

**IMAGINE CHARTER
SCHOOL AT NORTH
LAUDERDALE
(A Division of Learning
Excellence Foundation of
East Broward County, Inc.
and a Component Unit of the
School Board of Broward
County, Florida)**

**Basic Financial Statements
and Supplementary
Information**

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imagine Charter School at North Lauderdale (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a Division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Imagine Charter School at North Lauderdale (the "School") which is a component unit of the School Board of Broward County, Florida (the "District") and a Division of Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

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

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$339,237 (net position).
- The School's total net position decreased by \$168,958.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$218,913.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$149,857.
- The School implemented GASB Statement No. 87 ("GASB 87") which reflects a new long-term liability and related asset of \$2,959,508.
- The School recognized revenue related to the Elementary and Secondary School Emergency Relief funds ("ESSER II") in the amount of \$113,796.

Overview of the Financial Statements

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

Overview of the Financial Statements (continued)

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

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

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

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The School maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and capital outlay fund are considered to be major funds.

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

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

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$339,237 (net position) as of June 30, 2022, and \$508,195 as of June 30, 2021.

A significant portion of net position is the School's net investments in capital assets (e.g., leasehold improvements, buildings and fixed equipment, furniture, fixtures and equipment, audio visual equipment, information technology equipment, and computer software). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The net investment in capital assets totaled \$120,324 at June 30, 2022.

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

	Governmental Activities		
	2022	2021	Variance
ASSETS			
Current assets	\$ 685,264	\$ 833,094	\$ (147,830)
Capital assets, net	3,079,832	146,251	2,933,581
Total assets	<u>3,765,096</u>	<u>979,345</u>	<u>2,785,751</u>
LIABILITIES			
Current liabilities	1,022,509	471,150	551,359
Noncurrent liabilities	2,403,350	-	2,403,350
Total liabilities	<u>3,425,859</u>	<u>471,150</u>	<u>2,954,709</u>
NET POSITION			
Net investment in capital assets	120,324	146,251	(25,927)
Unrestricted	218,913	361,944	(143,031)
Total net position	<u>\$ 339,237</u>	<u>\$ 508,195</u>	<u>\$ (168,958)</u>

The decrease in current assets is primarily due to a decrease in cash at the end of the School year due to the School's operations during the year. The increase in capital assets and noncurrent liabilities is mainly due to the implementation of GASB 87 and reporting of the lease asset.

Government-Wide Financial Analysis (continued)

	Governmental Activities		
	2022	2021	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 705,270	\$ 511,247	\$ 194,023
General revenues:			
State passed through school district	3,624,935	4,504,914	(879,979)
Other revenues	83,820	66,496	17,324
Total revenues	<u>4,414,025</u>	<u>5,082,657</u>	<u>(668,632)</u>
Expenses:			
Instruction	1,999,358	2,385,024	(385,666)
Guidance services	56,751	53,957	2,794
Health services	404	1,074	(670)
Media services	-	14	(14)
Curriculum development	8,161	11,676	(3,515)
Staff development	4,556	-	4,556
Board of Directors	32,835	32,984	(149)
School administration	986,386	1,067,656	(81,270)
Food services	389,162	248,727	140,435
Central services	462	6,818	(6,356)
Transportation	51,136	90,732	(39,596)
Operation of plant	955,367	867,890	87,477
Maintenance of plant	54,569	50,453	4,116
Community service	43,836	33,112	10,724
Total expenses	<u>4,582,983</u>	<u>4,850,117</u>	<u>(267,134)</u>
Change in net position	(168,958)	232,540	(401,498)
Net position - beginning	<u>508,195</u>	<u>275,655</u>	<u>232,540</u>
Net position - ending	<u>\$ 339,237</u>	<u>\$ 508,195</u>	<u>\$ (168,958)</u>

The decrease in funding from the state passed through the district is primarily due to a decrease in enrollment. The increase in funding from operating grants and contributions is primarily due to the increase in Title IV and Food service funding. The decrease in instruction expense, school administration and transportation is in line with the decrease in state funding pass through the district. The increase in food services is due to more students being eligible for National School Lunch Program services that is in line with the increase in food service funding. The increase in operation of a plant is due to the higher facilities fees.

