EDUCATIONAL CHARTER FOUNDATION
OF FLORIDA, INC., D/B/A
IMAGINE SCHOOLS AT SOUTH LAKE

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

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2026

King & Walker, CPAs, PL

Certified Public Accountants

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EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE

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Independent Auditor's Report

To the Board of Directors of the Educational Charter Foundation of Florida, Inc.
d/b/a Imagine Schools at South Lake,
a Charter School and Component Unit of
the District School Board of Lake 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 Educational Charter Foundation of Florida, Inc., d/b/a Imagine Schools at South Lake ("School"), a charter school and component unit of the District School Board of Lake County, Florida as of and for the year ended June 30, 2026, 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, 2026, 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report September 15, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's, internal control over financial reporting and compliance.

Respectfully submitted,

King & Walker, CPAs

September 15, 2026
Tampa, Florida

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Educational Charter Foundation of Florida, Inc., d/b/a Imagine Schools at South Lake ("School") provides an overview of the School's financial activities for the fiscal year ended June 30, 2026.

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 $2,777,457 as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2026, the School's expenses exceeded revenue by $22,933, 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.

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 the following funds; a General Fund to account for its general operations; a Debt Service Fund to account for bonded debt; a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays; and a Special Revenue Fund to account for Federal grant programs and food service operations. For reporting purposes, all funds are considered major funds.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position, End of Year

	Governmental Activities		
	6-30-25	6-30-26	Increase (Decrease)
ASSETS			
Current and Other Assets	$ 6,135,729	$ 6,607,661	$ 471,932
Capital Assets, Net	20,001,234	19,021,022	(980,212)
Total Assets	26,136,963	25,628,683	(508,280)
LIABILITIES			
Current Liabilities	1,210,472	1,205,437	(5,035)
Noncurrent Liabilities	23,478,887	22,998,575	(480,312)
Total Liabilities	24,689,359	24,204,012	(485,347)
NET POSITION			
Net Investment in Capital Assets	(3,477,653)	(3,977,553)	(499,900)
Restricted for Food Service	83,904	82,902	(1,002)
Restricted for Debt Service	2,255,044	2,308,669	53,625
Restricted for Capital Projects	225,505	233,196	7,691
Unrestricted	2,360,804	2,777,457	416,653
Total Net Position	$ 1,447,604	$ 1,424,671	$ (22,933)

Current assets consist of cash and cash equivalents, amounts due from other agencies, and prepaid items & deposits. The School's investment in capital assets consists of land, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, computer software, and IT equipment, net of accumulated depreciation and related debt, and construction in progress. Liabilities are comprised of bonds payable, a note payable, accrued interest payable, salaries and benefits payable, unearned revenue and accounts payable.

Total Net Position amounted to $1,424,671 as of June 30, 2026, representing a decrease of $22,933 from the prior fiscal year. Restricted Net Position consists of debt service of $2,308,669, capital projects of $233,196, and food service of $82,902.

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		
	6-30-25	6-30-26	Increase (Decrease)
Revenues:			
Federal Through State and Local	$ 359,796	$ 273,839	$ (85,957)
State	10,489,789	9,530,037	(959,752)
Local and Other	1,997,829	3,220,332	1,222,503
Total Revenues	12,847,414	13,024,208	176,794
Expenses:			
Instruction	5,575,872	5,498,698	(77,174)
Student Support Services	196,255	279,950	83,695
Instructional Media	15,334	31,480	16,146
Instruction & Curriculum Development	105,411	166,364	60,953
Instructional Staff Training	-	3,464	3,464
Instructional Related Technology	38,310	38,933	623
Board	25,656	19,308	(6,348)
School Administration	1,718,185	1,663,591	(54,594)
Facilities Acquisition & Construction	31,312	20,169	(11,143)
Fiscal Services	85,675	166,560	80,885
Food Services	390,567	347,652	(42,915)
Central Services	4,524	158	(4,366)
Student Transportation	260,343	233,584	(26,759)
Operation of Plant	916,456	880,493	(35,963)
Maintenance of Plant	54,735	52,315	(2,420)
Administrative Technology Services	6,364	-	(6,364)
Community Service	1,150,415	1,346,714	196,299
Debt Service - Interest & Fiscal Charges	1,079,854	1,074,377	(5,477)
Unallocated Depreciation	1,232,659	1,223,331	(9,328)
Total Expenses	12,887,927	13,047,141	159,214
Increase/(Decrease) in Net Position	$ (40,513)	$ (22,933)	$ 17,580

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 expense was for Instruction, which comprised 42% of total expenses. The expense categories experienced increases and decreases between fiscal years due to general economic conditions and the financial needs of the School.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of $5,943,349.

BUDGETARY HIGHLIGHTS

The General Fund and Special Revenue Fund budgets for the fiscal year ended June 30, 2026, 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, the School 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, 2026, amounts to $19,021,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, computer software, IT equipment, and construction in progress. Additional information regarding the School's capital assets can be found in the subsequent notes to the financial statements.

LONG-TERM LIABILITES

On June 5, 2019, the School issued revenue bonds in the amount of $23,215,000 for the purchase of their educational facility that was previously leased. The bonds will be repaid incrementally over the next 35 years. The School entered into a loan agreement in October 2022 for $668,915 to purchase school buses. As of June 30, 2026, the School had $22,998,575 of long-term debt outstanding, a net decrease of $480,312 from the prior fiscal year. Additional information regarding the School's long-term debt can be found in the subsequent notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Educational Charter Foundation of Florida, Inc., d/b/a Imagine Schools at South Lake's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal, Educational Charter Foundation of Florida, Inc., d/b/a Imagine Schools at South Lake, 2750 Hartwood Marsh Road, Clermont, FL 34711.

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

STATEMENT OF NET POSITION
June 30, 2026

	Government Activities
ASSETS	
Cash & Cash Equivalents	$ 6,501,728
Due From Other Agencies	75,575
Prepaid Items & Deposits	30,358
Capital Assets:	
Land	4,530,000
Buildings & Fixed Equipment, Net	14,042,217
Motor Vehicles, Net	381,078
IT Equipment, Net	3,530
Furniture, Fixtures, and Equipment, Net	7,696
Construction in Progress	56,501
Total Capital Assets	19,021,022
TOTAL ASSETS	25,628,683
LIABILITIES	
Salaries and Benefits Payable	504,178
Accounts Payable	81,719
Unearned Revenue	78,415
Accrued Interest Payable	541,125
Noncurrent Liabilities:	
Due Within One Year:	
Bonds Payable	345,000
Note Payable	116,934
Due After One Year:	
Bonds Payable	22,372,749
Note Payable	163,892
TOTAL LIABILITIES	24,204,012
NET POSITION	
Net Investment in Capital Assets	(3,977,553)
Restricted:	
Food Service	82,902
Debt Service	2,308,669
Capital Projects	233,196
Unrestricted	2,777,457
TOTAL NET POSITION	$ 1,424,671

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

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2026

		Program Revenues			Net (Expenses) Revenue and Changes Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	$ 5,498,698	$ -	$ 95,223	$ -	$ (5,403,475)
Student Support Services	279,950	-	-	-	(279,950)
Instructional Media	31,480	-	-	-	(31,480)
Instruction & Curriculum Development	166,364	-	36,538	-	(129,826)
Instructional Staff Training	3,464	-	3,385	-	(79)
Instructional Related Technology	38,933	-	-	-	(38,933)
Board	19,308	-	-	-	(19,308)
School Administration	1,663,591	-	-	-	(1,663,591)
Facilities Acquisition & Construction	20,169	-	-	-	(20,169)
Fiscal Services	166,560	-	-	-	(166,560)
Food Services	347,652	211,624	133,352	-	(2,676)
Central Services	158	-	-	-	(158)
Student Transportation	233,584	-	-	-	(233,584)
Operation of Plant	880,493	-	5,341	-	(875,152)
Maintenance of Plant	52,315	-	-	-	(52,315)
Community Service	1,346,714	245,873	-	-	(1,100,841)
Debt Service - Interest & Fiscal Charges	1,074,377	-	-	700,047	(374,330)
Unallocated Depreciation	1,223,331	-	-	-	(1,223,331)
Total Governmental Activities	$ 13,047,141	$ 457,497	$ 273,839	$ 700,047	(11,615,758)

General Revenue	
State Sources	8,829,990
Local and Other	2,762,835
Total General Revenues	11,592,825
Change in Net Position	(22,933)
Net Position - July 1, 2025	1,447,604
Net Position - June 30, 2026	$ 1,424,671

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

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	$ 3,901,595	$ 58,268	$ 233,196	$ 2,308,669	$ 6,501,728
Due From Other Agencies	18,137	-	57,438	-	75,575
Prepaid Items & Deposits	30,358	-	-	-	30,358
Due from Other Funds	57,438	24,634	-	-	82,072
Total Assets	$ 4,007,528	$ 82,902	$ 290,634	$ 2,308,669	$ 6,689,733
LIABILITIES					
Salaries and Benefits Payable	$ 504,178	$ -	$ -	$ -	$ 504,178
Accounts Payable	81,719	-	-	-	81,719
Unearned Revenue	78,415	-	-	-	78,415
Due to Other Funds	24,634	-	57,438	-	82,072
Total Liabilities	688,946	-	57,438	-	746,384
FUND BALANCES					
Nonspendable	30,358	-	-	-	30,358
Restricted:					
Food Service	-	82,902	-	-	82,902
Capital Projects	-	-	233,196	-	233,196
Debt Service	-	-	-	2,308,669	2,308,669
Assigned:					
Instructional Materials	100,000	-	-	-	100,000
Technology	100,000	-	-	-	100,000
Employee Compensation	280,000	-	-	-	280,000
Unassigned	2,808,224	-	-	-	2,808,224
Total Fund Balances	3,318,582	82,902	233,196	2,308,669	5,943,349
Total Liabilities and Fund Balances	$ 4,007,528	$ 82,902	$ 290,634	$ 2,308,669	$ 6,689,733

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

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

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

June 30, 2026

Total Fund Balances - Governmental Funds		$ 5,943,349
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		19,021,022
Accrued Interest Payable is not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		(541,125)
Noncurrent liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		
Bonds Payable, Net of Premium	(22,717,749)	
Note Payable	(280,826)	(22,998,575)
Total Net Position - Governmental Activities		$ 1,424,671

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

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

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

For the Fiscal Year Ended June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Intergovernmental:					
Federal Through State and Local	$ -	$ 273,839	$ -	$ -	$ 273,839
State	8,828,316	1,674	700,047	-	9,530,037
Local and Other	2,482,049	211,624	462,263	64,396	3,220,332
Total Revenues	11,310,365	487,137	1,162,310	64,396	13,024,208
Expenditures					
Current - Education:					
Instruction	5,403,475	95,223	-	-	5,498,698
Student Support Services	279,950	-	-	-	279,950
Instructional Media	31,480	-	-	-	31,480
Instruction & Curriculum Development	129,826	36,538	-	-	166,364
Instructional Staff Training	79	3,385	-	-	3,464
Instructional Related Technology	38,933	-	-	-	38,933
Board	19,308	-	-	-	19,308
School Administration	1,663,591	-	-	-	1,663,591
Facilities Acquisition & Construction	20,169	-	-	-	20,169
Fiscal Services	166,560	-	-	-	166,560
Food Services	-	347,652	-	-	347,652
Central Services	158	-	-	-	158
Student Transportation	233,584	-	-	-	233,584
Operation of Plant	875,152	5,341	-	-	880,493
Maintenance of Plant	52,315	-	-	-	52,315
Community Service	1,346,714	-	-	-	1,346,714
Fixed Capital Outlay:					
Other Capital Outlay	243,119	-	-	-	243,119
Debt Service:					
Principal	111,999	-	-	330,000	441,999
Interest & Fiscal Charges	14,770	-	-	1,106,170	1,120,940
Total Expenditures	10,631,182	488,139	-	1,436,170	12,555,491
Excess/(Deficiency) of Revenues Over Expenditures	679,183	(1,002)	1,162,310	(1,371,774)	468,717
Other Financing Sources (Uses):					
Transfers In/(Out)	(270,780)	-	(1,154,619)	1,425,399	-
Total Other Financing Sources (Uses)	(270,780)	-	(1,154,619)	1,425,399	-
Net Change in Fund Balances	408,403	(1,002)	7,691	53,625	468,717
Fund Balances, July 1, 2025	2,910,179	83,904	225,505	2,255,044	5,474,632
Fund Balances, June 30, 2026	$ 3,318,582	$ 82,902	$ 233,196	$ 2,308,669	$ 5,943,349

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

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
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RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds		$ 468,717
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlays	243,119	
Depreciation Expense	(1,223,331)	(980,212)
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.		441,999
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:		
Interest on Bonds	8,250	
Amortization of Bond Premium	38,313	46,563
Change in Net Position - Governmental Activities		$ (22,933)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Reporting Entity**

The Educational Charter Foundation of Florida, Inc., d/b/a Imagine Schools at South Lake ("School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, and the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three 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 Lake County, Florida, ("District"). The current charter is effective until June 30, 2039, 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 Government Accounting Standards Board's (GASB) *Codification of Government 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 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 considers all of its funds as major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for Federal grant programs and food service operations.
- Debt Service Fund – to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with bond proceeds and 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 be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

- **Cash and Cash Equivalents**

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

- **Investments**

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

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

- **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 $2,500. 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 using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings & Fixed Equipment	10-40 years
Furniture, Fixtures and Equipment	5 years
IT Equipment	3 years
Computer Software	3 years
Motor Vehicles	5 years

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

- **Noncurrent Liabilities**

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

- **Deferred Outflows/Inflows of Resources**

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

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

- **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

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

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

Fund Financial Statements

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

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

➢ **Order of Fund Balance Spending Policy**

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

- **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 2% administrative fee from the School, which is reflected in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) weighed FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the Legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2026, the School reported 1,046.43 unweighted FTE and 1,100.2818 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.

- **Use of Estimates**

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

- **Subsequent Events**

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

2. CASH DEPOSITS

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

3. 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 District School Board of Lake County for grant expenditures awaiting reimbursement and capital outlay funds. These receivables are considered to be fully collectible and as such, no allowance for uncollectible is accrued.

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2026, the Capital Projects Fund owed the General Fund $57,438 for capital outlay expenditures awaiting reimbursement from other agencies. The General Fund owed the Special Revenue Fund $82,902 for the food service program. The amounts of interfund receivables and payables are netted together and not reported in the statement of net position.

During the 2026 fiscal year, the Capital Projects Fund and General Fund transferred $1,154,619 and $270,780, respectively, to the Debt Service Fund for monthly debt service associated with the School's bonded debt. The amounts of interfund transfers are netted together and not reported in the statement of activities.

5. INVESTMENTS

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

All of the School's recurring fair value measurements as of June 30, 2026, are valued using quoted market prices (Level 1 inputs). The School's investments at June 30, 2026, are reported as follows:

Investment (1)	Amount
UMB Financial Corporation - Morgan Stanley	
Institutional Liquidity Funds - Treasury Portfolio	$ 2,541,865
Total	$ 2,541,865

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

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Land	$ 4,530,000	$ -	$ -	$ 4,530,000
Construction in Progress	103,798	215,907	(263,204)	56,501
Buildings & Fixed Equipment	17,700,758	276,225	-	17,976,983
IT Equipment	305,578	-	-	305,578
Furniture, Fixtures and Equipment	345,828	14,191	-	360,019
Motor Vehicles	909,140	-	-	909,140
Computer Software	21,200	-	-	21,200
Total Capital Assets	23,916,302	506,323	(263,204)	24,159,421
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	(2,861,430)	(1,073,336)	-	(3,934,766)
IT Equipment	(302,048)	-	-	(302,048)
Furniture, Fixtures and Equipment	(345,828)	(6,495)	-	(352,323)
Motor Vehicles	(384,562)	(143,500)	-	(528,062)
Computer Software	(21,200)	-	-	(21,200)
Total Accumulated Depreciation	(3,915,068)	(1,223,331)	-	(5,138,399)
Governmental Activities Capital Assets, net	$ 20,001,234	$ (717,008)	$ (263,204)	$ 19,021,022

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

7. BONDS PAYABLE

Bonds payable as of June 30, 2026, are as follows:

Bond Type	Amount Outstanding	Interest Rates	Annual Maturity To
Series 2019A	$ 21,645,000	5%	2054
Unamortized Bond Premium	1,072,749		
	$ 22,717,749		

Revenue Bonds Series 2019A and Series B – On June 5, 2019, the School issued tax-exempt educational facilities revenue bonds (Series 2019A) for $23,055,000 and taxable educational facilities revenue bonds (Series 2019B) for $160,000, secured by a mortgage on the School's property and buildings. The bonds were issued to finance the acquisition and improvements of facilities to be used as a nonprofit charter school educational facility.

Series 2019A bonds are term bonds paying interest semi-annually at a rate of 5% with maturities starting January 15, 2029, and ending January 15, 2054. Series 2019B bonds are term bonds paying interest semi-annually at a rate of 5.375%, maturing on January 15, 2026.

As required by the bond resolution, the School has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The minimum debt service coverage ratio requirement for the School is 1.10 to 1 and the cash on hand requirement shall be an amount not less than 45 days. As of June 30, 2026, the School's debt service coverage ratio was 1.59, and days cash on hand was 132.48.

In the event of default, the trustee may take the following remedial steps: (i) by written notice, declare the unpaid indebtedness bonds and all amounts then due and payable hereunder, whether by acceleration of maturity or otherwise, to be immediately due and payable, (ii) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder, or to enforce performance and observance of any obligation, agreement or covenant of the borrower under the loan agreement, the bonds or any other borrower document. In addition, the issuer and Trustee shall have the right and remedy, without posting bond or other security, to have the provisions of the loan agreement and the other borrower documents specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breech will cause irreparable injury to the Trustee or the issuer and that money damages will not provide an adequate remedy.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2026, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2027	$ 1,427,250	$ 345,000	$ 1,082,250
2028	1,430,000	365,000	1,065,000
2029	1,426,750	380,000	1,046,750
2030	1,427,750	400,000	1,027,750
2031	1,427,750	420,000	1,007,750
2032-2036	7,137,000	2,435,000	4,702,000
2037-2041	7,143,750	3,115,000	4,028,750
2042-2046	7,147,750	3,980,000	3,167,750
2047-2051	7,147,750	5,080,000	2,067,750
2052-2054	5,715,250	5,125,000	590,250
Unamortized Bond Premium	1,072,749	1,072,749	-
Total	$ 42,503,749	$ 22,717,749	$ 19,786,000

8. NOTE PAYABLE

Note payable consist of the following:

Promissory Note	Balance at 6-30-26
Santander Bank N.A.	
$668,915 Borrowed October 2022, for the purchase of 6 school buses. Payments in the amount of $10,564, including principal and interest at a rate of 4.32%, are due monthly through October 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.	$ 280,826
Total Note Payable	$ 280,826

Amounts payable for the note payable follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2027	$ 126,768	$ 116,934	$ 9,834
2028	126,769	122,087	4,682
2029	42,182	41,805	377
Total	$ 295,719	$ 280,826	$ 14,893

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
GOVERNMENTAL ACTIVITIES:					
Note Payable	$ 392,825	$ -	$ (111,999)	$ 280,826	$ 116,934
Bonds Payable	21,975,000	-	(330,000)	21,645,000	345,000
Unamortized Bond Premium	1,111,062	-	(38,313)	1,072,749	-
Total Governmental Activities	$ 23,478,887	$ -	$ (480,312)	$ 22,998,575	$ 461,934

10. SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	$ 7,688,496
Categorical Programs:	
Class Size Reduction	1,030,690
School Recognition	89,111
Charter School Capital Outlay	700,047
Miscellaneous	21,693
Total State Revenue	$ 9,530,037

As provided in the charter school contract, the District has charged the School an administrative fee totaling $39,929.

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. FUND BALANCE CLASSIFICATIONS

For the year ended June 30, 2026, the breakout of the fund balance is shown below:

	Total Governmental Funds
Nonspendable	$ 30,358
Restricted:	
Food Service	82,902
Debt Service	2,308,669
Capital Projects	233,196
Assigned	
Instructional Materials	100,000
Technology	100,000
Employee Compensation	280,000
Unassigned	2,808,224
Total Fund Balance	$ 5,943,349

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 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 December 2005. The contract will continue until termination or expiration of the Charter including all extension or renewals.

The agreement calls for a Development Allocation for the pre-opening charter school development support. On July 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 of ongoing operation and financial support as defined in the operating agreement. This agreement 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 $1,107,500.

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

If, at the end of a fiscal year, the School's defined fund balance, as determined prior to final completion of the School's annual audit, is not sufficiently positive, consistent with Section 218.503(1), F.S. (2011), and the fund balance requirements of the District School Board of Lake 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 lessor 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 15th day of December following the fiscal year of such determination, to allow for time to complete the School's annual audit. "Defined Fund Balance" for purposes of this agreement, shall mean that portion of the School's fund balance not classified as restricted, committed, or nonspendable, as reported on the fund financial statements.

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

The School has entered into multiple agreements with the management company as described in Note 13 of the notes to financial statements. There was no amount due to or from the Management Company and is shown as follows:

	Net due (to)/from management company
Balance due (to)/from at July 1, 2025	$ (110)
Payments	1,388,304
Invoiced	(1,388,194)
Balance due (to)/from at June 30, 2026	$ -

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. Contributions made by the School totaled $219,396 for the year ended June 30, 2026. The School is currently making matching contributions up to 5% for participating employees. The rate of contribution is set annually by the Management Company.

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.

EDUCATIONAL CHARTER FOUNDATION OF FLORIDA, INC.
D/B/A IMAGINE SCHOOLS AT SOUTH LAKE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2026

	General Fund					Special Revenue Fund				
	Original Budget	Final Budget	Variance with Original Budget - Over/(Under) Final Budget	Actual	Variance with Final Budget - Over/(Under) Actual	Original Budget	Final Budget	Variance with Original Budget - Over/(Under) Final Budget	Actual	Variance with Final Budget - Over/(Under) Actual
Revenues:										
Intergovernmental:										
Federal Through State and Local	$ -	$ -	$ -	$ -	$ -	$ 364,588	$ 273,839	$ 90,749	$ 273,839	$ -
State	8,943,757	8,828,316	115,441	8,828,316	-	7,195	1,674	5,521	1,674	-
Local and Other	1,737,246	2,482,049	(744,803)	2,482,049	-	238,593	211,624	26,969	211,624	-
Total Revenues	10,681,003	11,310,365	(629,362)	11,310,365	-	610,376	487,137	123,239	487,137	-
Expenditures:										
Current - Education:										
Instruction	5,446,469	5,403,475	42,994	5,403,475	-	152,891	95,223	57,668	95,223	-
Student Support Services	328,655	279,950	48,705	279,950	-	-	-	-	-	-
Instructional Media	-	31,480	(31,480)	31,480	-	-	-	-	-	-
Instruction & Curriculum Development	-	129,826	(129,826)	129,826	-	37,960	36,538	1,422	36,538	-
Instructional Staff Training	-	79	(79)	79	-	-	3,385	(3,385)	3,385	-
Instructional Related Technology	-	38,933	(38,933)	38,933	-	-	-	-	-	-
Board	18,080	19,308	(1,228)	19,308	-	-	-	-	-	-
School Administration	1,700,471	1,663,591	36,880	1,663,591	-	-	-	-	-	-
Facilities Acquisition & Construction	10,000	20,169	(10,169)	20,169	-	28,781	-	28,781	-	-
Fiscal Services	155,632	166,560	(10,928)	166,560	-	-	-	-	-	-
Food Services	-	-	-	-	-	388,592	347,652	40,940	347,652	-
Central Services	2,569	158	2,411	158	-	-	-	-	-	-
Student Transportation	357,568	233,584	123,984	233,584	-	-	-	-	-	-
Operation of Plant	1,127,038	875,152	251,886	875,152	-	-	5,341	(5,341)	5,341	-
Maintenance of Plant	79,550	52,315	27,235	52,315	-	2,152	-	2,152	-	-
Community Service	1,107,940	1,346,714	(238,774)	1,346,714	-	-	-	-	-	-
Fixed Capital Outlay:										
Other Capital Outlay	434,861	243,119	191,742	243,119	-	-	-	-	-	-
Debt Service:										
Principal	-	111,999	(111,999)	111,999	-	-	-	-	-	-
Interest & Fiscal Charges	-	14,770	(14,770)	14,770	-	-	-	-	-	-
Total Expenditures	10,768,833	10,631,182	137,651	10,631,182	-	610,376	488,139	122,237	488,139	-
Excess (Deficiency) of Revenues Over Expenditures	(87,830)	679,183	(767,013)	679,183	-	-	(1,002)	1,002	(1,002)	-
Other Financing Sources (Uses):										
Transfers In/(Out)	87,830	(270,780)	358,610	(270,780)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	87,830	(270,780)	358,610	(270,780)	-	-	-	-	-	-
Net Change in Fund Balances	-	408,403	(408,403)	408,403	-	-	(1,002)	1,002	(1,002)	-
Fund Balances, July 1, 2025	2,910,179	2,910,179	-	2,910,179	-	83,904	83,904	-	83,904	-
Fund Balances, June 30, 2026	$ 2,910,179	$ 3,318,582	$ (408,403)	$ 3,318,582	$ -	$ 83,904	$ 82,902	$ 1,002	$ 82,902	$ -

See Independent Auditor's Report

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2026

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.

KING&WALKER
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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 *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors of the Educational Charter Foundation of Florida, Inc.
d/b/a Imagine Schools at South Lake, a Charter School and Component Unit of
the District School Board of Lake 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 the Educational Charter Foundation of Florida, Inc. d/b/a Imagine Schools at South Lake ("School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2026, 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 15, 2026.

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,

King & Walker, CPAs

September 15, 2026
Tampa, Florida

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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 Educational Charter Foundation of Florida, Inc.
d/b/a Imagine Schools at South Lake, a Charter School and Component Unit of
the District School Board of Lake County, Florida

Report on the Financial Statements

We have audited the financial statements of the Educational Charter Foundation of Florida, Inc., d/b/a Imagine Schools at South Lake ("School"), a Charter School and Component Unit of the District School Board of Lake County, Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 15, 2026.

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 15, 2026, 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 Schools at South Lake, 359031.

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

Respectfully submitted,

King & Walker, CPAs

September 15, 2026
Tampa, Florida