

Imagine Schools – Chancellor Campus

(A Division of the Learning Excellence Foundation
of South Palm Beach County, Inc.)

Basic Financial Statements
and Supplementary Information
For the Year Ended June 30, 2019

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, Inc.
Boynton Beach, 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 Schools - Chancellor Campus (the "School"), a division of the Learning Excellence Foundation of South Palm Beach 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 entity'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 entity'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 1, the accompanying financial statements referred to above are intended to present only the financial position of the School at June 30, 2019, and the respective changes in its financial position for the year then ended, and is not intended to be a complete presentation of the Charterholder.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 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.



KEEFE MCCULLOUGH

Fort Lauderdale, Florida
September 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Imagine Schools - Chancellor Campus (the "School"), which is a division of the Learning Excellence Foundation of South Palm Beach 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 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 starting on page 8.

Financial Highlights

The following are the highlights of financial activity for the year ended June 30, 2019.

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$ 2,310,731 (net position).
- The School's total net position increased by \$ 166,245 over prior year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$ 391,582.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 79,012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide basic financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

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

The statement of activities presents information showing how the School's net 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. long-term debt).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by the district, state, and federal funding (governmental activities). Basic and exceptional instruction and transportation services are examples of the School's governmental activities.

The government-wide financial statements can be found on pages 8 and 9 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 government'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 three individual government 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 special revenue fund are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

The School adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and major Special Revenue Fund to demonstrate compliance with this budget and can be found on pages 24 through 25 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 page 14 of this report.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Management's Discussion and Analysis
June 30, 2019

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, for the years ended June 30, 2019 and 2018, assets exceeded liabilities by \$ 2,310,731 (net position) and \$ 2,144,486 (net position), respectively.

The largest portion of the School's net position reflects its net investment in capital assets (e.g., land, building improvements, leasehold improvements, furniture, fixtures and equipment, audio visual equipment, and information technology equipment). 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 Schools - Chancellor Campus		
Net Position		
	Governmental Activities	
	2019	2018
Assets:		
Current assets	\$ 896,070	\$ 991,605
Capital assets, net of accumulated depreciation	<u>2,029,981</u>	<u>1,921,042</u>
Total assets	<u>2,926,051</u>	<u>2,912,647</u>
Liabilities:		
Current liabilities	504,488	513,568
Noncurrent liabilities	<u>110,832</u>	<u>254,593</u>
Total liabilities	<u>615,320</u>	<u>768,161</u>
Net Position:		
Net investment in capital assets	1,919,149	1,666,449
Unrestricted	<u>391,582</u>	<u>478,037</u>
Total net position	<u>\$ 2,310,731</u>	<u>\$ 2,144,486</u>

The decrease in current assets is mainly due to the decrease in cash. The decrease in liabilities relates to the reduction in scheduled principal payments made on the note payable and other timing differences.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Management's Discussion and Analysis
June 30, 2019

Imagine Schools - Chancellor Campus
Statement of Activities

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 376,570	\$ 312,693
Operating grants and contributions	246,230	147,069
Capital grants and contributions	547,994	726,460
General revenues:		
State passed through local school district	7,468,046	7,250,189
Other revenues	380,465	264,362
Total revenues	<u>9,019,305</u>	<u>8,700,773</u>
Functions/Program Expenses:		
Basic instruction	4,050,235	3,722,214
Exceptional instruction	346,237	411,820
Guidance services	62,718	60,591
Media services	38,267	36,987
Curriculum development	123,982	229,849
Board of Directors	35,975	23,556
School administration	1,402,291	1,347,442
Central services	69,317	60,167
Transportation	111,164	114,310
Operation of plant	2,280,836	2,183,565
Maintenance of plant	162,617	142,193
Community services	160,763	166,294
Interest on long-term debt	8,658	15,310
Total expenses	<u>8,853,060</u>	<u>8,514,298</u>
Change in net position	<u>166,245</u>	<u>186,475</u>
Net position, beginning of year	<u>2,144,486</u>	<u>1,958,011</u>
Net position, end of year	<u>\$ 2,310,731</u>	<u>\$ 2,144,486</u>

