

**IMAGINE – EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT  
LAKEWOOD RANCH**

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 – EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH**

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### **Independent Auditor's Report**

To the Board of Directors of Imagine - East Manatee County, LLC  
d/b/a Imagine School at Lakewood Ranch,  
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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch ("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.

#### ***Emphasis of Matter***

As described in Note 2, the School implemented Government Accounting Standards Board (GASB) Statement No. 87 - Leases, which is a change in accounting principle that addresses accounting and financial reporting for leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

### ***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,

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

September 16, 2022  
Tampa, Florida

**IMAGINE - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH**

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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch ("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 a total Net Position balance of \$427,033, as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2022, the School's revenue exceeded expenses by \$301,240 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 - EAST 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 three funds; a General Fund, a Capital Projects Fund, and a Special Revenue 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.



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

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	\$ 262,545	\$ 793,154	\$ 530,609
Capital Assets, Net	546,276	11,683,833	11,137,557
Total Assets	808,821	12,476,987	11,668,166
<b>LIABILITIES</b>			
Current Liabilities	259,824	720,492	460,668
Noncurrent Liabilities	423,204	11,329,462	10,906,258
Total Liabilities	683,028	12,049,954	11,366,926
<b>NET POSITION</b>			
Net Investment in Capital Assets	314,305	545,604	231,299
Unrestricted	(188,512)	(118,571)	69,941
Total Net Position	\$ 125,793	\$ 427,033	\$ 301,240

Current assets consist of cash and cash equivalents, accounts receivable, prepaid items & deposits, and a due from other agencies. The School's investment in capital assets consist of a leased asset – building, furniture, fixtures and equipment, improvements other than buildings, and vehicles, net of accumulated depreciation/amortization. Liabilities are comprised of salaries & benefits payable, accounts payable, net due to/from Management Company, and noncurrent liabilities, including a long-term lease payable and long-term notes payable.

Total Net Position amounted to \$427,033 as of June 30, 2022, representing an increase of \$301,240 over the prior fiscal year.

**IMAGINE - EAST 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>			
	Governmental Activities		Increase (Decrease)
	6-30-21	6-30-22	
<b>Revenues:</b>			
Federal Through State and Local	\$ 123,535	\$ 508,249	\$ 384,714
State	4,513,233	4,088,608	(424,625)
Local and Other	209,433	909,615	700,182
Contributions	86,151	117,744	31,593
<b>Total Revenues</b>	<b>4,932,352</b>	<b>5,624,216</b>	<b>691,864</b>
<b>Expenses:</b>			
Instruction	2,069,704	2,342,742	273,038
Student Support Services	65,179	46,731	(18,448)
Instructional Media	2,099	5,597	3,498
Instruction & Curriculum Development	53,988	67,214	13,226
Instructional Staff Training	500	-	(500)
Instructional Related Technology	21,925	94,216	72,291
Board	30,853	10,000	(20,853)
General Administration	625,171	552,526	(72,645)
School Administration	331,813	544,993	213,180
Fiscal Services	29,053	16,880	(12,173)
Food Services	52,679	50,579	(2,100)
Central Services	618	726	108
Student Transportation	70,483	82,404	11,921
Operation of Plant	1,159,015	296,290	(862,725)
Maintenance of Plant	94,012	136,938	42,926
Community Service	120,648	111,418	(9,230)
Debt Service - Interest	15,857	576,406	560,549
Unallocated Depreciation/Amortization	44,039	387,316	343,277
<b>Total Expenses</b>	<b>4,787,636</b>	<b>5,322,976</b>	<b>535,340</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 144,716</b>	<b>\$ 301,240</b>	<b>\$ 156,524</b>

The largest revenue source for the School is the State of Florida (73%). 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 concentration of expenses is Instruction, which accounted for 44% of total expenditures, and consists primarily of teachers' salaries. The increase in Debt Service – Interest and decrease in Operation of Plant are due to the change in accounting principle that addresses accounting and financial reporting for leases. Other expense categories experienced increases and decreases between fiscal years due to general economic conditions and the financial needs of the School.

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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 \$72,662.

**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 the 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**

The School’s investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$11,683,833 (net of accumulated depreciation/amortization). This investment in capital assets includes a leased asset – building, vehicles, improvements other than buildings, and furniture, fixtures, and equipment. Additional information regarding the School’s capital assets is presented in a subsequent note to the financial statements.

**LONG-TERM DEBT**

At June 30, 2022, the School had \$11,329,462 in long-term debt outstanding, a net increase of \$10,906,258 from the prior fiscal year due to the change in accounting principle that addresses accounting and financial reporting for leases. 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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch’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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch, 10535 Portal Crossing, Bradenton, Florida 34211.

**IMAGINE - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH  
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	\$ 337,721
Due From Other Agencies	380,766
Accounts Receivable	2,006
Prepaid Items & Deposits	72,661
Capital Assets:	
Leased Asset - Building, Net	10,943,328
Improvements Other Than Buildings, Net	506,185
Furniture, Fixtures, and Equipment, Net	24,596
Vehicles, Net	209,724
Total Capital Assets	<u>11,683,833</u>
<b>TOTAL ASSETS</b>	<u><u>12,476,987</u></u>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	271,773
Accounts Payable	84,727
Net Due To/ From Management Company	363,992
Noncurrent Liabilities:	
Due Within One Year:	
Notes Payable	230,817
Long-Term Lease Payable	354,861
Due After One Year:	
Notes Payable	155,317
Long-Term Lease Payable	10,588,467
<b>TOTAL LIABILITIES</b>	<u><u>12,049,954</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	545,604
Unrestricted	<u>(118,571)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 427,033</u></u>

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

**IMAGINE - EAST MANATEE COUNTY, LLC**  
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**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)
		Charges	Operating	Capital	Revenue
	Expenses	for	Grants and	Grants and	and Changes
		Services	Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 2,342,742	\$ 32,233	\$ 349,030	\$ -	\$ (1,961,479)
Student Support Services	46,731	-	5,920	-	(40,811)
Instructional Media	5,597	-	-	-	(5,597)
Instruction & Curriculum Development	67,214	-	-	-	(67,214)
Instructional Related Technology	94,216	-	24,640	-	(69,576)
Board	10,000	-	-	-	(10,000)
General Administration	552,526	-	-	-	(552,526)
School Administration	544,993	-	65,046	-	(479,947)
Fiscal Services	16,880	-	-	-	(16,880)
Food Services	50,579	-	-	-	(50,579)
Central Services	726	-	-	-	(726)
Student Transportation	82,404	-	-	-	(82,404)
Operation of Plant	296,290	-	49,965	-	(246,325)
Maintenance of Plant	136,938	-	6,824	-	(130,114)
Community Service	111,418	82,351	-	-	(29,067)
Debt Service - Interest	576,406	-	-	264,222	(312,184)
Unallocated Depreciation/Amortization	387,316	-	-	-	(387,316)
Total Governmental Activities	<u>\$ 5,322,976</u>	<u>\$ 114,584</u>	<u>\$ 501,425</u>	<u>\$ 264,222</u>	<u>(4,442,745)</u>
General Revenue					
State Sources					3,824,386
Local and Other					795,031
Contributions					117,744
Grants & Contributions Not Restricted to Specific Programs					6,824
Total General Revenues					<u>4,743,985</u>
Change in Net Position					301,240
Net Position - July 1, 2021					<u>125,793</u>
Net Position - June 30, 2022					<u>\$ 427,033</u>

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

**IMAGINE - EAST MANATEE COUNTY, LLC  
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A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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**BALANCE SHEET - GOVERNMENTAL FUNDS**

*June 30, 2022*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 337,721	\$ -	\$ -	\$ 337,721
Due From Other Agencies	-	380,766	-	380,766
Accounts Receivable	2,006	-	-	2,006
Prepaid Items & Deposits	72,661	-	-	72,661
Due from Other Funds	380,766	-	-	380,766
Total Assets	<u>\$ 793,154</u>	<u>\$ 380,766</u>	<u>\$ -</u>	<u>\$ 1,173,920</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 271,773	\$ -	\$ -	\$ 271,773
Accounts Payable	84,727	-	-	84,727
Net Due To/ From Management Company	363,992	-	-	363,992
Due to Other Funds	-	380,766	-	380,766
Total Liabilities	<u>720,492</u>	<u>380,766</u>	<u>-</u>	<u>1,101,258</u>
<b>FUND BALANCES</b>				
Nonspendable	72,661	-	-	72,661
Unassigned	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Fund Balances	<u>72,662</u>	<u>-</u>	<u>-</u>	<u>72,662</u>
Total Liabilities and Fund Balances	<u>\$ 793,154</u>	<u>\$ 380,766</u>	<u>\$ -</u>	<u>\$ 1,173,920</u>

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

**IMAGINE - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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>	\$	72,662
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		11,683,833
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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.

	(386,134)	
Notes Payable		
Long-Term Lease Payable	(10,943,328)	(11,329,462)

<b>Total Net Position - Governmental Activities</b>	\$	427,033
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The accompanying notes to financial statements are an integral part of this statement.

**IMAGINE - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental:				
Federal Through State and Local	\$ 6,824	\$ 501,425	\$ -	\$ 508,249
State	3,824,386	-	264,222	4,088,608
Local and Other	729,700	-	179,915	909,615
Contributions	117,744	-	-	117,744
Total Revenues	<u>4,678,654</u>	<u>501,425</u>	<u>444,137</u>	<u>5,624,216</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	1,993,712	349,030	-	2,342,742
Student Support Services	40,811	5,920	-	46,731
Instructional Media	5,597	-	-	5,597
Instruction & Curriculum Development	67,214	-	-	67,214
Instructional Related Technology	69,576	24,640	-	94,216
Board	10,000	-	-	10,000
General Administration	552,526	-	-	552,526
School Administration	479,947	65,046	-	544,993
Fiscal Services	16,880	-	-	16,880
Food Services	50,579	-	-	50,579
Central Services	726	-	-	726
Student Transportation	82,404	-	-	82,404
Operation of Plant	285,115	11,175	-	296,290
Maintenance of Plant	130,114	6,824	-	136,938
Community Service	111,418	-	-	111,418
Fixed Capital Outlay:				
Facilities Acquisition & Construction	11,256,269	-	-	11,256,269
Other Capital Outlay	49,899	38,790	179,915	268,604
Debt Service:				
Principal	350,011	-	-	350,011
Interest	312,184	-	264,222	576,406
Total Expenditures	<u>15,864,982</u>	<u>501,425</u>	<u>444,137</u>	<u>16,810,544</u>
Excess/(Deficiency) of Revenues				
Over Expenditures	<u>(11,186,328)</u>	<u>-</u>	<u>-</u>	<u>(11,186,328)</u>
Other Financing Sources (Uses):				
Inception of Long-Term Lease	<u>11,256,269</u>	<u>-</u>	<u>-</u>	<u>11,256,269</u>
Total Other Financing Sources (Uses)	<u>11,256,269</u>	<u>-</u>	<u>-</u>	<u>11,256,269</u>
Net Change in Fund Balances	69,941	-	-	69,941
Fund Balances, July 1, 2021	<u>2,721</u>	<u>-</u>	<u>-</u>	<u>2,721</u>
Fund Balances, June 30, 2022	<u>\$ 72,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,662</u>

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



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A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**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*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	69,941
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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/amortization expense.

Capital Outlays	11,524,873		
Depreciation/Amortization Expense	<u>(387,316)</u>		11,137,557

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.

350,011

Inception of a long-term lease proceeds provide current financial resources; however, it creates a long-term liability in the Statement of Net Position.

In the current period, other financing source were received from the inception of a long-term lease.

(11,256,269)

**Change in Net Position - Governmental Activities**

\$ 301,240

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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch ("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, 2023, 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.
- 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 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

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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.

➤ **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.

Capital assets are depreciated/amortized over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Leased Asset - Building	18 years
Furniture, Fixtures and Equipment	5 - 7 years
Improvements other than Buildings	5 - 15 years
Vehicles	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.

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➤ **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.
- 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.

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- 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.

➤ **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

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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 499.22 unweighted FTE and 534.5324 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 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

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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. ACCOUNTING CHANGE**

The School implemented GASB Statement No. 87 - Leases, which establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset. This statement increases the usefulness of the School's financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating. In the current fiscal year, the School recognized a long-term lease liability and an intangible right-to-use asset (Leased Asset - Building) of \$11,256,269, which applies to their educational facility lease.

**3. 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.

**4. DUE FROM OTHER AGENCIES**

Amounts Due from Other Agencies included in the accompanying Statement of Net Position and Balance Sheet – Governmental Funds consists of amounts due from the Manatee County District School Board for grant expenditures awaiting reimbursement. This receivable is considered to be fully collectible and as such, no allowance for uncollectibles is accrued.



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**5. INTERFUND RECEIVABLES/PAYABLES**

At June 30, 2022, the School's Special Revenue Fund owed the General Fund \$380,766 for grant expenditures awaiting reimbursement from other agencies. These amounts are netted together and not reported in the Statement of Net Position.

**6. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Leased Asset - Building	\$ -	\$ 11,256,269	\$ -	\$ 11,256,269
Improvements Other Than Buildings	291,370	264,922	-	556,292
Furniture, Fixtures and Equipment	171,271	3,682	-	174,953
Vehicles	285,987	-	-	285,987
Total Capital Assets	<u>748,628</u>	<u>11,524,873</u>	<u>-</u>	<u>12,273,501</u>
 Less Accumulated Depreciation/Amortization for:				
Leased Asset - Building	-	(312,941)	-	(312,941)
Improvements Other Than Buildings	(10,844)	(39,263)	-	(50,107)
Furniture, Fixtures and Equipment	(143,843)	(6,514)	-	(150,357)
Vehicles	(47,665)	(28,598)	-	(76,263)
Total Accumulated Depreciation/Amortization	<u>(202,352)</u>	<u>(387,316)</u>	<u>-</u>	<u>(589,668)</u>
Governmental Activities Capital Assets, net	<u>\$ 546,276</u>	<u>\$ 11,137,557</u>	<u>\$ -</u>	<u>\$ 11,683,833</u>

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

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**NOTES TO FINANCIAL STATEMENTS**

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**7. NOTES PAYABLE**

Notes payable consist of the following:

<u>Promissory Notes</u>	<u>Balance at 6-30-22</u>
<u>Notes Payable - Imagine Schools, Inc.</u>	
\$286,882 & \$118,000 Borrowed for operating advances in prior fiscal years. The combined payments, in the amount of \$11,467, including principal and interest, at a rate of 3.25%. Deferral letters have been received from the Management Company agreeing to the deferral of payments on both notes for the fiscal year 2021 without any additional interest or penalty. Payments are to resume in the next fiscal year.	\$ 133,202
\$110,934 Borrowed July 2011, for the purchase of various equipment under the capitalization threshold. Deferral letters have been received from the Management Company agreeing to the deferral of payments on this note for the fiscal year 2021 without any additional interest or penalty. Payments are to resume in the next fiscal year.	58,133
<u>Note Payable - TCF National Bank</u>	
\$285,987, Borrowed 11-7-2019, to purchase 3 school buses. Interest rate of 6.32%. Payments are to be made in 84 equal monthly installments of \$4,221.87. 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.	194,799
Total Notes Payable	<u>\$ 386,134</u>

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Amounts payable in the future for notes payable are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 241,998	\$ 230,817	\$ 11,181
2024	50,662	42,050	8,612
2025	50,663	44,787	5,876
2026	50,662	47,700	2,962
2027	21,110	20,780	330
Total	<u>\$ 415,095</u>	<u>\$ 386,134</u>	<u>\$ 28,961</u>

**8. LONG-TERM LEASE PAYABLE**

The School entered into a 30-year lease for its educational facility starting January 1, 2009. The lease contains required monthly minimum lease payments as of that date and thereafter. The minimum required lease payment increases 3 percent annually through 2029, then 1.5 percent through 2039. The fair value of the leased asset is \$11,256,269. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 902,027	\$ 354,861	\$ 547,166
2024	929,088	399,665	529,423
2025	956,961	447,521	509,440
2026	985,670	498,606	487,064
2027	1,015,240	553,106	462,134
2028-2032	4,867,770	3,000,270	1,867,500
2033-2037	4,856,463	3,787,371	1,069,092
2038-2039	2,046,103	1,901,928	144,175
Total	<u>\$ 16,559,322</u>	<u>\$ 10,943,328</u>	<u>\$ 5,615,994</u>

The imputed interest rate is 5 percent.

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**9. 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	\$ 423,204	\$ -	\$ (37,070)	\$ 386,134	\$ 230,817
Long-Term Lease Payable	-	11,256,269	(312,941)	10,943,328	354,861
Total Governmental Activities	<u>\$ 423,204</u>	<u>\$ 11,256,269</u>	<u>\$ (350,011)</u>	<u>\$ 11,329,462</u>	<u>\$ 585,678</u>

**10. SCHEDULE OF STATE REVENUE SOURCES**

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

Source	Amount
Florida Education Finance Program	\$ 3,219,469
Categorical Programs:	
Class Size Reduction	502,197
Charter School Capital Outlay	264,222
Miscellaneous	102,720
Total State Revenue	<u>\$ 4,088,608</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$93,189.

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

**11. 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.

**12. RELATED PARTY TRANSACTIONS**

a) **Management Service Contract:**

The School entered into a service agreement with Imagine Schools Non-Profit, Inc. (the management company), commencing November 1, 2006, 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, 2013.

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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 \$522,526.

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), Florida Statutes (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 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.

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

The School has entered into multiple agreements with the management company as described in Note 12 of the notes to financial statements. The ending balance of \$363,992 is the net amount due to the management company, and consists of the following:

	<u>Net due (to)/from management company</u>
Balance due (to)/from at July 1, 2021	\$ 34,866
Payments	1,282,137
Invoiced	(1,798,739)
Contribution from management company	<u>117,744</u>
Balance due (to)/from at June 30, 2022	<u><u>\$ (363,992)</u></u>

**c) Notes Payable**

As of June 30, 2022, the School had \$191,335 of notes payable due to Imagine Schools, Inc., the School's management company. Additional information about the School's related party notes payable is presented in Note 7 to the financial statements.

**13. 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.

**14. 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 - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH**

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**15. 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.

**16. 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 - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH  
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	\$ -	\$ 6,824	\$ 6,824	\$ -	\$ 501,425	\$ 501,425	\$ -
State	4,434,796	3,824,386	3,824,386	-	-	-	-
Local and Other	335,585	729,700	729,700	-	-	-	-
Contributions	346,396	117,744	117,744	-	-	-	-
Total Revenues	<u>5,116,777</u>	<u>4,678,654</u>	<u>4,678,654</u>	<u>-</u>	<u>501,425</u>	<u>501,425</u>	<u>-</u>
<b>Expenditures:</b>							
Current - Education:							
Instruction	2,518,911	1,993,712	1,993,712	-	349,030	349,030	-
Student Support Services	156,401	40,811	40,811	-	5,920	5,920	-
Instructional Media	-	5,597	5,597	-	-	-	-
Instruction & Curriculum Development	-	67,214	67,214	-	-	-	-
Instructional Related Technology	-	69,576	69,576	-	24,640	24,640	-
Board	9,500	10,000	10,000	-	-	-	-
General Administration	529,684	552,526	552,526	-	-	-	-
School Administration	350,188	479,947	479,947	-	65,046	65,046	-
Fiscal Services	18,069	16,880	16,880	-	-	-	-
Food Services	47,906	50,579	50,579	-	-	-	-
Central Services	715	726	726	-	-	-	-
Student Transportation	56,081	82,404	82,404	-	-	-	-
Operation of Plant	1,193,698	285,115	285,115	-	11,175	11,175	-
Maintenance of Plant	141,416	130,114	130,114	-	6,824	6,824	-
Community Service	94,208	111,418	111,418	-	-	-	-
Fixed Capital Outlay:							
Facilities Acquisition & Construction	-	11,256,269	11,256,269	-	-	-	-
Other Capital Outlay	-	49,899	49,899	-	38,790	38,790	-
Debt Service:							
Principal	-	350,011	350,011	-	-	-	-
Interest	-	312,184	312,184	-	-	-	-
Total Expenditures	<u>5,116,777</u>	<u>15,864,982</u>	<u>15,864,982</u>	<u>-</u>	<u>501,425</u>	<u>501,425</u>	<u>-</u>
Excess (Deficiency) of Revenues							
Over Expenditures	-	(11,186,328)	(11,186,328)	-	-	-	-
Other Financing Sources (Uses):							
Inception of Long-Term Lease	-	11,256,269	11,256,269	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,256,269</u>	<u>11,256,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	69,941	69,941	-	-	-	-
Fund Balances, July 1, 2021	2,721	2,721	2,721	-	-	-	-
Fund Balances, June 30, 2022	<u>\$ 2,721</u>	<u>\$ 72,662</u>	<u>\$ 72,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report



**IMAGINE - EAST MANATEE COUNTY, LLC  
D/B/A IMAGINE SCHOOL AT LAKEWOOD RANCH**

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.



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

**Independent Auditor's Report**

To the Board of Directors of the Imagine - East Manatee County, LLC  
d/b/a Imagine School at Lakewood Ranch,  
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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch ("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) 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 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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

September 16, 2022  
Tampa, Florida



Members:  
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American Institute of CPAs  
Government Audit Quality Center

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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 - East Manatee County, LLC  
d/b/a Imagine School at Lakewood Ranch,  
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 - East Manatee County, LLC d/b/a Imagine School at Lakewood Ranch ("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 at Lakewood Ranch, 412124.

**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 of King & Walker, CPAs in black ink.

September 16, 2022  
Tampa, Florida