

**IMAGINE
SCHOOL AT BROWARD
(A division of Imagine at
Broward, Inc. and a
Component Unit of the
School Board of Broward
County, Florida)**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2020**

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	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General 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, 2020, 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, 2020, 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, 2020, 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 28, 2020, 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 28, 2020
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, 2020 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 \$1,106,956 (net position).
- The net position of the School decreased by \$11,793 during the fiscal year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$2,783,481.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,484,300.

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 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.

General Fund Budgetary Highlights. 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. In the case of the School, assets exceeded liabilities by \$1,106,956 and \$1,118,749 (net position), as of June 30, 2020 and 2019, 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, building and fixed equipment, etc.). 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, 2020 and 2019 is presented below:

**Imagine School at Broward
Statement of Net Position**

	Governmental Activities		
	2020	2019	Variance
ASSETS			
Current assets	\$ 3,218,391	\$ 3,063,452	\$ 154,939
Capital assets, net	19,563,960	19,776,325	(212,365)
Total assets	<u>22,782,351</u>	<u>22,839,777</u>	<u>(57,426)</u>
LIABILITIES			
Current liabilities	434,910	442,274	(7,364)
Noncurrent liabilities	21,240,485	21,278,754	(38,269)
Total liabilities	<u>21,675,395</u>	<u>21,721,028</u>	<u>(45,633)</u>
NET POSITION			
Net investment in capital assets	1,659,633	1,963,515	(303,882)
Restricted	1,270,673	1,362,190	(91,517)
Unrestricted	<u>(1,823,350)</u>	<u>(2,206,956)</u>	<u>383,606</u>
Total net position	<u>\$ 1,106,956</u>	<u>\$ 1,118,749</u>	<u>\$ (11,793)</u>

Current assets increased from prior year as a result of an increase in unrestricted cash and cash equivalents off-set by a decrease in restricted cash and cash equivalents due to the timing of payments and the receipt of funds. Capital assets, net of accumulated depreciation and amortization decreased because the School's purchased assets for the year were less than depreciation and amortization. Noncurrent liabilities decreased due to the amortization of the bonds premium. Net investment in capital assets decreased because the School's purchased assets for the year were less than depreciation. The change in net position categories is a result of the difference between depreciation and long-term debt payments in the current year.

Government-Wide Financial Analysis (continued)

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2020 and 2019 is presented below:

	Imagine School at Broward		
	Statement of Activities		
	Governmental Activities		
	2020	2019	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 760,976	\$ 844,659	\$ (83,683)
Operating grants and contributions	126,163	152,101	(25,938)
General revenues:			
State passed through school district	6,434,186	6,320,972	113,214
Other revenues	174,994	303,329	(128,335)
Total revenues	<u>7,496,319</u>	<u>7,621,061</u>	<u>(124,742)</u>
Expenses:			
Instruction	3,394,743	3,206,974	187,769
School administration	1,462,309	1,421,413	40,896
Operation of plant	947,343	2,027,130	(1,079,787)
Interest on long-term debt	895,556	-	895,556
Community service	226,789	268,599	(41,810)
Food service	197,399	265,738	(68,339)
Curriculum development	162,701	119,428	43,273
Maintenance of plant	129,825	92,200	37,625
Media services	63,627	60,896	2,731
Board of directors	27,100	22,000	5,100
Central services	720	252	468
Debt issuance cost	-	607,826	(607,826)
Total expenses	<u>7,508,112</u>	<u>8,092,456</u>	<u>(584,344)</u>
Change in net position	(11,793)	(471,395)	459,602
Net position at beginning of year	<u>1,118,749</u>	<u>1,590,144</u>	<u>(471,395)</u>
Net position at end of year	<u>\$ 1,106,956</u>	<u>\$ 1,118,749</u>	<u>\$ (11,793)</u>

State funding passed through the school district increased as a result of student enrollment. Other revenues and charges for service decreased as a result of COVID-19 which forced the schools to close for the spring of 2020 and affected the miscellaneous income the School receives. Instruction expense increased as a result of additional staff required to meet class size compliance and technology equipment purchases required to support the transition to virtual learning due to COVID-19. Operation of plant costs decreased due to rent expense that was recorded in the operation of plant account in the prior year, which is not present in the current year because the School now owns the building. Interest on long term debt cost increase due to the School paying on long term debt that was issued to purchase the School's building. Food Service costs decreased due to the closure of the school due to the pandemic. Debt issuance cost decreased because of the issuance of bonds in the prior fiscal year.