The increase in operating grants and contributions is mainly due to the A+ School funding, as part of the Florida's School Recognition Program. The decrease in capital grants and contributions relates directly to the receipt of additional local capital improvement revenue in the prior year. The increase in state general revenues, passed through local school district, is in part due to increased funding allocations for supplemental academic instruction, safe schools, mental health assistance and discretionary local effort received in the current year. The increase in other revenues relates directly to additional field trips, book fairs and other school fundraisers. Increase in basic instruction relates to the addition of two certified teachers and overall cost increases in employee benefits. The decrease in curriculum development is due to new educational materials acquired in the prior year for science and reading.

Governmental activities: Governmental activities increased the School's net position by \$ 166,245 for the year ended June 30, 2019. The increase in net position is primarily due to increases in total revenues. The largest increases in expenses were for basic instruction and operation of plant.

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 a 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, unassigned fund balance of the general fund was \$ 79,012 and non-spendable fund balance for prepaids and deposits was \$ 168,570. Assigned fund balances for future technology improvements, lake and road maintenance, and roof and HVAC maintenance were \$ 10,000, \$ 85,000, and \$ 49,000, respectively. The fund balance of the School's general fund has decreased by \$ 86,455 from the prior year.

General Fund Budgetary Highlights

The actual revenues were more than budgeted revenues by \$ 131,999. The actual expenditures were more than budgeted expenditures by \$ 218,454. The general fund budgetary information can be found on page 24 of this report.

Capital Asset and Debt Administration

Capital assets: The School's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$ 1,919,149. This investment in capital assets includes land, land improvements, building improvements, leasehold improvements, furniture, fixture and equipment, audio visual equipment, and information technology software and equipment. Additional information on the School's capital assets can be found in Note 4.

Debt Administration: The School's note payable at June 30, 2019 totaled \$ 110,832 a decrease of \$ 143,761 from 2018. Additional information on the School's long-term obligations can be found in Note 5.

Economic Factors: A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to increase to approximately 1,045 students for the 2019/2020 school year.

Request for Information. This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Susan Onori at 3333 High Ridge Road, Boynton Beach, FL 33426.

BASIC FINANCIAL STATEMENTS

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Current Assets:	
Cash	\$ 598,753
Due from other governments	82,996
Due from management company, net	45,751
Prepaid expenses and deposits	<u>168,570</u>
Total current assets	<u>896,070</u>
Capital Assets:	
Capital assets not being depreciated	1,311,876
Capital assets being depreciated, net	<u>718,105</u>
Total capital assets, net	<u>2,029,981</u>
Total assets	<u>2,926,051</u>
Liabilities:	
Current liabilities :	
Accounts payable	62,453
Accrued payroll and benefits	407,891
Unearned revenue	34,144
Noncurrent liabilities :	
Due within one year	<u>110,832</u>
Total liabilities	<u>615,320</u>
Net Position:	
Net investment in capital assets	1,919,149
Unrestricted	<u>391,582</u>
Total net position	\$ <u><u>2,310,731</u></u>

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

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Governmental Activities
					Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Basic instruction	\$ 4,050,235	\$ 152,760	\$ 169,204	\$ -	\$ (3,728,271)
Exceptional instruction	346,237	-	36,832	-	(309,405)
Guidance services	62,718	-	-	-	(62,718)
Media services	38,267	-	-	-	(38,267)
Curriculum development	123,982	-	-	-	(123,982)
Board of Directors	35,975	-	-	-	(35,975)
School administration	1,402,291	-	-	-	(1,402,291)
Central services	69,317	-	-	-	(69,317)
Transportation	111,164	-	40,194	-	(70,970)
Operation of plant	2,280,836	-	-	547,994	(1,732,842)
Maintenance of plant	162,617	-	-	-	(162,617)
Community services	160,763	223,810	-	-	63,047
Interest on long-term debt	8,658	-	-	-	(8,658)
Total governmental activities	<u>\$ 8,853,060</u>	<u>\$ 376,570</u>	<u>\$ 246,230</u>	<u>\$ 547,994</u>	<u>(7,682,266)</u>
General revenues:					
State passed through local school district					7,468,046
Other revenues					<u>380,465</u>
Total general revenues					<u>7,848,511</u>
Change in net position					166,245
Net position, July 1, 2018					<u>2,144,486</u>
Net position, June 30, 2019					<u>\$ 2,310,731</u>

