

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

**Basic Financial
Statements and
Supplementary Information**

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Learning Excellence Foundation of West Broward County, Inc.
Weston, Florida

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

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

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

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$2,003,029 (net position).
- The School's total net position increased by \$557,458.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$1,204,905.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$535,249.
- The School implemented GASB Statement No. 87 ("GASB 87") which reflects a new long-term liability and related asset of \$31,392,450.
- The School recognized revenue related to the Elementary and Secondary School Emergency Relief funds ("ESSER II") in the amount of \$620,376.

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

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

The government-wide financial statements include only the School itself, which is a component unit of the School Board of Broward County, Florida (the "District"). The District includes the operations of the School in their operational results.

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$2,003,029 and \$1,445,571 (net position) respectively, as of June 30, 2022 and 2021.

The School's net position reflects its net investment in capital assets (e.g., buildings and fixed equipment, furniture, fixtures and equipment, information technology equipment, audio visual equipment, computer software, and improvements other than building). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The net investment in capital assets totaled \$798,124 at June 30, 2022.

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

Imagine Charter School at Weston Statement of Net Position

	Governmental Activities		
	2022	2021	Variance
ASSETS			
Current assets	\$ 2,290,993	\$ 1,856,069	\$ 434,924
Capital assets, net of accumulated depreciation and amortization	32,190,574	554,235	31,636,339
Total assets	34,481,567	2,410,304	32,071,263
LIABILITIES			
Current liabilities	2,821,074	964,733	1,856,341
Non-current liabilities	29,657,464	-	29,657,464
Total liabilities	32,478,538	964,733	31,513,805
NET POSITION			
Net investment in capital assets	798,124	554,235	243,889
Unrestricted	1,204,905	891,336	313,569
Total net position	\$ 2,003,029	\$ 1,445,571	\$ 557,458

Current assets increased primarily due to an increase in grant receivable related to ESSER II funds offset by a decrease in cash caused by timing of cash inflows and outflows. The increase in capital assets is mainly due to the implementation of GASB 87 and reporting of the lease asset, the purchase and installation of a new phone and AC systems, and bathroom renovations. The increase in current liabilities is primarily due to an increase in accounts payable for bathroom renovations, an increase in salaries/wages payable and reporting current portion of lease liability due to GASB 87 implementation. The increase in non-current liabilities is due to implementation of GASB 87 and reporting of lease liability.

Government-Wide Financial Analysis (continued)

**Imagine Charter School at Weston
Statement of Activities**

	Governmental Activities		
	2022	2021	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 865,593	\$ 558,658	\$ 306,935
Operating grants and contributions	723,867	50,517	673,350
General revenues:			
State passed through school district	8,472,716	7,763,071	709,645
Other revenues	342,731	209,282	133,449
Total revenues	<u>10,404,907</u>	<u>8,581,528</u>	<u>1,823,379</u>
Expenses:			
Instruction	4,685,367	4,096,923	588,444
Guidance services	15,125	51,197	(36,072)
Health services	535	-	535
Media services	1,808	54,730	(52,922)
Curriculum development	81,426	94,859	(13,433)
Staff development	3,910	-	3,910
Board of Directors	42,715	27,670	15,045
Administration	1,399,366	1,183,240	216,126
Food services	363,299	211,844	151,455
Central services	189,931	426	189,505
Transportation	185,103	66,715	118,388
Operation of plant	2,532,161	2,378,170	153,991
Community services	200,415	53,172	147,243
Maintenance of plant	146,288	168,244	(21,956)
Total expenses	<u>9,847,449</u>	<u>8,387,190</u>	<u>1,460,259</u>
Change in net position	557,458	194,338	363,120
Net position - beginning	1,445,571	1,251,233	194,338
Net position - ending	<u>\$ 2,003,029</u>	<u>\$ 1,445,571</u>	<u>\$ 557,458</u>

The increase in charges for services and funding from other revenue is primarily due to increased in-house enrollment, fundraising, aftercare and PreK post the Covid-19 pandemic. This increase in student enrollment also contributed to the increase in community services expenses, food services expenses and transportation expenses as more services were required. The increase in state revenues passed through the school district is due to an increase in full-time equivalent that was reflected in increased capital outlay and miscellaneous state revenue from grants. Media services expenses saw a decrease due to the media teacher position eliminated for the 2021-2022 school year. Instruction expenses and administration expenses mainly increased due to more staff to accommodate the increase in students. The increase in plant operation expenses is mainly due to increases in supplies expense, electricity expense and janitorial expenses as a result of increased enrollment. The increase in central services expenses was mainly due to chromebooks purchased for students.

Financial Analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the nonspendable fund balance was \$669,656, reserved for prepaid expenses and ESSER II, \$65,258 and \$604,398, respectively. The unassigned fund balance was \$535,249. The fund balance of the School's general fund increased by \$313,569 during the current fiscal year.

General Fund Budgetary Highlights

In the schedule of revenues, expenditures, and changes in fund balances-budget and actual-general fund, we compare the actual revenues and expenditures to the budgeted revenues and expenditures. For the year ended June 30, 2022, the actual revenues and expenditures matched the budgeted amounts with the only exception related to the impact for the GASB Statement No. 87 Leases ("GASB 87") implementation.

Capital Assets and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$798,124. This net investment in capital assets includes additions of \$296,839 in building and fixed equipment, \$13,912 in furniture, fixtures and equipment, \$10,559 in audio visual equipment, and \$31,836 in improvements other than building offset by depreciation of \$109,257. The capital assets include the activity related to GASB 87 implementation. The property under capital leases \$32,555,133 offset by \$1,162,683 amortization is included in the capital assets as of June 30, 2022. Additional information on the School's capital assets can be found in Note C.

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

Economic Factors and Future Enrollment

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to increase to 1020 students for the year ended June 30, 2023.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal's office at 2500 Glades Circle, Weston, Florida 33327.

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

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,500,860
Accounts receivable	6,742
Due from other schools	113,735
Grant receivable (ESSER II)	604,398
Prepaid expenses	<u>65,258</u>
Total current assets	<u>2,290,993</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation and amortization	
Buildings and fixed equipment	539,884
Furniture, fixtures and equipment	39,725
Information technology equipment	11,590
Audio visual equipment	9,549
Computer software	1,250
Improvements other than building	196,126
Property under capital lease	<u>31,392,450</u>
Total capital assets	<u>32,190,574</u>
Total assets	<u>34,481,567</u>
LIABILITIES	
Accounts payable	102,435
Accrued payroll and payroll taxes	578,169
Unearned revenue	405,484
Long-term lease liabilities	
Due within one year	1,734,986
Due in more than one year	<u>29,657,464</u>
Total liabilities	<u>32,478,538</u>
NET POSITION	
Net investment in capital assets	798,124
Unrestricted	<u>1,204,905</u>
Total net position	<u><u>\$ 2,003,029</u></u>

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

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 4,685,367	\$ 599,586	\$ -	\$ -	\$ (4,085,781)
Guidance services	15,125	-	-	-	(15,125)
Health services	535	-	-	-	(535)
Media services	1,808	-	-	-	(1,808)
Curriculum development	81,426	-	-	-	(81,426)
Staff development	3,910	-	-	-	(3,910)
Board of Directors	42,715	-	-	-	(42,715)
Administration	1,399,366	-	-	-	(1,399,366)
Food service	363,299	-	487,945	-	124,646
Central services	189,931	-	-	-	(189,931)
Transportation	185,103	-	-	-	(185,103)
Operation of plant	2,532,161	5,430	-	532,937	(1,993,794)
Community services	200,415	260,577	-	-	60,162
Maintenance of plant	146,288	-	-	-	(146,288)
Total governmental activities	<u>\$ 9,847,449</u>	<u>\$ 865,593</u>	<u>\$ 487,945</u>	<u>\$ 532,937</u>	<u>(7,960,974)</u>
		General revenues:			
					7,555,325
					118,716
					620,376
					224,015
					<u>8,518,432</u>
					557,458
					<u>1,445,571</u>
					<u>\$ 2,003,029</u>

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,500,860	\$ -	\$ 1,500,860
Accounts receivable	6,742	-	6,742
Due from other schools	113,735	-	113,735
Grant receivable (ESSER II)	604,398	-	604,398
Prepaid expenses	65,258	-	65,258
	\$ 2,290,993	\$ -	\$ 2,290,993
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 102,435	\$ -	\$ 102,435
Accrued payroll and payroll taxes	578,169	-	578,169
Unearned revenue	405,484	-	405,484
	1,086,088	-	1,086,088
FUND BALANCES			
Nonspendable			
Prepaid expenses	65,258	-	65,258
ESSER II	604,398	-	604,398
Unassigned	535,249	-	535,249
	1,204,905	-	1,204,905
	\$ 2,290,993	\$ -	\$ 2,290,993

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

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

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

June 30, 2022

Fund balances - total governmental funds \$ 1,204,905

The net position reported for governmental activities in the statement of net position is different because:

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

Buildings and fixed equipment, net	\$ 539,884
Furniture, fixtures and equipment, net	39,725
Information technology equipment, net	11,590
Audio visual equipment, net	9,549
Computer software, net	1,250
Improvements other than building, net	196,126
Property under capital lease	<u>31,392,450</u>

Total capital assets 32,190,574

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

Long-term lease liabilities (31,392,450)

Total net position of governmental activities \$ 2,003,029

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

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

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

For the year ended June 30, 2022

	General Fund	Capital Outlay Fund	Total Governmental Funds
Revenues			
State passed through school district	\$ 8,175,701	\$ 532,937	\$ 8,708,638
Other revenues	1,696,269	-	1,696,269
Total revenues	9,871,970	532,937	10,404,907
Expenditures			
Current:			
Instruction	4,682,809	-	4,682,809
Guidance services	15,125	-	15,125
Health services	535	-	535
Media services	1,808	-	1,808
Curriculum development	81,426	-	81,426
Staff development	3,910	-	3,910
Board of Directors	42,715	-	42,715
Administration	1,397,598	-	1,397,598
Food services	363,299	-	363,299
Central services	189,931	-	189,931
Transportation	185,103	-	185,103
Operation of plant	809,597	-	809,597
Community services	200,415	-	200,415
Maintenance of plant	146,288	-	146,288
Capital outlay	32,908,279	-	32,908,279
Debt service:			
Principal	779,632	383,051	1,162,683
Interest	305,064	149,886	454,950
Total expenditures	42,113,534	532,937	42,646,471
Other financing sources and (uses):			
Long-term lease liability	32,555,133	-	32,555,133
Net change in fund balances	313,569	-	313,569
Fund balances at the beginning of the year	891,336	-	891,336
Fund balances at the end of the year	\$ 1,204,905	\$ -	\$ 1,204,905

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

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

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

For the year ended June 30, 2022

Net change in fund balances - total governmental funds	\$	313,569
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$	353,146
Depreciation expense on capital assets		(109,257)
Capital outlay leased assets		32,555,133
Lease amortization		<u>(1,162,683)</u>
		31,636,339
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payment on leased asset		1,162,683
Leased asset liability payable		<u>(32,555,133)</u>
Change in net position of governmental activities	\$	<u><u>557,458</u></u>

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Imagine Charter School at Weston (the "School") is a Division of Learning Excellence Foundation of West Broward County, Inc. (the "Charterholder"), which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The School provides education services to students in kindergarten to eighth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of six members. The financial information presented is that of Imagine Charter School at Weston only. The entire workforce is provided by the operating company; therefore, all benefits are provided by the operating company.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Broward County, Florida (the "District"). The current charter is effective until June 30, 2025, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Imagine Charter School at Weston is considered a component unit of the School Board of Broward County, Florida.

2. Government-wide and fund financial statements

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

Net position, the difference between assets, liabilities, and deferred outflows and inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments or enabling legislation. Unrestricted net position includes all of the remaining balance that does not meet the definition of the other two categories.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Indirect expenses are costs that the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

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

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed to be major. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

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

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

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

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

4. Cash

Cash is made up of cash on hand at the School and a checking account held at a financial institution. The School has no cash equivalents.

5. Receivables

Receivables typically include amounts due from other schools, other agencies, and the operating company. The amounts due from other schools is related to timing on invoices for shared services. The School's management determined that 100% of receivables are fully collectible, based on prior year experience; therefore, no allowance for doubtful accounts has been provided.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Grant receivable (ESSER II)

The grant receivable is related to the Elementary and Secondary School Emergency Relief Fund (“ESSER”). The School submitted \$620,376 request for reimbursement and as of June 30, 2022 only \$15,978 was received. The remaining funds were not received by the School and is reflected in grant receivable in the amount of \$604,398 - see Note E for more details on ESSER II funds.

7. Interfund receivables and payables

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

8. Prepaid expenses

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

9. Capital assets

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

Leased assets and leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and fixed equipment	7 - 40
Furniture, fixtures and equipment	7 - 10
Information technology equipment	5 - 7
Audio visual equipment	7
Computer software	3 - 7
Improvements other than building	7 - 40

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Long-lived assets

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

11. Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. At the end of the current fiscal year, the School had \$405,484 in unearned revenue from returned lease payments and also Pre-K deposits and payments. The unearned revenue associated with the lease payments is a result of a modified lease in 2020 and is limited in its use, and will be recognized in the future as the School makes qualifying building and maintenance expenses.

12. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as debt service expenditures. The School has property under capital lease presented as long term debt as of June 30, 2022 – see Note D for details.

13. Revenue sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's charter based on full time equivalent ("FTE") students. Funding for the School is adjusted during the year to reflect revised calculations of actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds are withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. The School was awarded ESSER II funds - see Note E for details.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

15. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination.

16. Fund balance classification

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to an examination by the Internal Revenue Service three years after a return was due or filed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

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

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

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Fund balance classification (continued)

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

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

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

17. Impact of recently issued accounting principles

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

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

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the School's June 30, 2022 fiscal year. The impact of the adoption of this statement on the School's financial statements is presented in Note D.

NOTE B - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity.

Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes. As of June 30, 2022, none of the School's balances held in banks were exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at June 30,2021	Additions	Deletions	Balance at June 30, 2022
Capital assets depreciated and amortized:				
Buildings and fixed equipment	\$ 437,774	\$ 296,839	\$ -	\$ 734,613
Furniture, fixtures and equipment	350,927	13,912	-	364,839
Information technology equipment	409,989	-	-	409,989
Audio visual equipment	15,358	10,559	-	25,917
Computer software	45,815	-	-	45,815
Improvements other than building	408,782	31,836	-	440,618
	<u>1,668,645</u>	<u>353,146</u>	<u>-</u>	<u>2,021,791</u>
Property under capital lease	-	32,555,133	-	32,555,133
Total assets	<u>1,668,645</u>	<u>32,908,279</u>	<u>-</u>	<u>34,576,924</u>
Less accumulated depreciation and amortization:				
Buildings and fixed equipment	138,426	56,303	-	194,729
Furniture, fixtures and equipment	290,589	34,525	-	325,114
Information technology equipment	395,841	2,558	-	398,399
Audio visual equipment	15,358	1,010	-	16,368
Computer software	43,565	1,000	-	44,565
Improvements other than building	230,631	13,861	-	244,492
	<u>1,114,410</u>	<u>109,257</u>	<u>-</u>	<u>1,223,667</u>
Property under capital lease	-	1,162,683	-	1,162,683
Total accumulated depreciation and amortization	<u>1,114,410</u>	<u>1,271,940</u>	<u>-</u>	<u>2,386,350</u>
Total governmental activities capital assets, net	<u>\$ 554,235</u>	<u>\$ 31,636,339</u>	<u>\$ -</u>	<u>\$ 32,190,574</u>

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

Instruction	\$ 2,558
Operation of plant	104,931
School administration	<u>1,164,451</u>
	<u>\$ 1,271,940</u>

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE D - LONG TERM DEBT - GASB 87 LEASES

The School has a lease agreement with Weston Office Properties, Ltd for the lease of the building for School operations. The term of the lease was commencing on July 1st, 2019 and will expire on until June 30, 2049. In accordance with GASB 87 this is being reflected as lease obligation effective for the fiscal year ended June 30, 2022. The discount rate is 5% and will be recognized as interest expense ratably over the term of the lease.

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due within one year
Long-term lease liability	\$ -	\$ 32,555,133	\$ 1,162,683	\$ 31,392,450	\$ 1,734,986

As of June 30, 3022 the School has the following lease payments of principal and interest:

2023	\$ 1,734,986
2024	1,769,686
2025	1,805,079
2026	1,841,181
2027	1,878,005
2028-2032	9,968,676
2033-2037	11,006,223
2038-2042	12,151,780
2043-2047	13,416,525
2048-2049	5,749,764
Total	61,321,905
Discount for present value	(29,929,455)
	<u>\$ 31,392,450</u>

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE E - ESSER II

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

In December 2020, ESSER funding was expanded through the enactment of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. As with the initial ESSER I Fund established by the CARES Act, the central purpose of the second round of funding (ESSER II) was to provide direct funding to states and LEAs to address the areas most impacted by the disruption and closure of schools due to COVID-19. As of June 30, 2022, the School was reimbursed for \$15,978 in ESSER expenses and submitted for additional reimbursement for \$604,398 and recoded grant receivable for this amount (see note A-6 for details on grant receivable).

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE F - CONCENTRATIONS

As stated in Note A-13, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources:

Sources	Amounts
School Board of Broward County:	
Base funding	\$ 4,829,989
Class size reduction	1,064,325
Discretionary local effort	635,544
Supplemental academic instruction	218,913
Student transportation	72,765
Digital classrooms allocation	629
ESE guaranteed allocation	206,145
Instructional materials	70,213
Safe schools	59,670
Additional allocation	50,437
Reading allocation	42,088
Administration fee withheld	(36,257)
Funding compression allocation	11,982
Mental health allocation	39,166
2021-2022 adj Full-Time Equivalent/Florida	
Education Finance Program Calc	3,638
Florida teacher lead program	17,482
Secure the next generation initiative	54,600
Hardening grant	13,818
Broward VPK reading	9,000
Florida teacher salary allocation	191,178
Total School Board of Broward County, Florida	7,555,325
Grant revenue	487,945
Charges for services	865,593
Fundraising	118,716
Grant revenue (ESSER II)	620,376
Capital outlay	532,937
Other revenue	224,015
Total revenues	\$ 10,404,907

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE G - COMMITMENTS AND CONTINGENCIES

1. Management service contract

An amended and restated charter school operating agreement with an operating company, who shares common ownership with the Charterholder was made and entered into on July 15, 2019. This agreement calls for an indirect cost allocation equal to 8.63% of charter school revenue, as defined in the agreement. The total allocation charged to operations for the year ended June 30, 2022 totaled \$672,929.

If there are not sufficient funds in the School's operating account to pay all operating expenses, the operating company may, but is not required to, loan the School funds for payment of budgeted and unpaid operating expenses. On the first date that funds reside in the School's operating account, which are not reserved under the approved budget, the outstanding operating loans plus interest shall be subject to automatic repayment in part or in full to the fullest extent of available unreserved funds.

2. Facilities expense

The School has committed to pay a facility lease fee for the building where the School is located. The current year facility lease expense totaled \$1,617,633. A portion of the facility use fee, in the amount of \$532,937, was reimbursed through the capital outlay fund. The duration of the agreement is effective through July 1, 2049. The future minimum lease payment for the year ended June 30, 2023 is \$1,734,986. Per GASB 87 this liability is recognized as lease obligation and presented in Note D.

3. Federal grants

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

4. Legal

The School may be involved in legal actions arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School's financial statements.

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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE H - RELATED PARTIES

The School has entered into an agreement with the operating company as further discussed in Note G-1. At June 30, 2022 there were no outstanding balanced due from or to the management company.

NOTE I - RISK MANAGEMENT

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

NOTE J - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

For the year ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue				
State passed through local school district	\$ 7,310,692	\$ 7,269,247	\$ 7,269,247	\$ -
Other state revenue	546,918	906,454	906,454	-
Supplemental fee and other revenue	1,289,962	1,696,269	1,696,269	-
Gross school revenue	9,147,572	9,871,970	9,871,970	-
Expenditures				
Salaries and benefits	5,358,144	4,993,205	4,993,205	-
Other school service expense	895,030	1,012,877	1,012,877	-
Direct educational expense	255,489	612,705	612,705	-
General and administrative	272,109	326,792	326,792	-
Facility operating expense	425,469	497,719	497,719	-
School operating expenditures	7,206,241	7,443,298	7,443,298	-
Debt service:				
Principal	1,089,028	783,964	783,964	-
Interest	-	305,064	305,064	-
Management fee	674,926	672,929	672,929	-
Total expenditures	8,970,195	9,205,255	9,205,255	-
Change in net position (budgetary basis)	177,377	666,715	666,715	-
Adjustments to conform with GAAP:				
Capital outlay expenditures	(353,146)	(353,146)	(32,908,279)	(32,555,133)
Long-term lease liability	-	-	32,555,133	32,555,133
Excess (deficiency) of revenues over (under) expenditures (GAAP basis)	(175,769)	313,569	313,569	-
Fund balance at the beginning of the year	891,336	891,336	891,336	-
Fund balance at the end of the year	\$ 715,567	\$ 1,204,905	\$ 1,204,905	\$ -

See accompanying note to required supplementary information.

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Capital outlay funding	\$ 510,000	\$ 532,937	\$ 532,937	\$ -
Expenditures				
Debt service:				
Principal	510,000	532,937	383,051	149,886
Interest	-	-	149,886	(149,886)
Total expenditures	<u>510,000</u>	<u>532,937</u>	<u>532,937</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at the beginning of the year	-	-	-	-
Fund balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

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NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2022

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board. Since the budgetary basis differs from accounting principles generally accepted in the United States of America ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. Generally a reconciliation to the excess of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

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

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

SINGLE AUDIT AND COMPLIANCE INFORMATION

Imagine Charter School at Weston
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Schedule of Expenditures of Federal Awards

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF EDUCATION		
Pass through District School Board of Broward County, Florida		
Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	\$ 620,376
Recent Emigrant Grant	84.365	480
Title II Grants to Local Educational Agencies (LEAs)	84.367	360
Total U.S. Department of Education		<u>621,216</u>
U.S. DEPARTMENT OF AGRICULTURE		
Pass through Florida Department of Education		
National School Lunch Program (NSLP)	10.555	<u>363,299</u>
Total federal grants		<u>\$ 984,515</u>

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. INDIRECT COST RATE

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

NOTE 3. SUB-RECIPIENTS

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

NOTE 4. NONCASH ASSISTANCE AND OTHER

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

See independent auditor's report.



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

To the Board of Directors
Learning Excellence Foundation of West Broward County, Inc.
Weston, 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 Charter School at Weston (the "School"), a component unit of the School Board of Broward County, Florida and a Division of Learning Excellence Foundation of West Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 27, 2022.

Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



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

To the Board of Directors
Learning Excellence Foundation of West Broward County, Inc.
Weston, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

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

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified? **None reported**

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

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

The program tested as a major program is as follows:

U.S. Department of Education - Elementary and Secondary School Emergency Relief Fund (ESSER II) - Assistance Listing 84.425D

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

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

B. FINDINGS - FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None.

D. SUMMARY OF PRIOR YEAR FINDINGS

None.



MANAGEMENT LETTER

To the Board of Directors
Learning Excellence Foundation of West Broward County, Inc.
Weston, Florida

Report on the Financial Statements

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

Auditor's Responsibility

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

Other Reporting Requirements

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

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are *Imagine Charter School at Weston*, which is a Division of Learning Excellence Foundation of West Broward, Inc. and 5111.

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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 to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

September 27, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP