

IMAGINE SCHOOL AT NORTH PORT, INC.

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

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2022

King & Walker, CPAs, PL

Certified Public Accountants

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IMAGINE SCHOOL AT NORTH PORT, INC.

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Florida Institute of CPAs
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2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

Independent Auditor's Report

To the Board of Directors of Imagine School at North Port, Inc.,
a Charter School and Component Unit of the District
School Board of Sarasota 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 School at North Port, Inc., ("School"), a charter school and component unit of the District School Board of Sarasota 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 27, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's, internal control over financial reporting and compliance.

Respectfully submitted,

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

September 27, 2022
Tampa, Florida

IMAGINE SCHOOL AT NORTH PORT, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Imagine School at North Port, Inc. ("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 \$728,413, as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2022, the School's expenses exceeded revenue by \$149,679 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 SCHOOL AT NORTH PORT, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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 Special Revenue 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 SCHOOL AT NORTH PORT, INC.

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

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)
ASSETS			
Current and Other Assets	\$ 1,800,543	\$ 1,631,341	\$ (169,202)
Capital Assets, Net	<u>2,325,406</u>	<u>7,370,466</u>	<u>5,045,060</u>
Total Assets	<u>4,125,949</u>	<u>9,001,807</u>	<u>4,875,858</u>
LIABILITIES			
Current Liabilities	737,050	791,517	54,467
Noncurrent Liabilities	<u>1,447,004</u>	<u>6,418,074</u>	<u>4,971,070</u>
Total Liabilities	<u>2,184,054</u>	<u>7,209,591</u>	<u>5,025,537</u>
NET POSITION			
Net Investment in Capital Assets	878,402	1,063,803	185,401
Unrestricted	<u>1,063,493</u>	<u>728,413</u>	<u>(335,080)</u>
Total Net Position	<u>\$ 1,941,895</u>	<u>\$ 1,792,216</u>	<u>\$ (149,679)</u>

Current assets consist primarily of cash and cash equivalents, amounts due from other agencies, and a net due from management company. The School's investment in capital assets consists of land, buildings and fixed equipment, leased asset – buildings, improvements other than buildings, furniture, fixtures and equipment, and vehicles, net of accumulated depreciation/amortization. Liabilities are comprised of accounts payable, salaries and benefits payable, and long-term leases and notes payable.

Total Net Position amounted to \$1,792,216 as of June 30, 2022, representing a decrease of \$149,679 over the prior fiscal year.

IMAGINE SCHOOL AT NORTH PORT, INC.

A Charter School and Component Unit of the District School Board of Sarasota 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:

Operating Results for the Year

	Governmental Activities		
	6-30-21	6-30-22	Increase (Decrease)
Revenues:			
Federal Through State and Local	\$ 432,999	\$ 638,446	\$ 205,447
State	9,474,206	9,679,977	205,771
Local and Other	2,178,767	2,295,938	117,171
Total Revenues	12,085,972	12,614,361	528,389
Expenses:			
Instruction	5,720,607	6,291,694	571,087
Student Support Services	156,000	176,563	20,563
Instructional Media	120,110	128,604	8,494
Instruction & Curriculum Development	173,900	187,921	14,021
Instructional Staff Training	34,992	27,206	(7,786)
Instructional Related Technology	303,017	332,421	29,404
Board	15,771	13,133	(2,638)
General Administration	953,768	1,113,799	160,031
School Administration	1,042,072	951,784	(90,288)
Fiscal Services	120,414	122,662	2,248
Food Services	429	755	326
Central Services	250	275	25
Student Transportation	233,491	282,367	48,876
Operation of Plant	2,478,976	955,747	(1,523,229)
Maintenance of Plant	230,150	343,680	113,530
Community Service	174,310	178,865	4,555
Debt Service - Interest	74,391	382,604	308,213
Unallocated Depreciation/Amortization	196,361	1,273,960	1,077,599
Total Expenses	12,029,009	12,764,040	735,031
Increase/(Decrease) in Net Position	\$ 56,963	\$ (149,679)	\$ (206,642)

The largest revenue source for the School is the State of Florida (77%). 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 (49%), which consisted primarily of teacher salaries. The increase in unallocated depreciation/amortization and Debt Service – Interest, and decrease in operation of plant, is 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.