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

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Balance Sheet - Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 598,753	\$ -	\$ -	\$ 598,753
Due from other governments	-	82,996	-	82,996
Due from other funds	82,996	-	-	82,996
Due from management company, net	45,751	-	-	45,751
Prepaid items and deposits	<u>168,570</u>	<u>-</u>	<u>-</u>	<u>168,570</u>
Total assets	<u>\$ 896,070</u>	<u>\$ 82,996</u>	<u>\$ -</u>	<u>\$ 979,066</u>
Liabilities:				
Accounts payable	\$ 62,453	\$ -	\$ -	\$ 62,453
Accrued payroll and benefits	407,891	-	-	407,891
Unearned revenue	34,144	-	-	34,144
Due to other funds	<u>-</u>	<u>82,996</u>	<u>-</u>	<u>82,996</u>
Total liabilities	<u>504,488</u>	<u>82,996</u>	<u>-</u>	<u>587,484</u>
Fund Balances:				
Nonspendable:				
Prepaid items and deposits	168,570	-	-	168,570
Assigned to:				
Technology improvements	10,000	-	-	10,000
Lake and road maintenance	85,000	-	-	85,000
Roof and HVAC maintenance	49,000	-	-	49,000
Unassigned	<u>79,012</u>	<u>-</u>	<u>-</u>	<u>79,012</u>
Total fund balances	<u>391,582</u>	<u>-</u>	<u>-</u>	<u>391,582</u>
Total liabilities and fund balances	<u>\$ 896,070</u>	<u>\$ 82,996</u>	<u>\$ -</u>	<u>\$ 979,066</u>

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

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Total Fund Balances - Governmental Funds, Page 10
\$ 391,582

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. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets for the School as a whole.

Cost of capital assets	\$ 2,861,001	
Less accumulated depreciation	<u>(831,020)</u>	2,029,981

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund statements.

Note payable	<u>(110,832)</u>
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Net Position of Governmental Activities, Page 8
\$ 2,310,731

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

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach 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	Special Revenue Fund	Total Governmental Funds
Revenues:				
State passed through local school district	\$ 7,677,444	\$ 547,994	\$ -	\$ 8,225,438
Federal passed through local school district	-	-	36,832	36,832
Charges for services	376,570	-	-	376,570
Other local revenues	380,465	-	-	380,465
Total revenues	8,434,479	547,994	36,832	9,019,305
Expenditures:				
Current:				
Basic instruction	4,050,235	-	-	4,050,235
Exceptional instruction	309,405	-	36,832	346,237
Guidance services	62,718	-	-	62,718
Media services	38,267	-	-	38,267
Curriculum development	123,982	-	-	123,982
Board of directors	35,975	-	-	35,975
School administration	1,353,335	-	-	1,353,335
Central services	69,317	-	-	69,317
Transportation	111,164	-	-	111,164
Operation of plant	1,743,378	505,004	-	2,248,382
Maintenance of plant	162,617	-	-	162,617
Community services	160,763	-	-	160,763
Capital outlay	147,359	42,990	-	190,349
Debt service:				
Principal	143,761	-	-	143,761
Interest	8,658	-	-	8,658
Total expenditures	8,520,934	547,994	36,832	9,105,760
Net changes in fund balances	(86,455)	-	-	(86,455)
Fund Balances, July 1, 2018	478,037	-	-	478,037
Fund Balances, June 30, 2019	\$ 391,582	\$ -	\$ -	\$ 391,582

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

**Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

Changes in Fund Balances - Governmental Funds, Page 12 \$ (86,455)

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, these costs are
allocated over their estimated useful lives and reported
as provision for depreciation expense.

Cost of capital assets, net of transfers	190,349
Provision for depreciation	(81,410)

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.

Principal payments on note payable	<u>143,761</u>
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Change in Net Position of Governmental Activities, Page 9 \$ 166,245

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

Note 1 - Organization and Operations

Imagine Schools - Chancellor Campus (the "School") is a division of the Learning Excellence Foundation of South Palm Beach 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, which is comprised of eight members. The financial information presented is that of Imagine Schools - Chancellor Campus only and is not intended to be a complete presentation of the Charterholder.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: 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 District of Palm Beach County, Florida (the "District"). The charter may be renewed by mutual agreement between the School and the District. The charter was amended and renewed in June 2019 and is effective until June 30, 2029. 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's entire workforce is provided by the operating company; therefore, all benefits are provided by the operating company.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide basic 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 and liabilities, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. 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.

Note 2 - Summary of Significant Accounting Policies (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.

Fund financial statements: The School's fund 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. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

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** - 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.
- **Special Revenue Fund** - This fund is used to account primarily for certain federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Measurement focus and basis of accounting: 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash: The School considers all demand accounts and money market funds which are not subject to withdrawal restriction to be cash and cash equivalents. The School maintains its cash account with one financial institution which, at times, may exceed the federally insured limit. The School has not experienced any losses in such account and does not believe it is exposed to any significant credit risk.

Receivables: Receivables include program receivables and amounts due from other agencies. The School's management determined that the receivable balances are deemed to be fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Prepaid items: Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, and accounted under the consumption method.

Capital assets: Capital assets are reported in the governmental column 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 assets lives are not capitalized.

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

Computer software	3
Information technology equipment	5 - 10
Furniture, fixtures and equipment	5 - 10
Building improvements	5 - 20
Audio visual equipment	7 - 10
Leasehold improvements	7 - 40
Land improvements	40

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 payments of debt as debt service expenditures.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 actual weighted FTE students reported by the School during 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.

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

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

Unearned revenue: Unearned revenue arises when assets are recognized before revenue recognition has been satisfied.

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

The School's Federal Return of Organization Exempt from Income Tax (Form 990) for 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they are filed.

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

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Note 2 - Summary of Significant Accounting Policies (continued)

- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

Fund balance classification: The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable fund balance - amounts that are not spendable form (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.
- 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.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Date of management review: Subsequent events were evaluated by management through September 23, 2019, which is the date the financial statements were available to be issued.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2019

Note 3 - Deposits

At June 30, 2019, the carrying value of the School's deposits and cash on hand totaled approximately \$ 598,800 and the bank balance was \$ 761,720.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. The deposits are insured by the FDIC up to \$ 250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2019.

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2018	Additions and Transfers	Deletions and Transfers	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 1,259,432	\$ -	\$ -	\$ 1,259,432
Construction in progress	71,504	52,444	71,504	52,444
Total capital assets, not being depreciated	1,330,936	52,444	71,504	1,311,876
Capital assets being depreciated:				
Building improvements	128,962	41,383	-	170,345
Land improvements	369,218	-	-	369,218
Leasehold improvements	363,637	154,107	-	517,744
Furniture, fixtures and equipment	166,476	11,874	-	178,350
Audio visual equipment	10,734	-	-	10,734
Computer software	7,058	-	-	7,058
Information technology equipment	293,631	2,045	-	295,676
Total capital assets, being depreciated	1,339,716	209,409	-	1,549,125
Total capital assets	2,670,652	261,853	71,504	2,861,001
Less accumulated depreciation:				
Building improvements	89,317	15,463	-	104,780
Land improvements	28,461	9,231	-	37,692
Leasehold improvements	257,465	26,416	-	283,881
Furniture, fixtures and equipment	123,400	12,972	-	136,372
Audio visual equipment	4,982	1,188	-	6,170
Computer software	7,058	-	-	7,058
Information technology equipment	238,927	16,140	-	255,067
Total accumulated depreciation	749,610	81,410	-	831,020
Total governmental activities capital assets, net	\$ 1,921,042	\$ 180,443	\$ 71,504	\$ 2,029,981

