

**IMAGINE – MANATEE COUNTY, LLC D/B/A  
IMAGINE CHARTER SCHOOL  
AT NORTH MANATEE**

A Charter School and Component Unit of the  
District School Board of Manatee County, Florida

INDEPENDENT AUDITOR'S REPORT

*for the fiscal year ended JUNE 30, 2022*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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**IMAGINE – MANATEE COUNTY, LLC  
D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**

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## **Independent Auditor's Report**

To the Board of Directors of Imagine - Manatee County, LLC  
d/b/a Imagine Charter School at North Manatee,  
a Charter School and Component Unit of the District  
School Board of Manatee County, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee ("School"), a charter school and component unit of the District School Board of Manatee County, Florida, 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 accompanying 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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.

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 GAAS 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 GAAS 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***

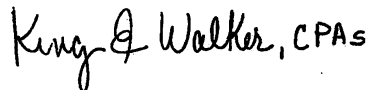
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, be presented to supplement the basic financial statements. Such information is the responsibility 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report September 16, 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.

Respectfully submitted,

King & Walker, CPAs

September 16, 2022  
Tampa, Florida

**IMAGINE – MANATEE COUNTY, LLC**  
**D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**

A Charter School and Component Unit of the District School Board of Manatee County, Florida

**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee (“School”) provides an overview of the School’s financial activities for the fiscal year ended June 30, 2022.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as shown in the table of contents.

**FINANCIAL HIGHLIGHTS**

- The School reported an Unrestricted Net Position balance of \$597,499, as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2022, the School’s expenses exceeded revenue by \$126,292, as shown on the School’s Statement of Activities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

**Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of Net Position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of Net Position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the Net Position, is a measure of the financial health of the School.

The statement of activities presents information about the change in the School’s Net Position and the results of operations, during the fiscal year. An increase or decrease in Net Position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

**IMAGINE – MANATEE COUNTY, LLC**  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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**Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School’s financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School’s near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School’s most significant funds. The School operates four funds: a General Fund, Special Revenue Fund, Debt Service Fund, and a Capital Projects Fund. The School has elected to show each fund as a major fund.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budgets.

**Notes to Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.



**IMAGINE – MANATEE COUNTY, LLC**  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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The following is a summary of the School’s current year and prior year net position:

**Net Position, End of Year**

	Governmental Activities		
	6-30-21	6-30-22	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 1,688,628	\$ 5,051,692	\$ 3,363,064
Capital Assets, Net	10,607,906	11,846,267	1,238,361
Total Assets	12,296,534	16,897,959	4,601,425
<b>LIABILITIES</b>			
Current Liabilities	373,319	725,510	352,191
Noncurrent Liabilities	12,225,307	16,600,833	4,375,526
Total Liabilities	12,598,626	17,326,343	4,727,717
<b>NET POSITION</b>			
Net Investment in Capital Assets	(1,570,181)	(4,801,786)	(3,231,605)
Restricted for Debt Service	739,177	988,327	249,150
Restricted for Capital Projects	336,780	2,787,576	2,450,796
Unrestricted	192,132	597,499	405,367
Total Net Position	\$ (302,092)	\$ (428,384)	\$ (126,292)

Current assets consist primarily of cash and cash equivalents. The School’s investment in capital assets consists of land, buildings & fixed equipment, furniture, fixtures and equipment, IT equipment, vehicles, improvements other than buildings and construction in progress, net of accumulated depreciation. Liabilities are comprised of salaries and benefits payable, accounts payable, a net due to/from management company, bonds payable, and long-term notes payable.

Total Net Position amounted to deficit \$428,384 as of June 30, 2022, representing a decrease of \$126,292 over the prior fiscal year.