Governmental activities. Governmental activities decreased the School's net position by \$11,793 for the year ended June 30, 2020.

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 \$1,512,808. This included the nonspendable balance for prepaid expenses and deposits which were \$9,183 and \$19,325, respectively.

The fund balance of the School's general fund increased by \$253,820 during the current fiscal year.

General Fund Budgetary Highlights

The actual revenues and 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, 2020, amounts to \$19,563,960 (net of accumulated depreciation and amortization). 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 on June 30, 2020 totaled \$21,240,485 which is a decrease of \$38,269 from the prior fiscal year. Additional information on the School's long-term obligations can be found in Note D.

Economic Factors and Future Enrollment

A majority of the School's funding is determined by the number of enrolled students. Student enrollment is forecasted to increase from 844 to 846 for the 2020-2021 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. and a Component Unit of the
School Board of Broward County, Florida)

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities
ASSETS	
ASSETS	
Cash and cash equivalents - unrestricted	\$ 1,759,900
Cash and cash equivalents - restricted	1,270,673
Due from other agencies	36,274
Net due to / from management company	112,330
Receivables	10,706
Prepaid expenses	9,183
Deposits	19,325
Total current assets	3,218,391
CAPITAL ASSETS, NET	
Capital assets, net	
Computer software	89
Information technology equipment	201,416
Land	5,940,000
Building and fixed equipment	13,121,724
Leasehold improvements	267,927
Furniture, fixtures and equipment	32,804
Total capital assets, net	19,563,960
Total assets	22,782,351
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	37,818
Accrued payroll and other expenses	391,507
Unearned revenue	5,585
Total current liabilities	434,910
NONCURRENT LIABILITIES	
Bonds payable - due within one year	241,004
Bonds payable - due in more than one year	20,999,481
Total liabilities	21,675,395
NET POSITION	
Net investment in capital assets	1,659,633
Restricted	1,270,673
Unrestricted	(1,823,350)
Total net position	\$ 1,106,956

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 3,394,743	\$ 346,587	\$ 7,277	\$ -	\$ (3,040,879)
School administration	1,462,309	-	-	-	(1,462,309)
Operation of plant	947,343	-	-	-	(947,343)
Interest on long-term debt	895,556	-	-	-	(895,556)
Community service	226,789	320,638	-	-	93,849
Food service	197,399	93,751	118,886	-	15,238
Curriculum development	162,701	-	-	-	(162,701)
Maintenance of plant	129,825	-	-	-	(129,825)
Media services	63,627	-	-	-	(63,627)
Board of directors	27,100	-	-	-	(27,100)
Central services	720	-	-	-	(720)
Total governmental activities	\$ 7,508,112	\$ 760,976	\$ 126,163	\$ -	(6,620,973)
General revenues:					
					6,434,186
					174,994
					<u>6,609,180</u>
					(11,793)
					<u>1,118,749</u>
					<u>\$ 1,106,956</u>