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2019

Note 4 - Capital Assets (continued)

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

Operation of plant	\$	32,454
School administration		<u>48,956</u>
Total depreciation expense	\$	<u><u>81,410</u></u>

Note 5 - Long-Term Liabilities

The following is a summary of changes in the School's long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year
Note payable	\$ <u>254,593</u>	\$ <u>-</u>	\$ <u>143,761</u>	\$ <u>110,832</u>	\$ <u>110,832</u>

Note Payable: In March 2013, the School entered into a loan agreement with a bank for the acquisition of land. The note is payable in monthly installments of approximately \$ 12,700 including interest at 4.66% through March 2020 and is secured by the land.

The annual minimum payment requirements to maturity consist of the following for the year ended June 30:

	Principal	Interest	Total
2020	\$ <u>110,832</u>	\$ <u>2,117</u>	\$ <u>112,949</u>

Note 6 - Concentrations

Revenue sources: As stated in Note 2, 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 District of Palm Beach County, Florida:	
Base funding	\$ 4,780,694
Class size reduction	1,248,387
Discretionary local effort	740,457
ESE guaranteed allocation	279,701
Supplemental academic instruction	232,375
Instructional materials allocation	78,356
Safe schools allocation	56,347

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2019

Note 6 - Concentrations (continued)

Sources	Amounts
School District of Palm Beach County, Florida: (continued)	
Reading allocation	45,221
Student transportation	40,194
Mental health assistance allocation	23,503
Digital classrooms allocation	15,764
Discretionary lottery	3,621
District administration fee	(36,380)
Subtotal	<u>7,508,240</u>
Capital outlay	505,004
A+ school funding	103,310
Florida's best and brightest	51,494
Safety and security for school buildings	42,990
IDEA	36,832
Florida teacher classroom supply assistance	<u>14,400</u>
Total through School District of Palm Beach County, Florida	<u>8,262,270</u>
Local revenues:	
Other	380,465
Before/after school care	223,810
Summer program and other fees	<u>152,760</u>
Total revenue	\$ <u><u>9,019,305</u></u>

Note 7 - Commitments

Operating agreement: An amended and restated operating agreement was made and entered into in November 2009. The agreement calls for an administrative allocation equal to 8.75% of full time equivalent generated revenue and capital outlay funding. Current year management fees charged to operations totaled approximately \$ 700,000.

In the event there are not sufficient funds to pay certain operating expenditures, the operating company will provide operating advances to cover such shortfalls. The operating 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 may be considered a contribution from the operating company. There were no amounts contributed to the School for the year ended June 30, 2019.

Note 7 - Commitments (continued)

Facilities: In April 2009, the School signed a lease for a facility that was occupied beginning with the 2010-2011 school year. Terms of the lease agreement require equal monthly installments of one-twelfth (1/12) of the base rent. The base rent will increase annually by a specified amount for the next twenty-five (25) years which has been predetermined in the lease agreement. In July, 2013, a second amendment was executed revising the base rent starting in 2014 through the term of the lease. The base rent will be based on the School achieving the following; (a) obtain and retain a charter from the Palm Beach County School Board for a term of at least fifteen years, (b) achieve at least a "B" grade on the FCAT (or an equivalent grade or score on any subsequent academic proficiency evaluation of charter schools implemented by the Florida Department of Education and the Palm Beach County School Board) for the previous School Year ("Academic Proficiency"), and (c) an enrollment of 98% of the maximum enrollment permitted under the charter contract with the Palm Beach County School Board or 980 or more charter school students, whichever is greater. The amendment provides two base lease fee schedules in which the School will receive a reduced annual lease fee for meeting the above standards. Current year facility allocation charged to operations totaled approximately \$ 1,543,000. The current charter agreement expires in June 30, 2029 and the future base rents are only reported through that date. The future base rents under the term of the lease have been calculated on the higher lease fees for conservatisms and are as follows:

Year Ending June 30,	Principal
2020	\$ 1,594,600
2021	1,634,500
2022	1,675,300
2023	1,717,200
2024	1,760,000
2025-2029	9,481,200
	<u>\$ 17,862,800</u>

Note 8 - Related Parties

Operating agreement: The School has entered into multiple agreements with an operating company. The operating company is responsible for organizing, developing, managing, staffing and operating the School. During the current year, the operating company charged fees to the School for operating services as described in Note 7.

Due from/to management company: The School shares employees with the management company. A portion of their salaries, as well as other items, are allocated to each on a cost reimbursement basis. The total net amount charged to the management company amounted to approximately \$ 55,600 for the year ended June 30, 2019.

Note 9 - Retirement Plan

The School, through an operating company (Note 8), offers a 401(k) retirement savings plan. Participants are allowed to make contributions to the plan up to the maximum permitted by the Internal Revenue Code. The School is currently reimbursing the operating company for matching contributions up to 5% for participating personnel. For the year ended June 30, 2019, the School contributed approximately \$ 125,000.

Note 10 - 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 property insurance policy, 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 during the previous three years.

REQUIRED SUPPLEMENTARY INFORMATION

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Schedule of Revenues and Expenditures - Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
FTE funding	\$ 7,401,046	\$ 7,477,187	\$ 7,508,240	\$ 31,053
Other state revenues	13,000	117,786	169,204	51,418
Supplemental fee revenues	563,798	707,507	757,035	49,528
Total revenues	7,977,844	8,302,480	8,434,479	131,999
Expenditures:				
School operations:				
Salaries and benefits	4,577,804	4,693,853	4,790,040	(96,187)
School services expenditures	629,075	647,587	663,522	(15,935)
Direct educational expenditures	288,725	280,773	292,698	(11,925)
General and administrative	312,231	326,267	355,337	(29,070)
Marketing and enrollment	7,795	6,455	1,955	4,500
Facility operating expenditures	604,837	386,766	378,390	8,376
Total school operations	6,420,467	6,341,701	6,481,942	(140,241)
Facility operations:				
Facility use fee	151,023	1,001,897	1,037,813	(35,916)
Equipment use fee	1,381	2,320	924	1,396
Contingency	250,000	120,297	-	120,297
Indirect costs	758,737	701,397	700,477	920
Capital outlay	103,200	126,703	147,359	(20,656)
Debt service	293,036	8,165	152,419	(144,254)
Total facility operations	1,557,377	1,960,779	2,038,992	(78,213)
Total expenditures	7,977,844	8,302,480	8,520,934	(218,454)
Net change in fund balance	\$ -	\$ -	\$ (86,455)	\$ (86,455)

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Schedule of Revenues and Expenditures - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Federal passed through local school district	\$ 46,640	\$ 36,832	\$ 36,832	\$ -
Total revenues	46,640	36,832	36,832	-
Expenditures:				
School services expenditures	46,640	36,832	36,832	-
Total expenditures	46,640	36,832	36,832	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, Inc.
Boynton Beach, 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 Schools - Chancellor Campus (the "School"), a division of the Learning Excellence Foundation of South Palm Beach County, Inc., 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 23, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 23, 2019

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the basic financial statements of Imagine Schools - Chancellor Campus (the "School"), a division of the Learning Excellence Foundation of South Palm Beach County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2019, and have issued our report thereon dated September 23, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 23, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education are Imagine Schools - Chancellor Campus and 503381.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



KEEFE MCCULLOUGH

Fort Lauderdale, Florida
September 23, 2019