Governmental Activities. Governmental activities decreased the School's net position by \$168,958 for the year ended June 30, 2022.

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.

Financial Analysis of the Government's Funds (continued)

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

The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$149,857, and nonspendable fund balance related to deposits and ESSER II was \$69,056.

General Fund Budgetary Highlights

The School's actual expenditures and revenues were in line with final budgeted numbers except for activity related to implementation of the new standard GASB Statement No. 87 *Leases* ("GASB 87") - see Note D for details on implementation of the new standard. Additional information on the School's general fund budget and actual can be found as listed on the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$120,324. The capital assets include the activity related to GASB 87 implementation. The property under capital leases \$3,452,759 offset by \$493,251 amortization is included in the capital assets as of June 30, 2022. Additional information on the School's capital assets can be found in Note C.

Debt Administration. At June 30, 2022 the School has a long term lease liability – see Note D for details.

Economic Factors and Future Enrollment

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to be approximately 446 students for the 2022-2023 school year, which lower than 538 students for the 2021-2022 school year.

Request for Information

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

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. and a Component
Unit of the School Board of Broward County, Florida)

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 616,208
Grants receivable (ESSER II)	60,951
Deposits	<u>8,105</u>
Total current assets	<u>685,264</u>
NON-CURRENT ASSETS, NET	
Capital assets, net of accumulated depreciation and amortization	
Leasehold improvements	105,621
Buildings and fixed equipment	531
Furniture, fixtures and equipment	7,360
Audio visual equipment	53
Information technology equipment	6,759
Property under capital lease	<u>2,959,508</u>
Total capital assets, net	<u>3,079,832</u>
Total assets	<u><u>3,765,096</u></u>
LIABILITIES	
LIABILITIES	
Accounts payable	14,036
Accrued payroll and related expenses	252,344
Unearned revenue	75,679
Net due to/from management company	124,292
Long-term lease liabilities	
Due within one year	556,158
Due in more than one year	<u>2,403,350</u>
Total liabilities	<u>3,425,859</u>
NET POSITION	
Net investment in capital assets	120,324
Unrestricted	<u>218,913</u>
Total net position	<u><u>\$ 339,237</u></u>

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

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. and a Component
Unit of the School Board of Broward County, Florida)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 616,208	\$ -	\$ -	\$ 616,208
Grant receivable (ESSER II)	60,951	-	-	60,951
Deposits	8,105	-	-	8,105
Total assets	\$ 685,264	\$ -	\$ -	\$ 685,264
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 14,036	\$ -	\$ -	\$ 14,036
Accrued payroll and related expenses	252,344	-	-	252,344
Unearned revenue	75,679	-	-	75,679
Net due to/from management company	124,292	-	-	124,292
Total liabilities	466,351	-	-	466,351
FUND BALANCES				
Nonspendable				
Deposits	8,105	-	-	8,105
ESSER II	60,951	-	-	60,951
Unassigned	149,857	-	-	149,857
Total fund balances	218,913	-	-	218,913
Total liabilities and fund balances	\$ 685,264	\$ -	\$ -	\$ 685,264

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

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. 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, 2022

Fund balances - total governmental funds	\$	218,913
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The net position reported for governmental activities in the statement of net position is different because:

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

Leasehold improvements, net	\$	105,621	
Buildings and fixed equipment, net		531	
Furniture, fixtures and equipment, net		7,360	
Audio visual equipment, net		53	
Information technology equipment, net		6,759	
Property under capital lease		<u>2,959,508</u>	
Total capital assets, net			3,079,832

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

Long-term lease liabilities			<u>(2,959,508)</u>
Total net position of governmental activities			<u><u>\$ 339,237</u></u>