**IMAGINE – MANATEE COUNTY, LLC**  
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A Charter School and Component Unit of the District School Board of Manatee County, Florida  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

The following is a summary of the School’s change in net position for the current year and prior year:

	<b>Operating Results for the Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-21</u>	<u>6-30-22</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Federal Through State and Local	\$ 145,862	\$ 352,933	\$ 207,071
State	4,798,571	5,028,449	229,878
Local and Other	<u>864,082</u>	<u>1,023,230</u>	<u>159,148</u>
Total Revenues	<u>5,808,515</u>	<u>6,404,612</u>	<u>596,097</u>
<b>Expenses:</b>			
Instruction	2,353,582	2,754,926	401,344
Student Support Services	-	12,649	12,649
Instructional Media	19,539	48,461	28,922
Instruction & Curriculum Development	86,644	84,587	(2,057)
Instructional Staff Training	404	7,076	6,672
Instructional Related Technology	129,267	114,952	(14,315)
Board	17,175	9,950	(7,225)
General Administration	727,046	780,526	53,480
School Administration	381,070	461,084	80,014
Fiscal Services	67,306	84,260	16,954
Food Services	84,539	122,357	37,818
Central Services	1,023	2,238	1,215
Student Transportation	192,161	265,376	73,215
Operation of Plant	1,444,460	331,761	(1,112,699)
Maintenance of Plant	120,111	151,930	31,819
Community Service	50,597	77,484	26,887
Debt Service - Interest	497,397	911,499	414,102
Unallocated Depreciation	<u>62,394</u>	<u>309,788</u>	<u>247,394</u>
Total Expenses	<u>6,234,715</u>	<u>6,530,904</u>	<u>296,189</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ (426,200)</u>	<u>\$ (126,292)</u>	<u>\$ 299,908</u>

The largest revenue source for the School is the State of Florida (79%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School.

The largest concentrations of expenses during the year were for Instruction (42%), which primarily consists of teacher salaries, and debt service - interest (14%), which related to the issuance of long-term debt.

**IMAGINE – MANATEE COUNTY, LLC**  
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A Charter School and Component Unit of the District School Board of Manatee County, Florida  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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**FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS**

**Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$4,326,182.

**BUDGETARY HIGHLIGHTS**

The General Fund and Special Revenue Fund budgets for the fiscal year ended June 30, 2022, were developed based on the School’s anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Over the course of the year, management revised the budgets several times. Refer to the Budgetary Comparison Schedule for additional information.

**CAPITAL ASSETS & LONG-TERM DEBT**

**Capital Assets**

The School’s investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$11,846,267 (net of accumulated depreciation). This investment in capital assets includes land, buildings & fixed equipment, improvements other than buildings, vehicles, furniture, fixtures, and equipment, IT equipment, and construction in progress. Additional information regarding the School’s capital assets is presented in a subsequent note to the financial statements.

**Long-Term Debt**

During the 2021 and 2022 fiscal year, the School issued bonded debt of \$11,250,000 and \$4,000,000, respectively. At June 30, 2022, the School had \$16,600,833 in long-term debt outstanding, a net increase of \$4,375,526 from the prior fiscal year. Additional information about the School’s long-term debt is presented in subsequent notes to the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee, 9275 49<sup>th</sup> Street East, Palmetto, Florida 34221.

**IMAGINE - MANATEE COUNTY, LLC  
D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2022*

	Government Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 4,978,108
Accounts Receivable	1,643
Prepaid Items & Deposits	71,941
Capital Assets:	
Land	1,380,613
Buildings & Fixed Equipment, Net	8,629,700
Improvements Other Than Buildings, Net	176,989
Furniture, Fixtures, and Equipment, Net	18,276
Vehicles, Net	229,274
IT Equipment, Net	17,516
Construction in Progress	1,393,899
Total Capital Assets	11,846,267
<b>TOTAL ASSETS</b>	<b>16,897,959</b>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	329,773
Accounts Payable	37,837
Net Due To/ From Management Company	357,900
Noncurrent Liabilities:	
Due Within One Year:	
Notes Payable	65,651
Due After One Year:	
Bonds Payable	16,451,636
Notes Payable	83,546
<b>TOTAL LIABILITIES</b>	<b>17,326,343</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(4,801,786)
Restricted:	
Debt Service	988,327
Capital Projects	2,787,576
Unrestricted	597,499
<b>TOTAL NET POSITION</b>	<b>\$ (428,384)</b>

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

**IMAGINE - MANATEE COUNTY, LLC**  
**D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2022*

		Program Revenues				Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position	Governmental Activities
Governmental Activities:						
Instruction	\$ 2,754,926	\$ 34,665	\$ 190,635	\$ -	\$	(2,529,626)
Student Support Services	12,649	-	-	-	-	(12,649)
Instructional Media	48,461	-	-	-	-	(48,461)
Instruction & Curriculum Development	84,587	-	60,000	-	-	(24,587)
Instructional Staff Training	7,076	-	-	-	-	(7,076)
Instructional Related Technology	114,952	-	50,000	-	-	(64,952)
Board	9,950	-	-	-	-	(9,950)
General Administration	780,526	-	-	-	-	(780,526)
School Administration	461,084	-	52,298	-	-	(408,786)
Fiscal Services	84,260	-	-	-	-	(84,260)
Food Services	122,357	-	-	-	-	(122,357)
Central Services	2,238	-	-	-	-	(2,238)
Student Transportation	265,376	-	-	-	-	(265,376)
Operation of Plant	331,761	-	-	-	-	(331,761)
Maintenance of Plant	151,930	-	-	-	-	(151,930)
Community Service	77,484	53,790	-	-	-	(23,694)
Debt Service - Interest	911,499	-	-	324,764	-	(586,735)
Unallocated Depreciation	309,788	-	-	-	-	(309,788)
<b>Total Governmental Activities</b>	<b>\$ 6,530,904</b>	<b>\$ 88,455</b>	<b>\$ 352,933</b>	<b>\$ 324,764</b>	<b>\$</b>	<b>(5,764,752)</b>
General Revenue						
State Sources						4,703,685
Local and Other						934,775
Total General Revenues						<u>5,638,460</u>
Change in Net Position						(126,292)
Net Position - July 1, 2021						<u>(302,092)</u>
Net Position - June 30, 2022						<u><u>\$ (428,384)</u></u>

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

**IMAGINE - MANATEE COUNTY, LLC  
D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

*June 30, 2022*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 1,202,205	\$ -	\$ 2,787,576	\$ 988,327	\$ 4,978,108
Accounts Receivable	1,643	-	-	-	1,643
Prepaid Items & Deposits	71,941	-	-	-	71,941
Total Assets	\$ 1,275,789	\$ -	\$ 2,787,576	\$ 988,327	\$ 5,051,692
<b>LIABILITIES</b>					
Salaries and Benefits Payable	\$ 329,773	\$ -	\$ -	\$ -	\$ 329,773
Accounts Payable	37,837	-	-	-	37,837
Net Due To/ From Management Company	357,900	-	-	-	357,900
Total Liabilities	725,510	-	-	-	725,510
<b>FUND BALANCES</b>					
Nonspendable	71,941	-	-	-	71,941
Restricted:					
Debt Service	-	-	-	988,327	988,327
Capital Projects	-	-	2,787,576	-	2,787,576
Unassigned	478,338	-	-	-	478,338
Total Fund Balances	550,279	-	2,787,576	988,327	4,326,182
Total Liabilities and Fund Balances	\$ 1,275,789	\$ -	\$ 2,787,576	\$ 988,327	\$ 5,051,692

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

**IMAGINE - MANATEE COUNTY, LLC  
D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE  
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DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

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

*June 30, 2022*

<b>Total Fund Balances - Governmental Funds</b>	\$ 4,326,182
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	11,846,267
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Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.

	(16,451,636)	
Bonds Payable, Net of Premium	(149,197)	
Notes Payable	(149,197)	(16,600,833)

<b>Total Net Position - Governmental Activities</b>	<b>\$ <u><u>(428,384)</u></u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**IMAGINE - MANATEE COUNTY, LLC**  
**D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**  
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**DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