IMAGINE SCHOOL AT NORTH PORT, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$839,824.

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 \$7,370,466 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and fixed equipment, a leased asset – buildings, improvements other than buildings, furniture, fixtures and equipment, and vehicles. 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 \$6,418,074 in long-term debt outstanding, a net increase of \$4,971,070 from last year, due to the change in accounting principle that addresses accounting and financial reporting for leases. Additional information about the School's long-term liabilities is presented in the notes to the financial statements

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Imagine School at North Port, Inc.'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 School at North Port, Inc. 2757 Sycamore Street, North Port, FL 34289.

IMAGINE SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2022

	<u>Government Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 1,392,300
Due From Other Agencies	48,159
Prepaid Items & Deposits	180,467
Net Due To/ From Management Company	10,415
Capital Assets:	
Land	106,016
Buildings & Fixed Equipment, Net	1,739,214
Leased Asset - Buildings, Net	5,175,183
Improvements Other Than Buildings, Net	241,122
Furniture, Fixtures, and Equipment, Net	35,534
Vehicles, Net	73,397
Total Capital Assets	<u>7,370,466</u>
TOTAL ASSETS	<u><u>9,001,807</u></u>
LIABILITIES	
Salaries and Benefits Payable	758,653
Accounts Payable	32,864
Noncurrent Liabilities:	
Due Within One Year:	
Notes Payable	112,051
Long-Term Leases Payable	1,181,428
Due After One Year:	
Notes Payable	1,130,841
Long-Term Leases Payable	3,993,754
TOTAL LIABILITIES	<u><u>7,209,591</u></u>
NET POSITION	
Net Investment in Capital Assets	1,063,803
Unrestricted	728,413
TOTAL NET POSITION	<u><u>\$ 1,792,216</u></u>

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

IMAGINE SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA 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	\$ 6,291,694	\$ 119,794	\$ 255,862	\$ -	\$ (5,916,038)
Student Support Services	176,563	-	-	-	(176,563)
Instructional Media	128,604	-	17,128	-	(111,476)
Instruction & Curriculum Development	187,921	-	-	-	(187,921)
Instructional Staff Training	27,206	-	17,499	-	(9,707)
Instructional Related Technology	332,421	-	202,367	-	(130,054)
Board	13,133	-	-	-	(13,133)
General Administration	1,113,799	-	-	-	(1,113,799)
School Administration	951,784	-	2,073	-	(949,711)
Fiscal Services	122,662	-	-	-	(122,662)
Food Services	755	-	-	-	(755)
Central Services	275	-	-	-	(275)
Student Transportation	282,367	-	-	-	(282,367)
Operation of Plant	955,747	-	50,713	-	(905,034)
Maintenance of Plant	343,680	-	92,804	-	(250,876)
Community Service	178,865	59,248	-	-	(119,617)
Debt Service - Interest	382,604	-	-	614,088	231,484
Unallocated Depreciation/Amortization	1,273,960	-	-	-	(1,273,960)
Total Governmental Activities	\$ 12,764,040	\$ 179,042	\$ 638,446	\$ 614,088	(11,332,464)
General Revenue					
State Sources					9,065,889
Local and Other					2,116,896
Total General Revenues					<u>11,182,785</u>
Change in Net Position					(149,679)
Net Position - July 1, 2021					<u>1,941,895</u>
Net Position - June 30, 2022					<u>\$ 1,792,216</u>