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 1,759,900	\$ -	\$ -	\$ 1,759,900
Cash and cash equivalents - restricted	-	1,270,673	-	1,270,673
Receivables	10,706	-	-	10,706
Prepaid expenses	9,183	-	-	9,183
Due from other agencies	36,274	-	-	36,274
Net due to / from management company	112,330	-	-	112,330
Deposits	19,325	-	-	19,325
Total assets	<u>\$ 1,947,718</u>	<u>\$ 1,270,673</u>	<u>\$ -</u>	<u>\$ 3,218,391</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 37,818	\$ -	\$ -	\$ 37,818
Accrued payroll and other expenses	391,507	-	-	391,507
Unearned revenue	5,585	-	-	5,585
Total liabilities	<u>434,910</u>	<u>-</u>	<u>-</u>	<u>434,910</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	9,183	-	-	9,183
Deposits	19,325	-	-	19,325
Restricted	-	1,270,673	-	1,270,673
Unassigned	1,484,300	-	-	1,484,300
Total fund balances	<u>1,512,808</u>	<u>1,270,673</u>	<u>-</u>	<u>2,783,481</u>
Total liabilities and fund balances	<u>\$ 1,947,718</u>	<u>\$ 1,270,673</u>	<u>\$ -</u>	<u>\$ 3,218,391</u>

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

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

June 30, 2020

Fund balances - total governmental funds \$ 2,783,481

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	\$	89	
Information technology equipment, net		201,416	
Land		5,940,000	
Building and fixed equipment, net		13,121,724	
Leasehold improvements, net		267,927	
Furniture, fixtures and equipment, net		<u>32,804</u>	
Total capital assets			19,563,960

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable			<u>(21,240,485)</u>
---------------	--	--	---------------------

Total net position of governmental activities			<u><u>\$ 1,106,956</u></u>
---	--	--	----------------------------

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

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

For the year ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Federal passed through state	\$ -	\$ -	\$ 118,886	\$ 118,886
Federal passed through school district	7,277	-	-	7,277
State passed through school district	6,007,210	426,976	-	6,434,186
Other revenues	842,219	-	93,751	935,970
Total revenues	<u>6,856,706</u>	<u>426,976</u>	<u>212,637</u>	<u>7,496,319</u>
Expenditures				
Current:				
Instruction	3,391,578	-	-	3,391,578
School administration	1,453,518	-	-	1,453,518
Operation of plant	539,815	-	-	539,815
Community service	226,789	-	-	226,789
Food service	-	-	195,745	195,745
Curriculum development	162,701	-	-	162,701
Maintenance of plant	129,825	-	-	129,825
Media services	63,627	-	-	63,627
Board of directors	27,100	-	-	27,100
Central services	720	-	-	720
Capital outlay	208,773	-	-	208,773
Debt service:				
Interest	-	933,825	-	933,825
Total expenditures	<u>6,204,446</u>	<u>933,825</u>	<u>195,745</u>	<u>7,334,016</u>
Excess (deficiency) of revenues over (under) expenditures	652,260	(506,849)	16,892	162,303
Other financing sources and (uses):				
Transfers in	16,892	415,332	-	432,224
Transfers out	(415,332)	-	(16,892)	(432,224)
Total other financing sources and (uses)	<u>(398,440)</u>	<u>415,332</u>	<u>(16,892)</u>	<u>-</u>
Net change in fund balances	253,820	(91,517)	-	162,303
Fund balances at the beginning of the year	<u>1,258,988</u>	<u>1,362,190</u>	<u>-</u>	<u>2,621,178</u>
Fund balances at the end of the year	<u>\$ 1,512,808</u>	<u>\$ 1,270,673</u>	<u>\$ -</u>	<u>\$ 2,783,481</u>

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

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, 2020

Net change in fund balances - total governmental funds	\$	162,303
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	\$	208,773
Depreciation and amortization expense		<u>(421,138)</u>
		(212,365)
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.		
Amortization of bond premium		<u>38,269</u>
Change in net position of governmental activities	\$	<u><u>(11,793)</u></u>

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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 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 and amortization, 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. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and 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. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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.

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, a checking account held at a financial institution, and short-term investments with original maturities of three months or less from the date of acquisition. See Note B for information pertaining to restricted cash and cash equivalents.

5. Receivables and due from other agencies

Receivables typically include amounts due from the management company and governmental agencies for grant related receivables. 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.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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 \$415,332 was transferred from the general fund to the debt service fund and \$16,892 was transferred from the other governmental funds to the general fund.

7. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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 premium on bonds

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

9. Noncurrent liabilities

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 activities 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 asset lives is not capitalized.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Capital assets (continued)

Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. 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
Improvements other than buildings	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.

12. Income taxes

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

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Income taxes (continued)

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.

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.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Fund balance classification (continued)

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, 2022 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 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, 2020, none of the School's unrestricted cash deposits held in banks was exposed to custodial credit risk.

The restricted cash balances are held by an institutional trustee in accordance with the terms of the trust indenture. As of June 30, 2020, the balance of the School's restricted cash and cash equivalents is \$1,270,673 of bond trustee funds as seen below.

Debt service reserve A	\$ 1,239,458
Debt service reserve B	16,042
Cost of issuance B	<u>15,173</u>
	<u>\$ 1,270,673</u>

1. Cost of issuance accounts

The cost of issuance accounts is used to pay the issuance fees of the bonds.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS (continued)

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, 2020, the balance in these accounts is \$1,255,500.

NOTE C - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
Capital assets not being depreciated				
Land	\$ 5,940,000	\$ -	\$ -	\$ 5,940,000
Capital assets depreciated and amortized:				
Audio visual materials	20,930	-	-	20,930
Computer software	9,714	-	-	9,714
Information technology equipment	359,076	200,100	-	559,176
Buildings and fixed equipment	13,470,748	7,393	-	13,478,141
Improvements other than buildings	529,463	-	-	529,463
Furniture, fixtures and equipment	146,339	1,280	-	147,619
Total assets depreciated and amortized	14,536,270	208,773	-	14,745,043
Less accumulated depreciation and amortization:				
Audio visual materials	20,930	-	-	20,930
Computer software	9,219	406	-	9,625
Information technology equipment	347,132	10,628	-	357,760
Buildings and fixed equipment	17,972	338,445	-	356,417
Improvements other than buildings	198,252	63,284	-	261,536
Furniture, fixtures and equipment	106,440	8,375	-	114,815
Total accumulated depreciation and amortization	699,945	421,138	-	1,121,083
Total capital assets, net	\$ 19,776,325	\$ (212,365)	\$ -	\$ 19,563,960

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE C - CAPITAL ASSETS (continued)

Depreciation and amortization expense for the year ended June 30, 2020 was charged to functions of the School as follows:

Operation of plant	\$	407,528
School administration		8,791
Food services		1,654
Instruction		3,165
		3,165
	\$	421,138

NOTE D - LONG-TERM LIABILITIES

1. Changes in noncurrent liabilities

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due within one year
Series 2019 bonds	\$ 19,175,000	\$ -	\$ -	\$ 19,175,000	\$ 201,250
Premium on bonds	2,103,754	-	(38,269)	2,065,485	39,754
	\$ 21,278,754	\$ -	\$ (38,269)	\$ 21,240,485	\$ 241,004

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 maturity date is December 15, 2049.

As a part of the loan agreement, the School must have a long term debt service coverage ratio of at least 1.10 to 1.00. For the fiscal year ended June 30, 2020, the School's long term debt service coverage ratio was 1.11. Until the Series 2019 bonds are no longer outstanding, the School agrees to have cash on hand on each June 30 (the "Testing Date") in an amount not less than 45 days cash on hand as of the Testing Date. For the fiscal year ended June 30, 2020, the School's days cash on hand was 91.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE D - LONG-TERM LIABILITIES (continued)

2. Changes in noncurrent liabilities (continued)

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
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	385,833	869,106	1,254,939
2026-2030	2,151,667	4,113,633	6,265,300
2031-2035	2,683,749	3,580,271	6,264,020
2036-2040	3,431,250	2,837,478	6,268,728
2041-2045	4,377,499	1,889,646	6,267,145
2046-2050	4,848,336	681,667	5,530,003
	\$ 19,175,000	\$ 17,547,728	\$ 36,722,728