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

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. 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, 2022

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through state	\$ -	\$ -	\$ 432,124	\$ 432,124
Federal passed through school district	2,361	-	270,785	273,146
State passed through school district	3,337,541	287,394	-	3,624,935
Other revenues	83,820	-	-	83,820
Total revenues	<u>3,423,722</u>	<u>287,394</u>	<u>702,909</u>	<u>4,414,025</u>
Expenditures				
Current:				
Instruction	1,681,096	-	316,448	1,997,544
Guidance services	56,751	-	-	56,751
Health services	404	-	-	404
Curriculum development	8,161	-	-	8,161
Staff development	4,556	-	-	4,556
Board of directors	32,835	-	-	32,835
School administration	984,546	-	-	984,546
Food services	-	-	389,162	389,162
Central services	462	-	-	462
Transportation	51,136	-	-	51,136
Operation of plant	387,841	-	-	387,841
Maintenance of plant	54,569	-	-	54,569
Community service	43,836	-	-	43,836
Capital outlay leased asset	3,452,759	-	-	3,452,759
Debt Service:				
Principal	233,267	259,985	-	493,252
Interest	24,592	27,409	-	52,001
Total expenditures	<u>7,016,811</u>	<u>287,394</u>	<u>705,610</u>	<u>8,009,815</u>
Excess (deficiency) revenues over (under) expenditures	<u>(3,593,089)</u>	<u>-</u>	<u>(2,701)</u>	<u>(3,595,790)</u>
Other financing sources (uses):				
Long-term lease liability	3,452,759	-	-	3,452,759
Transfers in	-	249,197	216,211	465,408
Transfers out	(465,408)	-	-	(465,408)
Total other financing sources (uses)	<u>2,987,351</u>	<u>249,197</u>	<u>216,211</u>	<u>3,452,759</u>
Net change in fund balances	(605,738)	249,197	213,510	(143,031)
Fund balances at the beginning of the year	824,651	(249,197)	(213,510)	361,944
Fund balances at the end of the year	<u>\$ 218,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,913</u>

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

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. 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, 2022

Net change in fund balances - total governmental funds		\$ (143,031)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlay as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay leased assets	\$ 3,452,759	
Lease amortization	(493,252)	
Depreciation expense capital assets	(25,927)	
		2,933,580
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 payment on leased asset	493,252	
Leased asset liability payable	<u>(3,452,759)</u>	
		<u>(2,959,507)</u>
Change in net position of governmental activities		<u><u>\$ (168,958)</u></u>

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

Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. and a
Component Unit of the School Board of Broward County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Broward County, Florida (the "District"). In 2018, a new charter agreement was entered into with the District that expires June 30, 2023. The charter may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

2. Government-wide and fund financial statements

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

Net position, the sum of assets and deferred outflow of resources less liabilities and direct inflow 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 these assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining balances that do not meet the definition of the other two categories.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

4. Cash

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

5. Grant receivable (ESSER II)

The grant receivable is related to the Elementary and Secondary School Emergency Relief Fund ("ESSER II"). The School submitted \$60,951 request for reimbursement and as of June 30, 2022 these funds were not received by the School and were recorded as grant receivable - see Note E for more details on ESSER II funds.

6. Interfund receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/due from other funds.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Prepaid expense

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid expenses in both government-wide and fund financial statements.

8. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In addition, leases that meet the GASB 87 criteria are reflected as leased assets.

Leased assets and 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>
Fixed equipment	7 - 10
Furniture, fixtures and equipment	7 - 10
Audio visual equipment	7
Information technology equipment	5 - 7

9. Long-lived assets

The School evaluates its long-lived assets for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The School compares the carrying amount to estimated future net undiscounted cash flows expected to be generated by such assets. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. Management has determined that there was no impairment for 2022.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. 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 the repayment of debt as debt service expenditures.

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 the 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. During fiscal year 2022, the School was awarded ESSER II funds - see note E for details.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Income taxes (continued)

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 expense) or are required to be maintained intact.

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Fund balance classification (continued)

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 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for the School's June 30, 2025 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the School's financial statements.

16. Statement No. 87, Leases ("GASB 87")

In June 2017, the Governmental Accounting Standards Board 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. The impact of the adoption of this statement on the School's financial statements is presented in note D.

NOTE B - 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, 2022, none of the School's balances held in banks were exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Capital assets depreciated and amortized:				
Leasehold improvements	\$ 217,657	\$ -	\$ -	\$ 217,657
Fixed equipment	3,430	-	-	3,430
Furniture, fixtures and equipment	67,877	-	-	67,877
Audio visual equipment	71,289	-	-	71,289
Information technology equipment	263,723	-	-	263,723
Computer software	23,012	-	-	23,012
	<u>646,988</u>	-	-	<u>646,988</u>
Property under capital lease	-	3,452,759	-	3,452,759
Total assets depreciated and amortized	<u>646,988</u>	<u>3,452,759</u>	-	<u>4,099,747</u>
Less accumulated depreciation and amortization:				
Leasehold improvements	92,305	19,731	-	112,036
Buildings and fixed equipment	2,409	490	-	2,899
Furniture, fixtures and equipment	58,231	2,286	-	60,517
Audio visual equipment	70,914	322	-	71,236
Information technology equipment	253,866	3,098	-	256,964
Computer software	23,012	-	-	23,012
	<u>500,737</u>	<u>25,927</u>	-	<u>526,664</u>
Property under capital lease	-	493,251	-	493,251
Total accumulated depreciation and amortization	<u>500,737</u>	<u>519,178</u>	-	<u>1,019,915</u>
Total capital assets, net	<u>\$ 146,251</u>	<u>\$ 2,933,581</u>	<u>\$ -</u>	<u>\$ 3,079,832</u>

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE C - CAPITAL ASSETS (continued)

Depreciation and amortization expense for the year ended June 30, 2022 was charged to functions of the School as follows:

Basic instruction	\$	1,814
School administration		1,840
Operation of plant		<u>515,524</u>
	<u>\$</u>	<u>519,178</u>

NOTE D - LONG TERM DEBT - GASB 87 LEASES

The School committed to pay a facility allocation fee with an operating company, who shares common ownership with the Charterholder, on September 27, 2006 for the building where the School is located pursuant to the terms of the lease or any mortgage agreement which payments relate to the School's use, tenancy or ownership. The lease agreement will expire on June 30, 2028 - see Note G-2 for details.

In accordance with GASB 87 this is being reflected as a lease obligation effective for the fiscal year ended June 30, 2022. The discount rate is 5% and will be recognized as interest expense ratably over the term of the lease.

	<u>Balance at</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2022</u>	<u>Due within</u> <u>one year</u>
Long-term lease liability	\$ -	\$ 3,452,759	\$ (493,251)	\$ 2,959,508	\$ 556,158

As of June 30, 2022 the School has the following lease payments of principal and interest:

	<u>Future minimum</u> <u>lease payments</u>
2023	\$ 556,158
2024	567,281
2025	578,627
2026	590,199
2027	602,003
2028	<u>613,745</u>
Total future minimum lease payments	<u>3,508,013</u>
Discount for present value	<u>(548,505)</u>
	<u>\$ 2,959,508</u>

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE E - ESSER II

The Elementary and Secondary School Emergency Relief (ESSER) Fund was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. The CARES Act provided direct funding to state education agencies (SEA) and local education agencies (LEA) to address the impact COVID-19 has had, and in certain contexts continues to have, on elementary and secondary schools. Of the ESSER funding each state received, 90% was allocated directly to LEAs through formula grants with up to 10% reserved at the SEA level for statewide activities.

In December 2020, ESSER funding was expanded through the enactment of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. As with the initial ESSER I Fund established by the CARES Act, the central purpose of the second round of funding (ESSER II) was to provide direct funding to states and LEAs to address the areas most impacted by the disruption and closure of schools due to COVID-19. As of June 30, 2022, the School was reimbursed \$52,846 and submitted for additional reimbursement for \$60,950 and recoded grant receivable for this amount - see Note A-5 for details on grant receivable.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE F - CONCENTRATIONS

Revenue sources

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

Sources	Amounts
School Board of Broward County, Florida	
Base funding	\$ 2,126,458
Class size reduction	471,235
Discretionary local effort	279,775
Supplemental academic instruction	94,432
Student transportation	10,164
Digital classrooms allocation	271
ESE guaranteed allocation	87,311
Instructional materials	30,288
Safe schools	25,740
Reading allocation	18,528
Administration fee withheld	(91,747)
Additional Allocation	22,203
Funding compression allocation	5,169
Mental health allocation	16,895
FL teacher lead program	9,920
2021-2022 adjustment based on final State FTE/FEFP	
Calculation	2,095
Hardening grant	8,098
Title IV	8,299
Teacher salary allocation	82,611
FEMA	16,000
Total revenue through School Board of Broward County	3,223,745
Title One revenue	270,785
IDEA	2,361
Grant revenue (ESSER II)	113,796
National school lunch program	432,124
Total operating grants and contributions	819,066
Capital outlay	287,394
Other revenues	83,820
Total revenues	\$ 4,414,025

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE G - COMMITMENTS AND CONTINGENCIES

1. Operating agreement

The School entered into an agreement with an operating management company, who shares common ownership with the Charterholder, and calls for an administrative allocation equal to 12% of the revenue as defined by the operating agreement (the revenue provided through the Florida Education Finance Program). Current year management fees charged to operations totaled \$406,046.

In the event there are not sufficient funds to pay operating expenses, the management company will provide operating advances to cover such shortfalls. Per the operating agreement, any advances and repayment agreements will be approved by the Board before any transactions take place. The management company shall be reimbursed for such advances on the first date of each month in which funds reside in the School's operating account for which not otherwise reserved by the operating budget. At the end of each fiscal year, any advances that cannot be reimbursed by current year revenue shall be considered a contribution from the management company. For the year ended June 30, 2022, there were sufficient funds to cover operating expenses and no advances were needed.

2. Facilities

The School committed to pay a facility allocation fee with an operating company, who shares common ownership with the Charterholder, on September 27, 2006 for the building where the School is located pursuant to the terms of the lease or any mortgage agreement which payments relate to the School's use, tenancy or ownership. On July 1, 2019, the agreement was amended, and the terms of the agreement require an annual fee of approximately \$545,000 increased annually by two percent (2%) over the previous fiscal year. In addition, the School pays a facilities allocation amount which covers various common area maintenance expenses. The lease agreement will expire on June , 2028. Per GASB 87 this liability is recognized as lease obligation and presented in Note D.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE G - COMMITMENTS AND CONTINGENCIES (continued)

3. Federal grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. The School is subject to periodic audits and inquiries by various regulatory agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

4. Legal

The School may be involved in legal actions arising from the normal course of activities. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that have a material effect on the School's financial statements.

NOTE H - RELATED PARTIES

Operating agreement

The School has entered into multiple agreements with the management company. The management company is responsible for organizing, developing, managing, staffing and operating the School. During the current year, the management company charged fees to the School for operating services and the use of the facility and certain equipment as described in Note G-1 and G-2. As of June 30, 2022, the School owes \$124,292 to the management company.

NOTE I - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2022. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the previous three years.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE J - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 27, 2022, the date which the financial statements were available for issuance and has determined that no material subsequent events occurred that would require additional disclosures in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Imagine Charter School at North Lauderdale
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue				
Base FTE funding	\$ 3,833,364	\$ 3,098,817	\$ 3,098,817	\$ -
Other state revenue	238,255	238,724	238,724	-
Supplemental revenue	40,000	86,181	86,181	-
Total revenue	4,111,619	3,423,722	3,423,722	-
Expenses				
Salaries and benefits	2,331,420	1,927,222	1,927,222	-
School services	328,304	273,333	273,333	-
Direct educational expense	211,850	239,464	239,464	-
General and administrative	160,416	158,492	158,492	-
Marketing and enrollment	5,000	3,653	3,653	-
Facility operating expense	332,400	297,983	297,983	-
School operating expenditures	3,369,390	2,900,147	2,900,147	-
Facility use fee	210,236	257,859	257,859	-
Indirect costs	495,512	406,046	406,046	-
Total expenses	4,075,138	3,564,052	3,564,052	-
Change in net position (budgetary basis)	36,481	(140,330)	(140,330)	-
Other financing sources (uses):				
Long-term lease liability	-	-	3,452,759	(3,452,759)
Transfers out	-	(465,408)	(465,408)	-
Total other financing sources (uses)	-	(465,408)	2,987,351	(3,452,759)
Adjustments to conform with GAAP:				
Capital outlay expenditures	-	-	(3,452,759)	3,452,759
Net change in fund balances (GAAP basis)	36,481	(605,738)	(605,738)	-
Fund balances at the beginning of the year	824,651	824,651	824,651	-
Fund balances at the end of the year	\$ 861,132	\$ 218,913	\$ 218,913	\$ -

See accompanying note to required supplementary information.

Imagine Charter School at North Lauderdale
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Charter capital funding	\$ 295,900	\$ 287,394	\$ 287,394	\$ -
Expenditures				
Debt Service:				
Principal	295,900	259,985	259,985	-
Interest	-	27,409	27,409	-
Total expenditures	<u>295,900</u>	<u>287,394</u>	<u>287,394</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

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NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2022

NOTE A - BUDGETARY INFORMATION

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

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

SINGLE AUDIT AND COMPLIANCE INFORMATION

Imagine Charter School at North Lauderdale
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF EDUCATION		
Pass through District School Board of Broward County, Florida		
Title I Grants to Local Educational Agencies (LEAs)	84.010	\$ 316,448
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	<u>113,796</u>
Total U.S. Department of Education		430,244
U.S. DEPARTMENT OF AGRICULTURE		
Pass through Florida Department of Education		
National School Lunch Program (NSLP)	10.555	<u>389,162</u>
		<u>\$ 819,406</u>

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the School during its fiscal year July 1, 2021 to June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. INDIRECT COST RATE

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

NOTE 3. SUB-RECIPIENTS

During the year ended June 30, 2022, the School had no sub-recipients.

NOTE 4. NONCASH ASSISTANCE AND OTHER

The School did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended June 30, 2022.

See independent auditor's report.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imagine Charter School at North Lauderdale (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a Division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated thereon dated September 27, 2022.

Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Imagine Charter School at North Lauderdale (the "School"), a component unit of the School Board of Broward County, Florida (the "District") and a Division of the Learning Excellence Foundation of East Broward County, Inc. (the "Charterholder"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (continued)

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Imagine Charter School at North Lauderdale
(A Division of Learning Excellence Foundation of East Broward County, Inc. and a
Component Unit of the School Board of Broward County, Florida)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

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

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified? **None reported**

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

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

The program tested as a major program is as follows:

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

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

Did the auditee qualify as a low-risk auditee? **No**

B. FINDINGS - FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None.

D. SUMMARY OF PRIOR YEAR FINDINGS

None.

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Imagine Charter School at North Lauderdale (the “School”), a component unit of the School Board of Broward County, Florida (the “District”) and a Division of Learning Excellence Foundation of East Broward County, Inc. (the “Charterholder”), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 27, 2022.

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 those reports, which is dated September 27, 2022, 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 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 Florida Department of Education of the entity are Imagine Charter School at North Lauderdale, 5171.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP