2019	2018	Variance
Revenues:				
Program revenues:				
Charges for services	\$	746,268	\$ 746,958	\$ (690)
Operating grants and contributions		660,301	662,177	(1,876)
General revenues:				
State passed through school district		5,759,201	5,669,998	89,203
Other revenues		455,291	363,504	91,787
Total revenues		<u>7,621,061</u>	<u>7,442,637</u>	<u>178,424</u>
Expenses:				
Instruction		3,206,974	2,991,394	215,580
Media services		60,896	58,414	2,482
Curriculum development		119,428	152,926	(33,498)
Board of directors		22,000	17,999	4,001
School administration		1,421,413	1,432,315	(10,902)
Food service		265,738	288,210	(22,472)
Central services		252	4,359	(4,107)
Operation of plant		2,027,130	1,944,468	82,662
Maintenance of plant		92,200	128,386	(36,186)
Community service		268,599	291,881	(23,282)
Debt issuance cost		607,826	-	607,826
Total expenses		<u>8,092,456</u>	<u>7,310,352</u>	<u>782,104</u>
Change in net position		(471,395)	132,285	(603,680)
Net position at beginning of year		<u>1,590,144</u>	<u>1,457,859</u>	<u>132,285</u>
Net position at end of year	\$	<u><u>1,118,749</u></u>	<u><u>1,590,144</u></u>	<u><u>(471,395)</u></u>

State funding passed through the school district increased as a result of an increase in FTE revenues due to higher student enrollment. Other revenues increased as a result of an increase in miscellaneous state revenue which includes the Hardening Grant and other local revenues related to field trips. Instruction expense increased as a result of an increase in salaries and increased medical benefits. Debt issuance cost increased as a result of the debt issuance fees related to the bonds that were issued during the fiscal year. Operation of plant expense increased primarily as a result of an increase in security services expense.



**Governmental activities.** Governmental activities decreased the School's net position by \$471,395 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 chief operating fund of the School. At the end of the current fiscal year, the total fund balance of the general fund was \$1,258,988. This included the nonspendable balance for prepaid expenses and deposits which were \$12,826 and \$19,325, respectively.

The fund balance of the School's general fund increased by \$126,557 during the current fiscal year.

### **General Fund Budgetary Highlights**

The actual revenues were equal to budgeted. The actual expenditures were equal to budgeted. The budgetary information can be found as listed in 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 \$19,776,325 (net of accumulated depreciation). This net investment in capital assets includes computer software, information technology equipment, building and fixed equipment, leasehold improvements, and furniture, fixtures and equipment. Additional information on the School's capital assets can be found in Note C of this report.

**Debt Administration.** The School's long-term liabilities at June 30, 2019 totaled \$21,278,754 which is an increase of \$21,278,754 from the prior fiscal year. During the fiscal year ended June 30, 2019, the School utilized the proceeds of a bond issuance to purchase the School's premises. 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. Student enrollment is forecasted to increase from 840 to 844 for the 2019-2020 school year.

### **Request for Information**

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests or additional financial information should be addressed to the Principal's office at 9001 Westview Drive, Coral Springs, Florida 33067.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**STATEMENT OF NET POSITION**

**June 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>ASSETS</b>	
Cash and cash equivalents - unrestricted	\$ 1,489,896
Cash and cash equivalents - restricted	1,362,190
Due from other agencies	32,859
Net due to / from management company	134,842
Receivables	11,514
Prepaid expenses	12,826
Deposits	<u>19,325</u>
Total current assets	<u>3,063,452</u>
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Computer software	495
Information technology equipment	11,944
Land	5,940,000
Building and fixed equipment	13,452,776
Leasehold improvements	331,211
Furniture, fixtures and equipment	<u>39,899</u>
Total capital assets	<u>19,776,325</u>
Total assets	<u>22,839,777</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	35,593
Accrued payroll and other expenses	398,406
Unearned revenue	<u>8,275</u>
Total current liabilities	442,274
<b>NONCURRENT LIABILITIES</b>	
Bonds payable - due within one year	70,125
Bonds payable - due in more than one year	<u>21,208,629</u>
Total liabilities	<u>21,721,028</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,963,515
Restricted	1,362,190
Unrestricted	<u>(2,206,956)</u>
Total net position	<u>\$ 1,118,749</u>

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

**Imagine School at Broward**  
**(A division of Imagine at Broward, 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	
<b>Governmental activities:</b>					
Instruction	\$ 3,206,974	\$ 357,096	\$ 3,883	\$ -	\$ (2,845,995)
Media services	60,896	-	-	-	(60,896)
Curriculum development	119,428	-	-	-	(119,428)
Board of directors	22,000	-	-	-	(22,000)
School administration	1,421,413	-	-	-	(1,421,413)
Food service	265,738	-	246,609	-	(19,129)
Central services	252	-	-	-	(252)
Operation of plant	2,027,130	-	409,809	-	(1,617,321)
Maintenance of plant	92,200	-	-	-	(92,200)
Community service	268,599	389,172	-	-	120,573
Debt issuance cost	607,826	-	-	-	(607,826)
<b>Total governmental activities</b>	<b>\$ 8,092,456</b>	<b>\$ 746,268</b>	<b>\$ 660,301</b>	<b>\$ -</b>	<b>(6,685,887)</b>
<b>General revenues:</b>					
					5,759,201
					455,291
					<u>6,214,492</u>
					(471,395)
					<u>1,590,144</u>
					<u>\$ 1,118,749</u>

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

**Imagine School at Broward**  
**(A division of Imagine at Broward, Inc.)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2019**

	General Fund	Capital Outlay Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents - unrestricted	\$ 1,489,896	\$ -	\$ -	\$ -	\$ 1,489,896
Cash and cash equivalents - restricted	-	-	1,362,190	-	1,362,190
Receivables	11,514	-	-	-	11,514
Prepaid expenses	12,826	-	-	-	12,826
Due from other funds	32,859	-	-	8,884	41,743
Due from other agencies	-	32,859	-	-	32,859
Net due to / from management company	134,842	-	-	-	134,842
Deposits	19,325	-	-	-	19,325
Total assets	\$ 1,701,262	\$ 32,859	\$ 1,362,190	\$ 8,884	\$ 3,105,195
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 35,593	\$ -	\$ -	\$ -	\$ 35,593
Accrued payroll and other expenses	389,522	-	-	8,884	398,406
Due to other funds	8,884	32,859	-	-	41,743
Unearned revenue	8,275	-	-	-	8,275
Total liabilities	442,274	32,859	-	8,884	484,017
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenses	12,826	-	-	-	12,826
Deposits	19,325	-	-	-	19,325
Restricted	-	-	1,362,190	-	1,362,190
Unassigned	1,226,837	-	-	-	1,226,837
Total fund balances	1,258,988	-	1,362,190	-	2,621,178
Total liabilities and fund balances	\$ 1,701,262	\$ 32,859	\$ 1,362,190	\$ 8,884	\$ 3,105,195

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

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

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

**June 30, 2019**

Fund balances - total governmental funds	\$ 2,621,178
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:	
Computer software, net	\$ 495
Information technology equipment, net	11,944
Land	5,940,000
Building and fixed equipment, net	13,452,776
Leasehold improvements, net	331,211
Furniture, fixtures and equipment, net	39,899
Total capital assets	<u>19,776,325</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	<u>(21,278,754)</u>
Total net position of governmental activities	<u><u>\$ 1,118,749</u></u>

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

**Imagine School at Broward**  
**(A division of Imagine at Broward, Inc.)**

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

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

	General Fund	Capital Outlay Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Federal passed through state	\$ -	\$ -	\$ -	\$ 246,609	\$ 246,609
Federal passed through school district	3,883	-	-	-	3,883
State passed through school district	5,759,201	409,809	-	-	6,169,010
Other revenues	1,201,559	-	-	-	1,201,559
Total revenues	<u>6,964,643</u>	<u>409,809</u>	<u>-</u>	<u>246,609</u>	<u>7,621,061</u>
<b>Expenditures</b>					
Current:					
Instruction	3,184,999	-	-	-	3,184,999
Media services	60,896	-	-	-	60,896
Curriculum development	119,428	-	-	-	119,428
Board of directors	22,000	-	-	-	22,000
School administration	1,413,133	-	-	-	1,413,133
Food service	-	-	-	264,056	264,056
Central services	252	-	-	-	252
Operation of plant	1,545,742	409,809	-	-	1,955,551
Maintenance of plant	92,200	-	-	-	92,200
Community service	268,599	-	-	-	268,599
Capital outlay	38,606	-	19,383,522	-	19,422,128
Debt service:					
Debt issuance cost	-	-	607,826	-	607,826
Total expenditures	<u>6,745,855</u>	<u>409,809</u>	<u>19,991,348</u>	<u>264,056</u>	<u>27,411,068</u>
Excess (deficiency) of revenues over (under) expenditures	218,788	-	(19,991,348)	(17,447)	(19,790,007)
Other financing sources and (uses):					
Transfers in	-	-	74,784	17,447	92,231
Transfers out	(92,231)	-	-	-	(92,231)
Debt issued	-	-	19,175,000	-	19,175,000
Bond premium	-	-	2,103,754	-	2,103,754
Total other financing sources and (uses)	<u>(92,231)</u>	<u>-</u>	<u>21,353,538</u>	<u>17,447</u>	<u>21,278,754</u>
<b>Net change in fund balances</b>	126,557	-	1,362,190	-	1,488,747
<b>Fund balances at July 1, 2018</b>	<u>1,132,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,132,431</u>
<b>Fund balances at June 30, 2019</b>	<u>\$ 1,258,988</u>	<u>\$ -</u>	<u>\$ 1,362,190</u>	<u>\$ -</u>	<u>\$ 2,621,178</u>

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

**Imagine School at Broward  
(A division of Imagine at Broward, 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 \$ 1,488,747

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

Governmental funds report capital outlays 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	\$ 19,422,128	
Depreciation expense	<u>(103,516)</u>	
		19,318,612

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt. Also, governmental funds report the effect of premiums when the debt is first issued, whereas this amount is deferred and amortized in the statement of activities.

Bonds payable issuance	\$ (19,175,000)	
Bonds payable premium	<u>(2,103,754)</u>	
		<u>(21,278,754)</u>

Change in net position of governmental activities \$ (471,395)

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

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Imagine School at Broward (the "School"), is a division of Imagine at Broward, Inc. (the "Charterholder"), which is a Florida not-for-profit corporation whose sole member is Imagine School Non-Profit, Inc., a Virginia not-for-profit corporation. The School currently provides education services to students in kindergarten through eighth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of three to five members. The financial information presented is that of Imagine School at Broward only. The School's entire workforce is provided by the operating company; therefore, all benefits are provided by the operating 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"). The charter agreement expires on June 30, 2025, 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 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. Imagine School at Broward 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 non-fiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business type activities.

Net position, the sum of assets and deferred outflows less liabilities and deferred 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 those 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 School at Broward  
(A division of Imagine at Broward, 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, capital outlay fund, and debt service funds 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 60 days 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.

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.

**Imagine School at Broward  
(A division of Imagine at Broward, 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)

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. It 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 District this fund accounts for all resources used for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Debt Service Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the bonds issued by the School.

4. Cash and cash equivalents

Unrestricted cash is made up of cash on hand at the School and a checking account held at a financial institution. See Note B for information pertaining to restricted cash and cash equivalents.

5. Receivables

Receivables typically include amounts due from other schools, operating 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 activity

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 was \$41,473 due to/due from other funds as of June 30, 2019.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

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

6. Interfund activity (continued)

Transfers are used to move resources between the School's funds. During the current fiscal year, the general fund transferred \$74,784 to the debt service fund and \$17,447 to the other governmental funds.