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

IMAGINE SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 1,392,300	\$ -	\$ -	\$ 1,392,300
Due From Other Agencies	-	48,159	-	48,159
Prepaid Items & Deposits	180,467	-	-	180,467
Net Due To/ From Management Company	10,415	-	-	10,415
Due from Other Funds	48,159	-	-	48,159
Total Assets	\$ 1,631,341	\$ 48,159	\$ -	\$ 1,679,500
LIABILITIES				
Salaries and Benefits Payable	\$ 758,653	\$ -	\$ -	\$ 758,653
Accounts Payable	32,864	-	-	32,864
Due to Other Funds	-	48,159	-	48,159
Total Liabilities	791,517	48,159	-	839,676
FUND BALANCES				
Nonspendable	180,467	-	-	180,467
Unassigned	659,357	-	-	659,357
Total Fund Balances	839,824	-	-	839,824
Total Liabilities and Fund Balances	\$ 1,631,341	\$ 48,159	\$ -	\$ 1,679,500

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

**IMAGINE SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**

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

June 30, 2022

Total Fund Balances - Governmental Funds	\$	839,824
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.		7,370,466
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		
Notes Payable	(1,242,892)	
Long-Term Leases Payable	<u>(5,175,182)</u>	<u>(6,418,074)</u>
Total Net Position - Governmental Activities	\$	<u><u>1,792,216</u></u>

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

IMAGINE SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA 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
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ -	\$ 638,446	\$ -	\$ 638,446
State	9,065,889	-	614,088	9,679,977
Local and Other	2,005,865	-	290,073	2,295,938
Total Revenues	<u>11,071,754</u>	<u>638,446</u>	<u>904,161</u>	<u>12,614,361</u>
Expenditures				
Current - Education:				
Instruction	6,035,832	255,862	-	6,291,694
Student Support Services	176,563	-	-	176,563
Instructional Media	111,476	17,128	-	128,604
Instruction & Curriculum Development	187,921	-	-	187,921
Instructional Staff Training	9,707	17,499	-	27,206
Instructional Related Technology	130,054	202,367	-	332,421
Board	13,133	-	-	13,133
General Administration	1,113,799	-	-	1,113,799
School Administration	949,711	2,073	-	951,784
Fiscal Services	122,662	-	-	122,662
Food Services	755	-	-	755
Central Services	275	-	-	275
Student Transportation	282,367	-	-	282,367
Operation of Plant	383,477	50,713	521,557	955,747
Maintenance of Plant	250,876	92,804	-	343,680
Community Service	178,865	-	-	178,865
Fixed Capital Outlay:				
Facilities Acquisition & Construction	6,288,047	-	-	6,288,047
Other Capital Outlay	30,973	-	-	30,973
Debt Service:				
Principal	1,316,977	-	-	1,316,977
Interest	-	-	382,604	382,604
Total Expenditures	<u>17,583,470</u>	<u>638,446</u>	<u>904,161</u>	<u>19,126,077</u>
Excess/(Deficiency) of Revenues				
Over Expenditures	<u>(6,511,716)</u>	<u>-</u>	<u>-</u>	<u>(6,511,716)</u>
Other Financing Sources (Uses):				
Inception of Long-Term Leases	6,288,047	-	-	6,288,047
Total Other Financing Sources (Uses)	<u>6,288,047</u>	<u>-</u>	<u>-</u>	<u>6,288,047</u>
Net Change in Fund Balances	(223,669)	-	-	(223,669)
Fund Balances, July 1, 2021	<u>1,063,493</u>	<u>-</u>	<u>-</u>	<u>1,063,493</u>
Fund Balances, June 30, 2022	<u>\$ 839,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,824</u>

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

IMAGINE SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA 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

Net Change in Fund Balances - Governmental Funds \$ (223,669)

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.

	6,319,020	
Capital Outlays		
Depreciation/Amortization Expense	(1,273,960)	5,045,060

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.

1,316,977

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 leases.

(6,288,047)

Change in Net Position - Governmental Activities

\$ (149,679)

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

IMAGINE SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

Imagine School at North Port, Inc., (“School”) previously organized as Imagine Sarasota-County, LLC, was organized to establish and operate a public charter school to serve educational and charitable purposes, and qualified 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. On July 14, 2010, the School was organized as a Florida, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. On June 7, 2011, Imagine-Sarasota County, LLC, with the consent of the School Board of Sarasota County, Florida, assigned the charter contract to the School. Effective July 1, 2011, the School began operating under the new not-for-profit corporation. As of the effective date, the School assumed all of Imagine-Sarasota County, LLC’s assets, property, rights, responsibilities, and liabilities, including any insurance associated with such assets or property.

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 Sarasota County, Florida, (“District”). The current charter is effective until June 30, 2030, 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.

IMAGINE SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

➤ **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 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.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with restricted 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.

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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 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>
Buildings and Fixed Equipment	7 - 39 years
Leased Asset - Buildings	5 years
Improvements other than Buildings	7 - 15 years
Furniture, Fixtures, and Equipment	5 - 7 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

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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.
- **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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June 30, 2022

- 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 reflected in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds.

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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 1,160.29 unweighted FTE and 1,210.63 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 School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

IMAGINE SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

➤ **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 - Buildings) of \$6,288,047, which applies to their educational facility leases.

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 consist of amounts due from the Sarasota 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.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2022, the School's Special Revenue Fund owed the General Fund \$48,159 for grant expenditures awaiting reimbursement. These amounts are netted together and not reported in the Statement of Net Position.

IMAGINE SCHOOL AT NORTH PORT, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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>				
Land	\$ 106,016	\$ -	\$ -	\$ 106,016
Buildings & Fixed Equipment	2,214,468	-	-	2,214,468
Leased Asset - Buildings	-	6,288,047	-	6,288,047
Improvements Other Than Buildings	1,141,100	16,352	-	1,157,452
Furniture, Fixtures and Equipment	1,053,330	14,621	-	1,067,951
Vehicles	492,498	-	-	492,498
Total Capital Assets	<u>5,007,412</u>	<u>6,319,020</u>	<u>-</u>	<u>11,326,432</u>
Less Accumulated Depreciation/Amortization for:				
Buildings & Fixed Equipment	(415,330)	(59,924)	-	(475,254)
Leased Asset - Buildings	-	(1,112,864)	-	(1,112,864)
Improvements Other Than Buildings	(854,883)	(61,447)	-	(916,330)
Furniture, Fixtures and Equipment	(1,011,926)	(20,491)	-	(1,032,417)
Vehicles	(399,867)	(19,234)	-	(419,101)
Total Accumulated Depreciation/Amortization	<u>(2,682,006)</u>	<u>(1,273,960)</u>	<u>-</u>	<u>(3,955,966)</u>
Governmental Activities Capital Assets, net	<u>\$ 2,325,406</u>	<u>\$ 5,045,060</u>	<u>\$ -</u>	<u>\$ 7,370,466</u>

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

7. 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 SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

8. LONG-TERM LEASES PAYABLE

The School entered into a lease for its educational facility through June 30, 2026. The lease contains required monthly minimum lease payments as of that date and thereafter. The fair value of the leased asset is \$3,636,760. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

The School also entered into a lease for an additional educational facility through June 30, 2026. The lease contains required monthly minimum lease payments as of that date and thereafter. The minimum required lease payment increases annually by 2.2 percent each fiscal year. The fair value of the leased asset is \$2,651,287. 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	Total	Principal	Interest
Ending June 30			
2023	\$ 1,440,187	\$ 1,181,428	\$ 258,759
2024	1,453,390	1,253,703	199,687
2025	1,466,885	1,329,883	137,002
2026	1,480,676	1,410,168	70,508
Total	<u>\$ 5,841,138</u>	<u>\$ 5,175,182</u>	<u>\$ 665,956</u>

The imputed interest rate for each lease is 5 percent.