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

*For the Fiscal Year Ended June 30, 2022*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Through State and Local	\$ -	\$ 352,933	\$ -	\$ -	\$ 352,933
State	4,703,685	-	324,764	-	5,028,449
Local and Other	800,991	-	222,239	-	1,023,230
<b>Total Revenues</b>	<u>5,504,676</u>	<u>352,933</u>	<u>547,003</u>	<u>-</u>	<u>6,404,612</u>
<b>Expenditures</b>					
Current - Education:					
Instruction	2,564,291	190,635	-	-	2,754,926
Student Support Services	12,649	-	-	-	12,649
Instructional Media	48,461	-	-	-	48,461
Instruction & Curriculum Development	24,587	60,000	-	-	84,587
Instructional Staff Training	7,076	-	-	-	7,076
Instructional Related Technology	64,952	50,000	-	-	114,952
Board	9,950	-	-	-	9,950
General Administration	780,526	-	-	-	780,526
School Administration	408,786	52,298	-	-	461,084
Fiscal Services	84,260	-	-	-	84,260
Food Services	122,357	-	-	-	122,357
Central Services	2,238	-	-	-	2,238
Student Transportation	265,376	-	-	-	265,376
Operation of Plant	331,761	-	-	-	331,761
Maintenance of Plant	151,930	-	-	-	151,930
Community Service	77,484	-	-	-	77,484
Fixed Capital Outlay:					
Facilities Acquisition & Construction	-	-	1,427,668	-	1,427,668
Other Capital Outlay	120,481	-	-	-	120,481
Debt Service:					
Principal	2,949	-	-	-	2,949
Interest	27,995	-	324,764	594,082	946,841
<b>Total Expenditures</b>	<u>5,108,109</u>	<u>352,933</u>	<u>1,752,432</u>	<u>594,082</u>	<u>7,807,556</u>
Excess/(Deficiency) of Revenues					
Over Expenditures	396,567	-	(1,205,429)	(594,082)	(1,402,944)
Other Financing Sources (Uses):					
Proceeds from Debt	4,413,817	-	-	-	4,413,817
Transfers In/(Out)	(4,499,457)	-	3,656,225	843,232	-
<b>Total Other Financing Sources (Uses)</b>	<u>(85,640)</u>	<u>-</u>	<u>3,656,225</u>	<u>843,232</u>	<u>4,413,817</u>
<b>Net Change in Fund Balances</b>	<u>310,927</u>	<u>-</u>	<u>2,450,796</u>	<u>249,150</u>	<u>3,010,873</u>
Fund Balances, July 1, 2021	239,352	-	336,780	739,177	1,315,309
<b>Fund Balances, June 30, 2022</b>	<u>\$ 550,279</u>	<u>\$ -</u>	<u>\$ 2,787,576</u>	<u>\$ 988,327</u>	<u>\$ 4,326,182</u>

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



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

*For the Fiscal Year Ended June 30, 2022*

**Net Change in Fund Balances - Governmental Funds** \$ 3,010,873

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	1,548,149	
Depreciation Expense	<u>(309,788)</u>	1,238,361

Long-term debt proceeds are reported as other financing sources in the Governmental Funds and as long-term liabilities in the Statement of Net Position.

(4,413,817)

The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

2,949

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:

Amortization of Bond Premium		<u>35,342</u>
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**Change in Net Position - Governmental Activities**

\$ (126,292)

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

The Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee (“School”), is a limited liability company organized pursuant to Chapter 608.407, Florida Statutes. The School qualifies for derivative exempt status within the meaning of Section 501(c)(3) of the Internal Revenue Code by virtue of its relationship with its single member, Imagine Schools Non-Profit, Inc. (“the Management Company”), a Virginia non-stock corporation. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of five members.

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, the District School Board of Manatee County, Florida, (“District”). The current charter is effective until June 30, 2027, and is subject to annual review and 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 this 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. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a division of the Charter holder, and a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

**Government-wide Financial Statements:** Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole. Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses

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are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliations are presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for Federal grant programs and food service operations.
- Debt Service Fund – to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with capital outlay funds.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be

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available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. 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 recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Investments**

The School had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The School's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. These investments are reported as restricted in the Debt Service and Capital Projects Funds in the Balance Sheet – Governmental Funds.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Fixed Equipment	39 years
Furniture, Fixtures and Equipment	3 - 7 years
IT Equipment	3 - 7 years
Vehicles	3 - 7 years
Improvements Other than Buildings	10 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Noncurrent Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

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

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

➤ **Net Position and Fund Balance Classification**

*Government-wide Financial Statements*

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.

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- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

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➤ **Revenue Sources**

Revenues for current operations are received primarily from 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 students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made. The District receives a 5% administrative fee from the School, which is reflected in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) weighed FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the Legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2022, the School reported 613.60 unweighted FTE and 651.4722 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for Weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state awards in which a claim to these grant proceeds is based on incurring eligible

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expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School also receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales, and local property tax collections. The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available. A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of Net Position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

**2. CASH DEPOSITS**

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.



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**3. INVESTMENTS**

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the School’s recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs). The School’s investments at June 30, 2022, are reported as follows:

Investments (1)	Amount
U.S. Bank - Money Market Funds	\$ 3,775,903
Total	\$ 3,775,903

Notes (1) - This investment is reported as a cash equivalent for financial statement reporting purposes.

**4. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Land	\$ 1,380,613	\$ -	\$ -	\$ 1,380,613
Construction in Progress	4,150	1,389,749	-	1,393,899
Buildings & Fixed Equipment	8,869,387	-	-	8,869,387
Improvements Other Than Buildings	184,573	37,919	-	222,492
Furniture, Fixtures and Equipment	108,252	-	-	108,252
Vehicles	310,775	120,481	-	431,256
IT Equipment	80,423	-	-	80,423
Total Capital Assets	10,938,173	1,548,149	-	12,486,322
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	-	(239,687)	-	(239,687)
Improvements Other Than Buildings	(30,408)	(15,095)	-	(45,503)
Furniture, Fixtures and Equipment	(84,689)	(5,287)	-	(89,976)
Vehicles	(162,899)	(39,083)	-	(201,982)
IT Equipment	(52,271)	(10,636)	-	(62,907)
Total Accumulated Depreciation	(330,267)	(309,788)	-	(640,055)
Governmental Activities Capital Assets, net	\$ 10,607,906	\$ 1,238,361	\$ -	\$ 11,846,267

All depreciation expense was shown as unallocated on the Statement of Activities.

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**5. BONDS PAYABLE**

Bonds payable at June 30, 2022, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Annual Maturity To</u>
Series 2021A	\$ 10,985,000	3.25% - 5%	2056
Series 2021B	265,000	5.00%	2025
Series 2021C	3,760,000	5.00%	2041 & 2056
Series 2021D	240,000	5.25%	2028
Unamortized Bond Premium	<u>1,201,636</u>		
	<u>\$ 16,451,636</u>		

**Revenue Bonds Series 2021A and Series 2021B** – On June 17, 2021, the School issued tax-exempt educational facilities revenue bonds (Series 2021A) for \$10,985,000 and taxable educational facilities revenue bonds (Series 2021B) for \$265,000, secured by a mortgage on the School’s property and buildings. The bonds were issued for the purpose of financing the costs acquiring, renovating and equipping the existing building to be used as a nonprofit charter school educational facility.

Series 2021A bonds are term bonds paying interest semi-annually at a rate of 3.25-5% with maturities starting June 1, 2031, and ending June 1, 2056. Series 2021B bonds are term bonds paying interest semi-annually at a rate of 5%, maturing on June 1, 2025.

As required by the bond resolution, the School has established the following funds: principal funds, interest funds, cost of issuance funds, reserve funds, and a project fund. The School has accumulated and maintained adequate resources in each of the funds.

In the event of default, the trustee may take any and all steps, actions and proceedings to enforce any or all rights, without limitation, to declare the unpaid indebtedness on the Series 2021 Bonds and all amounts then due and payable under the loan agreement to be immediately due and payable.

**Revenue Bonds Series 2021C and Series 2021D** – On November 18, 2021, the School issued tax-exempt educational facilities revenue bonds (Series 2021C) for \$3,760,000 and taxable educational facilities revenue bonds (Series 2021D) for \$240,000, secured by a mortgage on the School’s property and buildings. The bonds were issued for the purpose of financing the costs acquiring, renovating and equipping the existing building to be used as a nonprofit charter school educational facility.

Series 2021C bonds are term bonds paying interest semi-annually at a rate of 5% with maturities starting June 1, 2041, and ending June 1, 2056. Series 2021D bonds are term bonds paying interest semi-annually at a rate of 5.25%, maturing on June 1, 2028.

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As required by the bond resolution, the School has established the following funds: principal funds, interest funds, cost of issuance funds, reserve funds, and a project fund. The School has accumulated and maintained adequate resources in each of the funds.

In the event of default, the trustee may take any and all steps, actions and proceedings to enforce any or all rights, without limitation, to declare the unpaid indebtedness on the Series 2022 Bonds and all amounts then due and payable under the loan agreement to be immediately due and payable.

The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The minimum debt service coverage ratio requirement for the School is 1.1 to 1 and the cash on hand requirement shall be an amount not less than 30 days. As of June 30, 2022, the School’s debt service coverage ratio was 1.19, and days cash on hand was 83.12.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 742,713	\$ -	\$ 742,713
2024	952,713	210,000	742,713
2025	947,088	215,000	732,088
2026	947,263	225,000	722,263
2027	943,851	230,000	713,851
2028-2032	4,733,712	1,300,000	3,433,712
2033-2037	4,738,250	1,625,000	3,113,250
2038-2042	4,738,750	2,075,000	2,663,750
2043-2047	4,736,250	2,645,000	2,091,250
2048-2052	4,730,500	3,370,000	1,360,500
2053-2056	3,784,750	3,355,000	429,750
<i>Unamortized Bond Premium</i>	1,201,636	1,201,636	-
Total	\$ 33,197,476	\$ 16,451,636	\$ 16,745,840

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**6. NOTES PAYABLE**

As of June 30, 2022, the School’s notes payable consisted of the following:

<u>Promissory Notes</u>	<u>Balance at 6-30-22</u>
<u>Imagine Schools, Inc.</u>	
\$135,746 Borrowed November 1, 2010 for operating advances. Deferral letters have been received from the Management Company agreeing to the deferral of payments on the note for the fiscal year 2021 without any additional interest or penalty. Payments are to resume after agreement with both parties.	\$ 47,220
<u>Daimler Truck Financial</u>	
\$104,926 Borrowed April 2022, for the purchase of a school buses. Payments in the amount of \$2,069.92, including principal and interest at a rate of 6.84%, are due monthly through April 2027. In the event of default, the debtor may declare the entire principal then outstanding, and all accrued and unpaid interest thereon, together with all indebtedness, to be due and payable immediately.	101,977
Total Notes Payable	\$ 149,197

Amounts payable for notes payable are as follows:

Fiscal Year	Total	Principal	Interest
Ending June 30			
2023	\$ 72,059	\$ 65,651	\$ 6,408
2024	24,839	19,733	5,106
2025	24,839	21,127	3,712
2026	24,839	22,619	2,220
2027	20,702	20,067	635
Total	\$ 167,278	\$ 149,197	\$ 18,081

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**7. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Notes Payable	\$ 47,220	\$ 104,926	\$ (2,949)	\$ 149,197	\$ 65,651
Bonds Payable	11,250,000	4,000,000	-	15,250,000	-
Unamortized Bond Premium	928,087	308,891	(35,342)	1,201,636	-
Total Governmental Activities	<u>\$ 12,225,307</u>	<u>\$ 4,413,817</u>	<u>\$ (38,291)</u>	<u>\$ 16,600,833</u>	<u>\$ 65,651</u>

**8. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the School’s State revenue:

Source	Amount
Florida Education Finance Program	\$ 4,006,700
Categorical Programs:	
Class Size Reduction	609,545
Charter School Capital Outlay	324,764
Miscellaneous	87,440
Total State Revenue	<u>\$ 5,028,449</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$94,094.

Accounting policies relating to certain State revenue sources are described in Note 1.

**9. FUNDING AND CREDIT CONCENTRATIONS**

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

**10. INTERFUND TRANSFERS**

During the 2022 fiscal year, the General Fund transferred \$3,656,225 to the Capital Projects Fund and \$843,232 to the Debt Service Fund in relation to facility improvement expenditures and the School’s debt service requirements, respectively. The amounts of interfund transfers are netted together and not reported in the statement of activities.

**IMAGINE – MANATEE COUNTY, LLC**  
**D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**

A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**11. RELATED PARTY TRANSACTIONS**

a) **Management Service Contract:**

The School entered into a service agreement with Imagine Schools Non-Profit, Inc. (the management company), commencing August 2008, and effective for twenty years (240 months), and may be cancelled or terminated pursuant to the terms and conditions set forth in the charter. This agreement has been amended and was effective as of July 1, 2011.

This agreement calls for a Development Allocation for the pre-opening charter school development support. On September 1, of the first year of operation of the Charter School, the Development Allocation amount of \$2,500 shall be paid to the management company on the first of each month thereafter for the period of 240 months. Current year Development Allocation fees charged to operations totaled \$30,000.

This agreement also calls for an Indirect Cost Allocation, for performance of its responsibilities, equal to twelve percent (12%) of State revenue. The Indirect Cost Allocation shall be paid monthly in an amount equal to one-twelfth of the annual budgeted allocation. Current year Indirect Cost Allocation fees charged to operations totaled \$656,432.

In the event there are not sufficient funds to pay operating expenses, the operating company will provide Operating Advances to cover such shortfalls. The operating company shall be reimbursed for such advances on the first date of each month in which funds reside in the School's operating account for which not otherwise reserved by the operating budget.

If, at the end of a fiscal year, the School's defined fund balance, as determined prior to final completion of the School's annual audit, is not sufficiently positive, consistent with Section 218.503(1), F.S. (2011), and the fund balance requirements of the District School Board of Manatee County (the "Authorizer"), if any, to reimburse the management company for all Operating Advances made during such fiscal year, the management company shall forgive the amount of outstanding Operating Advances that will enable the Defined Fund Balance to reflect a net surplus as of the end of such fiscal year equal to at least one dollar (\$1.00) or, if greater, the fund balance required by the Authorizer, if any. In no event shall the management company be required to make any Operating Advances, which, if forgiven, may result in a cumulative Operating Advance forgiveness in excess of two million five hundred dollars (\$2,500,000).

The management company shall be entitled to payment of a fee for services, including for providing Operating Advances (the "Fund Balance Assistance Fee"), in any year in which (i) no amounts were required to be forgiven pursuant to the previous paragraph, and (ii) the Defined Fund Balance, after consideration of the repayments of all outstanding Operating Advances, exceeds the fund balance required by the Authorizer, if any. The Fund Balance Assistance Fee for such year shall equal the lesser of (x) the amount which, when recorded for such year would cause the Defined Fund Balance to

**IMAGINE – MANATEE COUNTY, LLC  
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A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

equal at least one dollar (\$1.00) or, if greater, the Fund Balance required by the Authorizer, if any, and (y) 2% of State revenues. The Fund Balance Assistance fee shall be due and payable as of the 15<sup>th</sup> day of December following the fiscal year of such determination, to allow for time to complete the School’s annual audit. “Defined Fund Balance” for purposes of this agreement, shall mean that portion of the School’s fund balance not classified as restricted, committed, or nonspendable, as reported on the fund financial statements.

**b) Net Due to/from Management Company:**

The School has entered into multiple agreements with the management company as described in Note 11 of the notes to financial statements. The ending balance of \$357,900 is the net amount due to the management company, and consists of the following:

	Net due (to)/from management company
Balance due (to)/from at July 1, 2021	\$ (67,068)
Payments	623,365
Invoiced	(914,197)
Balance due (to)/from at June 30, 2022	\$ (357,900)

**12. RETIREMENT PLAN**

The School participates in a 401(k) Retirement Savings Plan for employees with more than three months of service with the School. Contributions are directed to individual employee’s accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The School is currently making matching contributions up to 5% for participating employees. The rate of contribution is set annually by the School’s Board of Directors.

**13. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2022, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**IMAGINE – MANATEE COUNTY, LLC**  
**D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**

A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**14. RISK MANAGEMENT PROGRAMS**

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. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**15. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.



**IMAGINE - MANATEE COUNTY, LLC  
D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SPECIAL REVENUE FUND (UNAUDITED)  
For the Fiscal Year Ended June 30, 2022**

	General Fund				Special Revenue Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original/ Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>							
Intergovernmental:							
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 352,933	\$ 352,933	\$ -
State	4,888,637	4,703,685	4,703,685	-	-	-	-
Local and Other	660,662	800,991	800,991	-	-	-	-
<b>Total Revenues</b>	<b>5,549,299</b>	<b>5,504,676</b>	<b>5,504,676</b>	<b>-</b>	<b>352,933</b>	<b>352,933</b>	<b>-</b>
<b>Expenditures:</b>							
Current - Education:							
Instruction	3,157,477	2,564,291	2,564,291	-	190,635	190,635	-
Student Support Services		12,649	12,649	-	-	-	-
Instructional Media	124,786	48,461	48,461	-	-	-	-
Instruction & Curriculum Development	-	24,587	24,587	-	60,000	60,000	-
Instructional Staff Training	-	7,076	7,076	-	-	-	-
Instructional Related Technology	-	64,952	64,952	-	50,000	50,000	-
Board	9,500	9,950	9,950	-	-	-	-
General Administration	651,222	780,526	780,526	-	-	-	-
School Administration	338,395	408,786	408,786	-	52,298	52,298	-
Fiscal Services	46,528	84,260	84,260	-	-	-	-
Food Services	78,060	122,357	122,357	-	-	-	-
Central Services	883	2,238	2,238	-	-	-	-
Student Transportation	131,372	265,376	265,376	-	-	-	-
Operation of Plant	358,847	331,761	331,761	-	-	-	-
Maintenance of Plant	111,160	151,930	151,930	-	-	-	-
Community Service	54,363	77,484	77,484	-	-	-	-
Fixed Capital Outlay:							
Other Capital Outlay	-	120,481	120,481	-	-	-	-
Debt Service:							
Principal	-	2,949	2,949	-	-	-	-
Interest	-	27,995	27,995	-	-	-	-
<b>Total Expenditures</b>	<b>5,062,593</b>	<b>5,108,109</b>	<b>5,108,109</b>	<b>-</b>	<b>352,933</b>	<b>352,933</b>	<b>-</b>
Excess (Deficiency) of Revenues							
Over Expenditures	486,706	396,567	396,567	-	-	-	-
Other Financing Sources (Uses):							
Proceeds from Debt	-	4,413,817	4,413,817	-	-	-	-
Transfers In/(Out)	(576,863)	(4,499,457)	(4,499,457)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(576,863)</b>	<b>(85,640)</b>	<b>(85,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(90,157)	310,927	310,927	-	-	-	-
Fund Balances, July 1, 2021	239,352	239,352	239,352	-	-	-	-
<b>Fund Balances, June 30, 2022</b>	<b>\$ 149,195</b>	<b>\$ 550,279</b>	<b>\$ 550,279</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See Independent Auditor's Report

**IMAGINE – MANATEE COUNTY, LLC**  
**D/B/A IMAGINE CHARTER SCHOOL AT NORTH MANATEE**  
A Charter School and Component Unit of the District School Board of Manatee County, Florida  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.



Members:  
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**Report on Internal Control Over Financial Reporting and Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with *Government  
Auditing Standards***

**Independent Auditor's Report**

To the Board of Directors of Imagine - Manatee County, LLC  
d/b/a Imagine Charter School at North Manatee,  
a Charter School and Component Unit of the District  
School Board of Manatee County, 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 and each major fund of Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee ("School"), a charter school and component unit of the District School Board of Manatee County, Florida, 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 September 16, 2022.

**Report on 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 or significant deficiencies may exist that were not 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 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 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.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

September 16, 2022  
Tampa, Florida



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**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Imagine - Manatee County, LLC  
d/b/a Imagine Charter School at North Manatee,  
a Charter School and Component Unit of the  
District School Board of Manatee County, Florida

**Report on the Financial Statements**

We have audited the financial statements of Imagine - Manatee County, LLC d/b/a Imagine Charter School at North Manatee (“School”), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 16, 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 and schedule, which are dated September 16, 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. There were no prior audit findings or recommendations.

**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 is Imagine Charter School at North Manatee, 412123.

### **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 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 Web site 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 that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style.

September 16, 2022  
Tampa, Florida