7. Prepaid expenses

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. Although a component of net position, a reserve for prepaid expenses has been established for the fund financial statements as these funds do not constitute "available spendable resources".

8. Amortization of discount and premium on bonds

The amortization of a discount or premium on bonds is over the life of the related debt. The amortization of a discount or premium is recorded as interest expense. Bonds payable are reported net of the applicable bond discount or premium. In the fund financial statements, governmental funds recognize bond discounts and premiums during the period the debt is issued. The face amount of debt issued and premiums received are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Debt issuance costs are reported as expenditures / expenses when incurred.

9. Long-term obligations

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 repayments of debt principal as debt service expenditures.

10. 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 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 is not capitalized.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

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

10. Capital assets (continued)

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>
Computer software	3 - 7
Information technology equipment	5 - 7
Audio visual materials	7
Furniture, fixtures and equipment	7-10
Buildings & fixed equipment	7-40
Leasehold improvements	7-40

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the 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.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

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

12. 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.

13. 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.

14. 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 expenses) 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.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

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

14. Fund balance classification (continued)

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.

15. Impact of recently issued accounting principles

In June 2017, The GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the School's June 30, 2021 fiscal year. Management is currently evaluating the impact of the adoption of this statement on the School's financial statements.

**NOTE B - CASH AND CASH EQUIVALENTS**

*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 unrestricted cash deposits was \$1,521,203 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 unrestricted cash deposits held in banks was exposed to custodial credit risk.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE B - CASH AND CASH EQUIVALENTS (continued)**

As of June 30, 2019, the balance of the School's restricted cash and cash equivalents is \$1,362,190 of bond trustee funds as seen below:

Debt service reserve A	\$ 1,239,458
Debt service reserve B	16,042
Project 2019A	64,883
Cost of issuance A	26,634
Cost of issuance B	15,173
	<hr/>
	\$ 1,362,190
	<hr/>

1. Cost of issuance accounts

The cost of issuance accounts are used to pay the issuance fees of the bonds. As of June 30, 2019 the balance in these accounts is \$41,807.

2. Debt service reserve accounts

The debt service reserve accounts are to be used solely for the purpose of making up any deficiency in the interest accounts or the principal accounts relating to such series of bonds, or for the payment or redemption of all outstanding bonds of such series. As of June 30, 2019 the balance in these accounts is \$1,255,500.

3. Project 2019A account

The Project 2019A account was utilized to disburse funds for the purpose of acquiring the School's building. As of June 30, 2019 the balance in the account is \$64,883.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE C - CAPITAL ASSETS**

Changes in capital assets were as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets not being depreciated				
Land	\$ -	\$ 5,940,000	\$ -	\$ 5,940,000
Capital assets depreciated:				
Audio visual materials	20,930	-	-	20,930
Computer software	9,714	-	-	9,714
Information technology equipment	359,076	-	-	359,076
Buildings and fixed equipment	27,226	13,443,522	-	13,470,748
Leasehold improvements	508,895	20,568	-	529,463
Furniture, fixtures and equipment	128,301	18,038	-	146,339
Total assets depreciated	1,054,142	13,482,128	-	14,536,270
Less accumulated depreciation:				
Audio visual materials	20,930	-	-	20,930
Computer software	8,813	406	-	9,219
Information technology equipment	320,527	26,605	-	347,132
Buildings and fixed equipment	14,895	3,077	-	17,972
Leasehold improvements	134,435	63,817	-	198,252
Furniture, fixtures and equipment	96,829	9,611	-	106,440
Total accumulated depreciation	596,429	103,516	-	699,945
Total capital assets, net	\$ 457,713	\$ 19,318,612	\$ -	\$ 19,776,325

During the fiscal year ended June 30, 2019, the School purchased the School's premises with the proceeds of a bond issuance (See Note D).

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

Operation of plant	\$ 71,579
School administration	8,280
Food services	1,682
Instruction	21,975
	<u>\$ 103,516</u>



**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE D - LONG-TERM LIABILITIES**

1. Changes in long-term liabilities

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Due within one year
Series 2019 bonds	\$ -	\$ 19,175,000	\$ -	\$ 19,175,000	\$ -
Premium on bonds	-	2,103,754	-	2,103,754	70,125
	<u>\$ -</u>	<u>\$ 21,278,754</u>	<u>\$ -</u>	<u>\$ 21,278,754</u>	<u>\$ 70,125</u>

2. Bonds payable

On June 1, 2019, the School entered into a loan agreement with Florida Development Finance Corporation ("FDFC") to borrow funds in order to acquire the building utilized by the School. FDFC authorized the issuance of its educational facilities revenue bonds (Series 2019A and Taxable Series 2019B) in the aggregate principal amount of \$19,175,000. FDFC agreed to loan to the School the proceeds received by FDFC from the sale of the Series 2019 bonds. The proceeds are to be deposited with the trustee and applied as provided by the indenture. An amount necessary from the gross revenues are to be transferred from the school revenue fund to the trustee on a monthly basis to pay the loan repayments on or before the fifteenth day of each month starting July 15, 2019. The interest rate varies between 2.625% and 5.0% over the duration of the loan. The School will be required to meet certain debt covenants commencing with the fiscal year ending June 30, 2020. The maturity date is December 15, 2049.

The following is a schedule of future minimum payments for the Series 2019A and Taxable Series 2019B bonds for the years ending June 30.

	Principal	Interest	Total
2020	\$ -	\$ 951,244	\$ 951,244
2021	201,250	908,350	1,109,600
2022	353,750	900,030	1,253,780
2023	365,833	888,575	1,254,408
2024	375,833	878,972	1,254,805
2025-2029	2,073,750	4,194,406	6,268,156
2030-2034	2,554,999	3,706,125	6,261,124
2035-2039	3,270,417	3,000,999	6,271,416
2040-2044	4,169,582	2,098,125	6,267,707
2045-2049	5,311,667	947,250	6,258,917
2050	497,919	24,896	522,815
	<u>\$ 19,175,000</u>	<u>\$ 18,498,972</u>	<u>\$ 37,673,972</u>

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE E - CONCENTRATIONS**

Revenue sources

As stated in Note A-11, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of sources:

Sources	Amounts
School Board of Broward County:	
Base funding	\$ 3,817,625
Declining enrollment	5,066
Class size reduction	1,010,199
Discretionary local effort	447,589
Supplemental academic instruction	187,007
Discretionary lottery	2,892
Digital classrooms allocation	12,152
ESE guaranteed allocation	133,236
Instructional materials	63,647
Safe schools	45,006
Mental health allocation	18,947
Funding compression allocation	553
Reading allocation	35,990
Administration fee withheld	(115,598)
Return of district admin fee	81,253
Adjustments	(61)
Classroom supply assistance program	13,698
Total revenue through School Board of Broward County	5,759,201
Other revenues	455,291
Charges for services	746,268
Operating grants and contributions	660,301
Total revenue	\$ 7,621,061

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE F - COMMITMENTS AND CONTINGENCIES**

1. Operating agreement

The School entered into an agreement with the operating company on June 10, 2010. The agreement was amended on June 28, 2019. The amended agreement calls for an indirect cost allocation equal to 12% of state revenues for each fiscal year plus a monthly administrative fee of \$2,500 from the effective date of the amendment through and including August 2028. The School shall pay to the operating company, on a monthly basis, the indirect cost allocation, which is an amount that is reflected in the approved budget. In the event that the actual state revenues for the immediately preceding fiscal year as reflected in the School's annual audit reflects a shortfall of indirect cost allocation, the amount of the shortfall shall be immediately paid to the operating company. Any overpayment of the indirect cost allocation for the immediately preceding fiscal year shall be applied to the indirect cost allocation due for the then current fiscal year. The total indirect cost allocation and administrative fees charged to operations for the year ended June 30, 2019, were \$738,637 and \$30,000, respectively.

2. Facilities expense

The School entered into a lease agreement with a related party leasing company in December 2009. The current year facility lease expense charged to operations of the School totaled \$1,415,494. A portion of the facility use fee in the amount of \$409,809 was reimbursed through the capital outlay funds. The lease agreement with the related party leasing company is no longer effective as of June 2019 due to the School's purchase of the building with the bond proceeds.

3. Legal

The School is involved in legal action arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. There was pending litigation against the School that existed as of June 30, 2019, but the matter was settled and the amount will be paid by Imagine Schools and the School's liability insurance carrier. Therefore, there is no financial impact to the School.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE G - RELATED PARTIES**

The School has entered into multiple agreements with the operating company (See Note F-1). The receivables ending balance contains amounts that are due from the operating company. The ending balance of \$134,842 represents certain refunds and credits and is considered due from the management company.

**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 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 the fiscal year. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

**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 there are no material subsequent events occurred that would require additional disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

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

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenue</b>				
State passed through school district	\$ 5,721,217	\$ 5,759,201	\$ 5,759,201	\$ -
Other federal revenue	-	3,883	3,883	-
Other state revenue	8,400	151,962	151,962	-
Supplemental fee revenue	966,500	1,049,597	1,049,597	-
Net school operating revenue	6,696,117	6,964,643	6,964,643	-
<b>Expenditures</b>				
Salaries and benefits	3,720,008	3,677,186	3,677,186	-
Direct educational expense	112,150	193,174	193,174	-
Other school service expense	282,660	385,036	385,036	-
General and administrative	230,918	243,968	243,968	-
Facility operating expense	422,200	429,108	429,108	-
School operating expenses	4,767,936	4,928,472	4,928,472	-
Facility use fee	1,006,251	1,010,140	1,010,140	-
Equipment use fee	2,000	-	-	-
Start-up fee	30,000	30,000	30,000	-
Indirect costs	730,596	738,637	738,637	-
Total expenditures	6,536,783	6,707,249	6,707,249	-
Change in net position (budgetary basis)	159,334	257,394	257,394	-
Adjustments to conform with GAAP:				
Capital outlay expenditures	(70,000)	(38,606)	(38,606)	-
Other financing sources and (uses)				
Transfers out	-	-	(92,231)	(92,231)
<b>Net change in fund balances</b>	89,334	218,788	126,557	(92,231)
<b>Fund balances at July 1, 2018</b>	1,132,431	1,132,431	1,132,431	-
<b>Fund balances at June 30, 2019</b>	\$ 1,221,765	\$ 1,351,219	\$ 1,258,988	\$ (92,231)

See accompanying note to required supplementary information.

**Imagine School at Broward  
(A division of Imagine at 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>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Capital outlay funding	\$ 367,080	\$ 409,809	\$ 409,809	\$ -
<b>Expenditures</b>				
Facility use fee	367,080	409,809	409,809	-
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balances at July 1, 2018</b>	-	-	-	-
<b>Fund balances at June 30, 2019</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

**Imagine School at Broward  
(A division of Imagine at Broward, Inc.)**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2019**

**NOTE A - BUDGETARY INFORMATION**

Budgetary basis of accounting

The School's annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board. 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.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and the capital outlay fund.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.



## **COMPLIANCE INFORMATION**

**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  
Imagine at Broward, Inc.  
Coral Springs, 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 aggregate remaining fund information of Imagine School at Broward (the "School"), a component unit of the School Board of Broward County, Florida, and a division of Imagine Broward, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

## MANAGEMENT LETTER

To the Board of Directors  
Imagine at Broward, Inc.  
Coral Springs, Florida

### Report on the Financial Statements

We have audited the financial statements of Imagine School at Broward (the "School"), a component unit of the School Board of Broward County, Florida, and a division of Imagine Broward, 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; and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 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 in the preceding annual financial audit report and corrective action has been taken to address 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 Imagine School at Broward and 5024.

## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit we did not have any such recommendations.

## **Transparency**

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

## **Additional Matters**

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

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the School's management, Board of Directors, others within the School, the School Board of Broward County, Florida, 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*