IMAGINE SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

9. NOTES PAYABLE

Notes payable consist of the following:

Promissory Notes	Balance at 6-30-22
<u>Synovus Bank</u>	
\$1,840,000 Construction note on January 2013, to construct a 17,020 square foot building for additional classrooms, locker room, and gymnasium. Payments, including principal and interest at a rate of 3.45%, are due monthly through June 2033. In September 2017, the remaining loan balance of \$1,563,899 was refinanced through Synovus Bank. Payments in the amount of \$12,044, including principal and interest at a rate of 4.83%, are due monthly through January 2028. 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.	\$ 1,191,760
<u>Imagine Schools, Inc. - Related Party</u>	
\$921,100 Borrowed June 2014, for operating capital. Payments in the amount of \$9,001, including principal and interest at a rate of 3.25%, are due monthly through June 2024. 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.	5,472
<u>De Lage Landen Financial Services</u>	
\$98,759 Borrowed December 2018, for the purchase of a bus for student transportation. Payments in the amount of \$1,648, including principal and interest at a rate of 6.233%, are due monthly through December 2024. 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.	45,660
Total Notes Payable	<u>\$ 1,242,892</u>

IMAGINE SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Amounts payable for notes payable are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 169,733	\$ 112,051	\$ 57,682
2024	164,306	112,148	52,158
2025	154,182	107,656	46,526
2026	144,534	102,981	41,553
2027	144,534	108,067	36,467
2028	718,814	699,989	18,825
Total	<u>\$ 1,496,103</u>	<u>\$ 1,242,892</u>	<u>\$ 253,211</u>

10. 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
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 1,447,004	\$ -	\$ (204,112)	\$ 1,242,892	\$ 112,051
Long-Term Leases Payable	-	6,288,047	(1,112,865)	5,175,182	1,181,428
Total Governmental Activities	<u>\$ 1,447,004</u>	<u>\$ 6,288,047</u>	<u>\$(1,316,977)</u>	<u>\$ 6,418,074</u>	<u>\$ 1,293,479</u>

11. SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	\$ 7,840,593
Categorical Programs:	
Class Size Reduction	1,147,616
Charter School Capital Outlay	614,088
Miscellaneous	77,680
Total State Revenue	<u>\$ 9,679,977</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$115,878.

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

IMAGINE SCHOOL AT NORTH PORT, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

12. 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.

13. RELATED PARTY TRANSACTIONS

a) **Management Service Contract:**

The School has entered into multiple agreements with the Management Company whereby the Management Company has agreed to provide development, operational and financial support to the School. Some of the support provided includes development and defense of the School application, negotiation of the School contract, facility developments, procurements and financing of equipment and other contract services. The services they provide include recruitment and hiring of personnel, curriculum development and support, professional development, administrative expertise, enrollment and marketing, and support and access to capital. The latest amendment to these agreements was effective May 1, 2013. The contract will continue until termination or expiration of the Charter including all extension or renewals.

This agreement calls for an Indirect Cost Allocation, for performance of its responsibilities of ongoing operation and financial support as defined in the operating agreement. The indirect cost allocation is equal to 8.5% of State and local revenues, excluding certain revenue sources as outlined in the agreements, allocated to the School based on the number of students, including voluntary pre-kindergarten students. 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 \$966,563.

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. The operating capital advances remaining outstanding as of the first day of the fiscal year in which the operating advance was made will accrue interest until paid in full at a rate per annum equal to the Prime Rate compounded monthly (Note 7 of the financial statements). For the fiscal year ending June 30, 2022, the School has a remaining balance on the promissory note in the amount of \$111,411.

b) **Operating Leases:**

The School's management company holds the primary lease on property (Innovation Avenue property and Sycamore Street property), which is subleased to the School (Note 8 of the financial statements). Total lease payments charged to the School for the year ended June 30, 2022, under leases amounted to \$1,427,267.

IMAGINE SCHOOL AT NORTH PORT, INC.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

c) Net Due to/from Management Company:

The School has entered into multiple agreements with the management company as described in Note 13 of the financial statements. The ending balance of \$10,415 represents the 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	\$ (17,524)
Payments	3,264,412
Invoiced	<u>(3,236,473)</u>
Balance due (to)/from at June 30, 2022	<u>\$ 10,415</u>

14. 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.

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 SCHOOL AT NORTH PORT, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF SARASOTA 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)	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:							
Intergovernmental:							
Federal Through State and Local	\$ 412,058	\$ -	\$ -	\$ -	\$ 638,446	\$ 638,446	\$ -
State	8,987,171	9,065,889	9,065,889	-	-	-	-
Local and Other	1,909,946	2,005,865	2,005,865	-	-	-	-
Total Revenues	<u>11,309,175</u>	<u>11,071,754</u>	<u>11,071,754</u>	<u>-</u>	<u>638,446</u>	<u>638,446</u>	<u>-</u>
Expenditures:							
Current - Education:							
Instruction	6,782,376	6,035,832	6,035,832	-	255,862	255,862	-
Student Support Services	291,456	176,563	176,563	-	-	-	-
Instructional Media	-	111,476	111,476	-	17,128	17,128	-
Instruction & Curriculum Development	-	187,921	187,921	-	-	-	-
Instructional Staff Training	-	9,707	9,707	-	17,499	17,499	-
Instructional Related Technology	-	130,054	130,054	-	202,367	202,367	-
Board	13,500	13,133	13,133	-	-	-	-
General Administration	969,609	1,113,799	1,113,799	-	-	-	-
School Administration	787,844	949,711	949,711	-	2,073	2,073	-
Fiscal Services	96,654	122,662	122,662	-	-	-	-
Food Services	-	755	755	-	-	-	-
Central Services	690	275	275	-	-	-	-
Student Transportation	191,043	282,367	282,367	-	-	-	-
Operation of Plant	2,378,722	383,477	383,477	-	50,713	50,713	-
Maintenance of Plant	240,277	250,876	250,876	-	92,804	92,804	-
Community Service	134,982	178,865	178,865	-	-	-	-
Fixed Capital Outlay:							
Facilities Acquisition & Construction	-	6,288,047	6,288,047	-	-	-	-
Other Capital Outlay	-	30,973	30,973	-	-	-	-
Debt Service:							
Principal	-	1,316,977	1,316,977	-	-	-	-
Total Expenditures	<u>11,887,153</u>	<u>17,583,470</u>	<u>17,583,470</u>	<u>-</u>	<u>638,446</u>	<u>638,446</u>	<u>-</u>
Excess (Deficiency) of Revenues							
Over Expenditures	<u>(577,978)</u>	<u>(6,511,716)</u>	<u>(6,511,716)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):							
Inception of Long-Term Leases	-	6,288,047	6,288,047	-	-	-	-
Transfers In/(Out)	616,948	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>616,948</u>	<u>6,288,047</u>	<u>6,288,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>38,970</u>	<u>(223,669)</u>	<u>(223,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1, 2021	1,063,493	1,063,493	1,063,493	-	-	-	-
Fund Balances, June 30, 2022	<u>\$ 1,102,463</u>	<u>\$ 839,824</u>	<u>\$ 839,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IMAGINE SCHOOL AT NORTH PORT, INC.

A Charter School and Component Unit of the District School Board of Sarasota 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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Florida Institute of CPAs
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Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

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 Imagine School at North Port, Inc.
a Charter School and Component Unit of the District
School Board of Sarasota 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 School at North Port, Inc. ("School"), a charter school and component unit of the District School Board of Sarasota 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 27, 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, professional style.

September 27, 2022
Tampa, Florida



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Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
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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 School at North Port, Inc.
a Charter School and Component Unit of the
District School Board of Sarasota County, Florida

Report on the Financial Statements

We have audited the financial statements of Imagine School at North Port, Inc. ("School"), a charter school and component unit of the District School Board of Sarasota County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 27, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 27, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 School at North Port, 580103.

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 Sarasota County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



September 27, 2022
Tampa, Florida