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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	\$ 3,907,734
Class size reduction	992,764
Discretionary local effort	473,687
Supplemental academic instruction	187,260
Discretionary lottery	846
Digital classrooms allocation	1,353
ESE guaranteed allocation	125,945
Proration to appropriation	(11,480)
Instructional materials	63,048
Safe schools	50,713
Mental health allocation	20,612
Funding compression allocation	6,698
Reading allocation	35,660
Class size reallocation and restoration	90
Restart school	3,513
District administrative fee	(34,582)
Adjustments	926
Best and brightest	83,215
Florida school recognition award	84,145
Classroom supply assistance program	15,063
Capital Outlay	426,976
Total revenue through School Board of Broward County	6,434,186
Other revenues	174,994
Charges for services	760,976
Operating grants and contributions	118,886
IDEA	7,277
Total revenue	\$ 7,489,042

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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, 2020, were \$750,900 and \$30,000, respectively.

2. Legal

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

3. COVID-19

As a result of the spread of COVID-19, economic uncertainties have arisen which are affecting large segments of the economy, including non-profits. Management is not able to assess what the long-term effects of these uncertainties will be, but the School has taken steps to continuously monitor grant revenue, operations, liquidity, and employee welfare to adjust operations as necessary.

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 \$112,330 represents certain refunds and credits and is considered due from the management company.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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 28, 2020, 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. and a Component Unit of the
School Board of Broward County, Florida)

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

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
State passed through school district	\$ 5,815,294	\$ 5,845,583	\$ 5,845,583	\$ -
Other federal revenue	4,000	7,277	7,277	-
Other state revenue	-	161,627	161,627	-
Supplemental fee revenue	987,965	842,219	842,219	-
Net school operating revenue	<u>6,807,259</u>	<u>6,856,706</u>	<u>6,856,706</u>	<u>-</u>
Expenditures				
Salaries and benefits	4,010,230	3,940,681	3,940,681	-
Direct educational expense	207,100	209,576	209,576	-
Other school service expense	357,880	312,571	312,571	-
General and administrative	231,168	214,544	214,544	-
Facility operating expense	431,016	496,974	496,974	-
School operating expenses	<u>5,237,394</u>	<u>5,174,346</u>	<u>5,174,346</u>	<u>-</u>
Facility use fee	5,112	6,234	6,234	-
Equipment use fee	2,000	34,193	34,193	-
Start-up fee	30,000	30,000	30,000	-
Indirect costs	746,956	750,900	750,900	-
Total expenditures	<u>6,021,462</u>	<u>5,995,673</u>	<u>5,995,673</u>	<u>-</u>
Change in net position (budgetary basis)	785,797	861,033	861,033	-
Adjustments to conform with GAAP:				
Capital outlay expenditures	<u>(208,774)</u>	<u>(208,773)</u>	<u>(208,773)</u>	<u>-</u>
Other financing sources and (uses)				
Transfers in	-	-	16,892	16,892
Transfers out	-	-	<u>(415,332)</u>	<u>(415,332)</u>
Net change in fund balances	577,023	652,260	253,820	(398,440)
Fund balances at the beginning of the year	<u>1,258,988</u>	<u>1,258,988</u>	<u>1,258,988</u>	<u>-</u>
Fund balances at the end of the year	<u>\$ 1,836,011</u>	<u>\$ 1,911,248</u>	<u>\$ 1,512,808</u>	<u>\$ (398,440)</u>

See accompanying note to required supplementary information.

Imagine School at Broward
(A division of Imagine at Broward, Inc. and a Component Unit of the
School Board of Broward County, Florida)

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

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.

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, 2020, 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 28, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 28, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

255 S. Orange Ave. Suite 1545
Orlando, FL 32801
Phone: 407-841-8841
Fax: 407-841-8849

www.bermanhopkins.com

8035 Spyglass Hill Road
Melbourne, FL 32940
Phone: 321-757-2020
Fax: 321-242-4844

1415 S. Washington Ave.
Titusville, FL 32780
Phone: 321-267-2190
Fax: 321-268-2272

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, 2020, and have issued our report thereon dated September 28, 2020.

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 28, 2020, 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. The School did not have findings or recommendations made in the preceding annual financial audit report.

Official Title

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 28, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP