

Imagine Schools – Chancellor Campus

(A Division of the Learning Excellence Foundation
of South Palm Beach, Inc.)

Basic Financial Statements
and Supplementary Information
For the Year Ended June 30, 2024

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)

Table of Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis (not covered by Independent Auditor's Report)	4-8

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	9
---------------------------	---

Statement of Activities	10
-------------------------	----

Fund Financial Statements:

Balance Sheet - Governmental Funds	11
------------------------------------	----

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
---	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
--	----

Notes to Basic Financial Statements	15-23
-------------------------------------	-------

Required Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual - General Fund	24
---	----

Schedule of Revenues and Expenditures – Budget and Actual - Special Revenue Fund	25
---	----

Other Independent Auditor's Reports

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 <i>Government Auditing Standards</i>	26-27
--	-------

Management Letter Required by Chapter 10.850 of the Rules of the Auditor General of the State of Florida	28-29
---	-------

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Imagine Schools – Chancellor Campus
(A Division of the Learning Excellence Foundation of South Palm Beach, Inc.)

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 Schools – Chancellor Campus (the “School”), a division of the Learning Excellence Foundation of South Palm Beach, Inc. (the “Charterholder”), as of and for the year ended June 30, 2024, 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, 2024, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of the Learning Excellence Foundation of South Palm Beach, Inc. that are attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of the Learning Excellence Foundation of South Palm Beach, Inc. as of June 30, 2024, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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.

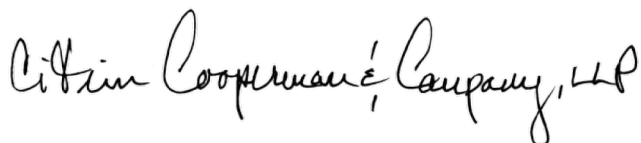
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control- related matters that we identified during the audit.

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, as listed in the table of contents, 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 dated September 27, 2024, 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.



Fort Lauderdale, Florida
September 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Imagine Schools - Chancellor Campus (the "School"), which is a division of the Learning Excellence Foundation of South Palm Beach, Inc. (the "Charterholder"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2024 and 2023.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. Since 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 found starting on page 9.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$ 4,709,200 (net position).
- The School's total net position increased by \$ 2,147,845 over the prior year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$ 4,392,818.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 3,294,660.
- The School's total fund balances increased by \$ 2,548,746 over the prior year.

Overview of the Basic 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information, budgetary information, in addition to the basic financial statements.

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 private-sector business.

The statement of net position presents information on all the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position. Over time, increases or decreases in net assets 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 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.

The government-wide financial statements distinguish functions of the School that are principally supported by the district, state, and federal funding (governmental activities). The School does not have any business-type activities. Basic and exceptional instruction and transportation services are examples of the School's governmental activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund 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. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 the School'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 for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 several individual government funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The General Fund, Capital Outlay Fund, and Special Revenue Fund are considered to be the School's major funds.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

The School adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund and major Special Revenue Fund, and can be found on pages 24 through 25 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 starting on page 15 of this report.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Management's Discussion and Analysis
June 30, 2024

Government-wide financial analysis:

As noted previously, net position over time may serve as a useful indicator of the School's financial position. In the case of the School, for the years ended June 30, 2024 and 2023, assets exceeded liabilities by \$ 4,709,200 (net position) and \$ 2,561,355 (net position), respectively.

The School's net position reflects its net investment in capital assets (e.g., land, land improvements, leasehold and facility improvements, furniture, fixtures and equipment, information technology equipment, and lease assets), net of related financing activities. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the summary of net position and the summary change in net position are provided below.

Imagine Schools - Chancellor Campus
Summary of Net Position

	June 30, 2024	June 30, 2023	Variance
Assets:			
Current assets	\$ 5,279,268	\$ 2,638,500	\$ 2,640,768
Capital assets, net	<u>17,668,010</u>	<u>18,989,255</u>	<u>(1,321,245)</u>
Total assets	<u>22,947,278</u>	<u>21,627,755</u>	<u>1,319,523</u>
Liabilities:			
Current liabilities	1,977,908	1,777,324	200,584
Noncurrent liabilities	<u>16,260,170</u>	<u>17,289,076</u>	<u>(1,028,906)</u>
Total liabilities	<u>18,238,078</u>	<u>19,066,400</u>	<u>(828,322)</u>
Net Position:			
Net investment in capital assets	316,382	717,283	(400,901)
Restricted	396,776	111,595	285,181
Unrestricted	<u>3,996,042</u>	<u>1,732,477</u>	<u>2,263,565</u>
Total net position	<u>\$ 4,709,200</u>	<u>\$ 2,561,355</u>	<u>\$ 2,147,845</u>

Current assets rose due to an increase in the School's cash position, along with a reduction in amounts due from other governments, including district and grantor agencies, and an increase in prepaid expenses and other deposits related to our next school year's learning management and student information system, together with miscellaneous repairs and improvement projects. Capital assets, net decreased due to additions of approximately \$ 271,000 which were offset by recorded depreciation and amortization of approximately \$ 1,592,000. Current liabilities increased due to the timing of year-end payables and other accruals while noncurrent liabilities decreased due to recurring payments on existing lease arrangements.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Management's Discussion and Analysis
June 30, 2024

Imagine Schools - Chancellor Campus
Summary Change in Net Position

	June 30, 2024	June 30, 2023	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 464,447	\$ 866,156	\$ (401,709)
Operating grants and contributions	126,045	1,283,684	(1,157,639)
Capital grants and contributions	883,782	566,583	317,199
General revenues:			
FTE and other nonspecific revenues	13,124,551	9,824,267	3,300,284
Other revenues	512,453	434,850	77,603
Total revenues	<u>15,111,278</u>	<u>12,975,540</u>	<u>2,135,738</u>
Functions/Program Expenses:			
Basic instruction	5,792,622	5,489,931	302,691
Exceptional instruction	595,375	343,489	251,886
Guidance services	140,959	56,640	84,319
Media services	116,418	29,864	86,554
Curriculum development	477,577	342,213	135,364
Board of directors	38,568	35,868	2,700
School administration	1,866,613	1,559,402	307,211
Food services	-	512,420	(512,420)
Central services	16,364	485,665	(469,301)
Transportation	129,445	123,125	6,320
Operation of plant	2,642,503	2,517,160	125,343
Maintenance of plant	301,329	191,473	109,856
Community services	105,929	125,937	(20,008)
Interest expense on long-term debt	739,731	778,774	(39,043)
Total expenses	<u>12,963,433</u>	<u>12,591,961</u>	<u>371,472</u>
Change in net position	2,147,845	383,579	1,764,266
Net position, beginning of year	<u>2,561,355</u>	<u>2,177,776</u>	<u>383,579</u>
Net position, end of year	\$ <u><u>4,709,200</u></u>	\$ <u><u>2,561,355</u></u>	\$ <u><u>2,147,845</u></u>

Charges for services decreased mainly due to Palm Beach County School District offering free breakfast and lunch to all district students. Operating grants and contributions decreased this year due to the funding received in the prior year related to the Education Stabilization Fund. Capital grants and contributions increased due to new local capital improvement revenue received during the year. General revenues increased mainly due to approximately \$ 2.5 million dollars received this year related to the Tax Referendum Settlement, along with an increase in the school's share of current referendum payment and other increased rates in FTE funding. Total expenses increased due to bonuses awarded with state referendum funds, along with a reduction in food services, offered free to students by the district, and a reduction in central services expenses related to material and supplies.

Financial Analysis of Governmental Funds

As noted previously, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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 a 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, unassigned fund balance of the General Fund was \$ 3,294,660 and nonspendable fund balance for prepaids and deposits was \$ 557,382. Restricted fund balance for referendum funds was \$ 396,776. Assigned fund balances for future technology improvements, lake and road maintenance, and roof and HVAC maintenance were \$ 10,000, \$ 85,000, and \$ 49,000, respectively. The fund balance of the School's general fund has increased by \$ 2,548,746 from the prior year.

The fund balance of the General Fund increased mainly due to approximately \$2.5 million dollars received this year related to the Tax Referendum Settlement, along with an increase in the school's share of current referendum payment and other increased rates in FTE funding. The Capital Outlay Fund does not have an increase or decrease in fund balance during the fiscal year as this fund reports state and local capital outlay funding used to cover a portion of principal and interest payments related to the school's real estate lease arrangement. The Special Revenue Fund does not have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expense reimbursement grants.

Capital Asset and Debt Administration

Capital assets: The School's net investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$ 316,382. This investment in capital assets includes land, land improvements, leasehold and facility improvements, furniture, fixtures and equipment, information technology equipment and lease assets, net of related financing activities. Additional information on the School's capital assets can be found in Note 4.

Debt: At June 30, 2024, the School had debt of \$ 17,351,628 as compared to \$ 18,271,972 at June 30, 2023. The net decrease is a result of annual debt service payments, net of a new equipment lease. Additional information on the School's debt, including leases, can be found in Notes 7 and 8.

General Fund Budgetary Highlights

The actual revenues were less than budgeted revenues by \$ 82,237. The actual expenditures were less than budgeted expenditures by \$ 615,827, mainly due to the net variance in debt service. The general fund budgetary information can be found on page 24 of this report.

Economic Factors and Next Year's Budget

Most of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to remain at approximately 1,040 students for the 2024/2025 school year. For fiscal year 2024/2025, the School provides a balanced budget with total revenues and expenditures of approximately \$ 13 million.

Requests for Information

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Stephanie Standley, Principal, at 3333 High Ridge Road, Boynton Beach, FL 33426.

BASIC FINANCIAL STATEMENTS

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Statement of Net Position
June 30, 2024

	Governmental Activities
Current Assets:	
Cash	\$ 4,588,401
Due from other governments	85,556
Due from related party	47,929
Prepaid expenses and deposits	<u>557,382</u>
Total current assets	<u>5,279,268</u>
Noncurrent Assets:	
Capital assets not being depreciated/amortized	1,259,432
Capital assets being depreciated/amortized, net	<u>16,408,578</u>
Total noncurrent assets	<u>17,668,010</u>
Total assets	<u>22,947,278</u>
Current Liabilities :	
Accounts payable	281,113
Accrued payroll and benefits	523,099
Unearned revenues	82,238
Lease payables	<u>1,091,458</u>
Total current liabilities	<u>1,977,908</u>
Noncurrent Liabilities :	
Lease payables	<u>16,260,170</u>
Total liabilities	<u>18,238,078</u>
Net Position:	
Net investment in capital assets	316,382
Restricted referendum funds	396,776
Unrestricted	<u>3,996,042</u>
Total net position	<u>\$ 4,709,200</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
Functions/Programs:					
Basic instruction	\$ 5,792,622	\$ 156,175	\$ 42,114	\$ -	\$ (5,594,333)
Exceptional instruction	595,375	-	37,051	-	(558,324)
Guidance services	140,959	-	-	-	(140,959)
Media services	116,418	-	-	-	(116,418)
Curriculum development	477,577	-	-	-	(477,577)
Board of directors	38,568	-	-	-	(38,568)
School administration	1,866,613	-	-	-	(1,866,613)
Central services	16,364	-	-	-	(16,364)
Transportation	129,445	-	39,730	-	(89,715)
Operation of plant	2,642,503	-	-	883,782	(1,758,721)
Maintenance of plant	301,329	-	7,150	-	(294,179)
Community services	105,929	308,272	-	-	202,343
Interest expense on long-term debt	739,731	-	-	-	(739,731)
Total governmental activities	\$ <u>12,963,433</u>	\$ <u>464,447</u>	\$ <u>126,045</u>	\$ <u>883,782</u>	<u>(11,489,159)</u>
General revenues:					
FTE and other nonspecific revenues					13,124,551
Other revenues					<u>512,453</u>
Total general revenues					<u>13,637,004</u>
Change in net position					2,147,845
Net position, July 1, 2023					<u>2,561,355</u>
Net position, June 30, 2024					\$ <u><u>4,709,200</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Balance Sheet - Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 4,588,401	\$ -	\$ -	\$ 4,588,401
Due from other governments	-	52,192	33,364	85,556
Due from related party	47,929	-	-	47,929
Due from other funds	85,556	-	-	85,556
Prepaid items and deposits	557,382	-	-	557,382
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>5,279,268</u>	\$ <u>52,192</u>	\$ <u>33,364</u>	\$ <u>5,364,824</u>
Liabilities:				
Accounts payable	\$ 281,113	\$ -	\$ -	\$ 281,113
Accrued payroll and benefits	523,099	-	-	523,099
Unearned revenues	82,238	-	-	82,238
Due to other funds	-	52,192	33,364	85,556
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>886,450</u>	<u>52,192</u>	<u>33,364</u>	<u>972,006</u>
Fund Balances:				
Nonspendable:				
Prepaid items and deposits	557,382	-	-	557,382
Restricted:				
Referendum funds	396,776	-	-	396,776
Assigned to:				
Technology improvements	10,000	-	-	10,000
Lake and road maintenance	85,000	-	-	85,000
Roof and HVAC maintenance	49,000	-	-	49,000
Unassigned	3,294,660	-	-	3,294,660
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,392,818</u>	<u>-</u>	<u>-</u>	<u>4,392,818</u>
Total liabilities and fund balances	\$ <u>5,279,268</u>	\$ <u>52,192</u>	\$ <u>33,364</u>	\$ <u>5,364,824</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	\$ 4,392,818
---	---------------------

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

The cost of capital assets acquired is reported as an expenditure in the governmental fund statements. The statement of net position includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$ 24,167,261	
Less accumulated depreciation/amortization	<u>(6,499,251)</u>	17,668,010

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the governmental-wide statements.

Lease payables	<u>(17,351,628)</u>
----------------	---------------------

Net Position of Governmental Activities	\$ <u>4,709,200</u>
--	----------------------------

The accompanying notes to basic financial statements are an integral part of these statements.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
Revenues:				
State sources	\$ 8,828,285	\$ 623,528	\$ -	\$ 9,451,813
Federal sources	-	-	70,415	70,415
Charges for services	464,447	-	-	464,447
Other local revenues	4,864,349	260,254	-	5,124,603
Total revenues	14,157,081	883,782	70,415	15,111,278
Expenditures:				
Current:				
Basic instruction	5,766,408	-	26,214	5,792,622
Exceptional instruction	558,324	-	37,051	595,375
Guidance services	140,959	-	-	140,959
Media services	116,418	-	-	116,418
Curriculum development	477,577	-	-	477,577
Board of directors	38,568	-	-	38,568
School administration	1,822,652	-	-	1,822,652
Central services	16,364	-	-	16,364
Transportation	129,445	-	-	129,445
Operation of plant	1,093,817	-	-	1,093,817
Maintenance of plant	294,179	-	7,150	301,329
Community services	105,929	-	-	105,929
Capital outlay	271,402	-	-	271,402
Debt service:				
Principal payments	118,845	883,782	-	1,002,627
Interest expense	739,731	-	-	739,731
Total expenditures	11,690,618	883,782	70,415	12,644,815
Excess of revenues over expenditures	2,466,463	-	-	2,466,463
Other Financing Sources:				
Lease issued	82,283	-	-	82,283
Total other financing sources	82,283	-	-	82,283
Net changes in fund balances	2,548,746	-	-	2,548,746
Fund Balances, July 1, 2023	1,844,072	-	-	1,844,072
Fund Balances, June 30, 2024	\$ 4,392,818	\$ -	\$ -	\$ 4,392,818

The accompanying notes to basic financial statements are an integral part of these statements.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balances - Governmental Funds \$ 2,548,746

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

Governmental funds report capital outlays as expenditures;
however, in the statement of activities, the costs of those
assets is depreciated over their estimated useful lives
as provision for depreciation and amortization.

Cost of capital assets	\$ 271,402	
Provision for depreciation and amortization	<u>(1,592,647)</u>	(1,321,245)

Debt proceeds, including leases, provide current financial resources to governmental funds, but issuing debt, including leases, increases long-term liabilities in the statement of net position.	(82,283)
--	----------

Principal payments on long-term debt, including leases, are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position.	<u>1,002,627</u>
---	------------------

Change in Net Position of Governmental Activities **\$ 2,147,845**

The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Imagine Schools - Chancellor Campus (the "School") is a division of the Learning Excellence Foundation of South Palm Beach, Inc. (the "Charterholder"), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, Corporations Not For Profit, and Section 1002.33, Florida Statutes, Charter Schools. The governing body of the School is the Board of Directors of the Charterholder, which is comprised of eight members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the Charterholder as of June 30, 2024, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: 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 District of Palm Beach County, Florida (the "District"). The charter may be renewed by mutual agreement between the School and the District. The charter was amended and renewed in June 2019 and is effective until June 30, 2029. 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 ninety 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.

The School's entire workforce is provided by the management company (Note 9); therefore, all benefits are provided by the operating company.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board; and it is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to or impose specific financing burdens on the School. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and a statement of activities, present information about the School as a whole. Both statements report only governmental activities as the School does not engage in any business-type activities.

Note 2 - Summary of Significant Accounting Policies (continued)

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. All remaining governmental funds are aggregated and reported as nonmajor funds. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School major governmental funds are as follows:

- **General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.
- **Capital Outlay Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditure for particular purposes, including the leasing or acquisition of capital facilities by the School.
- **Special Revenue Fund** - This fund is used to account primarily for certain federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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. The 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.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Note 2 - Summary of Significant Accounting Policies (continued)

The School considers revenues to be available if they are collected within sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for, and as applicable, principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash account with one financial institution. The School's account at this institution, at times, may exceed the federal insured limit; however, the School is covered by Chapter 280 of the Florida Statutes (Note 3).

Prepaid items: Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items and accounted under the consumption method.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are generally defined by the School as assets with an initial individual cost of or greater than \$750 and an estimated useful life of more than one year. Donated property and equipment assets are recorded at acquisition value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Leasehold and facility improvements	Shorter of term of lease or estimated useful life
Land improvements	40 years
Furniture, fixtures, and equipment	5 - 10 years
Information technology equipment	3 - 10 years

The School has recorded a right to use lease asset as required by GAAP. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when assets are received before revenue recognition has been satisfied.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as FTE revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a division of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation/amortization reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

Fund balances: The governmental fund financial statements present fund balances based on the provisions of GAAP, which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact (such as inventory, deposits, and prepaid items - since they are not expected to be converted to cash or are not expected to be converted to cash within the next year).

Note 2 - Summary of Significant Accounting Policies (continued)

- **Restricted** - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation. At year-end, certain referendum funds are restricted by the School District for specific operational initiatives.
- **Committed** - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- **Assigned** - this classification includes amounts the Board of Directors, or an official or body to which the Board of Directors delegates the authority, intends to use for a specific purpose but they are neither restricted nor committed. If applicable, the School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- **Unassigned** - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose with the General Fund. Unassigned fund balance may also include negative balances for any other governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

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.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget: An operating budget is adopted and maintained by the governing board for the School's general and special revenue funds pursuant to the requirements of Florida Statutes. The budget is adopted using a similar basis of accounting that is used in the preparation of the basic financial statements.

Date of management review: Subsequent events were evaluated by management through September 27, 2024, which is the date the financial statements were available to be issued.

Note 3 - Cash

At June 30, 2024, the carrying value of the School's deposits and cash on hand totaled approximately \$4,588,400 and the bank balance was approximately \$4,667,500.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Notes to Basic Financial Statements
June 30, 2024

Note 3 - Cash (continued)

Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of \$4,417,500 in excess of the federal insured level of \$250,000 are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 4 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2024, are as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets not being depreciated/ amortized:				
Land	\$ 1,259,432	\$ -	\$ -	\$ 1,259,432
Capital assets being depreciated/ amortized:				
Leasehold and facility improvements	1,001,623	141,628	-	1,143,251
Land improvements	369,218	-	-	369,218
Furniture, fixtures and equipment	194,468	-	-	194,468
Information technology equipment	226,556	47,491	-	274,047
Lease assets:				
Building	20,844,562	-	-	20,844,562
Equipment	-	82,283	-	82,283
Total capital assets being depreciated/amortized	22,636,427	271,402	-	22,907,829
Total capital assets	23,895,859	271,402	-	24,167,261
Accumulated depreciation/ amortization:				
Leasehold and facility improvements	351,076	127,528	-	478,604
Land improvements	74,613	9,230	-	83,843
Furniture, fixtures and equipment	141,795	12,172	-	153,967
Information technology equipment	170,209	33,509	-	203,718
Lease assets:				
Building	4,168,911	1,389,637	-	5,558,548
Equipment	-	20,571	-	20,571
Total accumulated depreciation/ amortization	4,906,604	1,592,647	-	6,499,251
Total governmental activities capital assets, net	\$ 18,989,255	\$ (1,321,245)	\$ -	\$ 17,668,010

Provision for depreciation/amortization was charged to governmental activities as follows:

Operation of plant	\$ 1,548,686
School administration	43,961
	<u>\$ 1,592,647</u>

Note 5 - Interfund Receivables and Payables and Interfund Transfers

Due To/From Other Funds			
Receivable Fund	Payable Fund		Amount
General Fund	Capital Outlay Fund	\$	52,192
General Fund	Special Revenue Fund		<u>33,364</u>
		\$	<u>85,556</u>

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided and reimbursable expenditures occur, (2) transactions are recorded in the accompanying system, and (3) payments between funds are made.

Note 6 - Commitments

Operating agreement: An amended and restated operating agreement was made and entered into, with a related party (Note 9), in November 2009. The agreement calls for an administrative allocation equal to 8.75% of full-time equivalent generated revenue and capital outlay funding. Current year management fees charged to operations totaled approximately \$827,000. In the event there are not sufficient funds to pay certain operating expenditures, the management company may provide operating advances to cover such shortfalls. The management 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. At the end of each fiscal year, any advances that cannot be reimbursed by current year funding may be considered a contribution from the management company. There were no amounts contributed to the School for the year ended June 30, 2024.

Note 7 - Leases

In April 2009, the School entered into a lease agreement, with a related party (Note 9), for a facility beginning with the 2010-2011 school year. The terms of the agreement require equal monthly installments of one-twelfth (1/12) of the base rent, subject to annual increases for the next twenty-five (25) years. In July 2013, an amendment was executed revising the base rent through the term of the lease. The base rent will be based on the School achieving the following; (a) obtain and retain a charter from the Palm Beach County School Board for a term of at least fifteen years, (b) achieve at least a "B" grade on the FCAT (or an equivalent grade or score on any subsequent academic proficiency evaluation of charter schools implemented by the Florida Department of Education and the Palm Beach County School Board) for the previous School Year ("Academic Proficiency"), and (c) an enrollment of 98% of the maximum enrollment permitted under the charter contract with the Palm Beach County School Board or 980 or more charter school students, whichever is greater. The amendment provides two base lease fee schedules in which the School is to receive a reduced annual lease fee for meeting the above standards. The base lease fee is anticipated by management to continue without change during the next school year. The schedule of future lease payments below is based on the current structure, reduced annual fee. The higher base lease fee schedule provides for an approximate average increase of 3.50% for the remainder lease term.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Notes to Basic Financial Statements
June 30, 2024

Note 7 - Leases (continued)

In July 2023, the School entered into a lease agreement for office equipment. The lease requires monthly payments of approximately \$2,400 through September 2026.

The following is a schedule of the School's future minimum lease payments, for both the School's leases, as of June 30, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,091,458	\$ 699,802	\$ 1,791,260
2026	1,178,812	652,685	1,831,497
2027	1,248,503	602,200	1,850,703
2028	1,336,803	548,827	1,885,630
2029	1,437,507	491,448	1,928,955
2030-2034	8,894,901	1,438,562	10,333,463
2035	2,163,644	48,945	2,212,589
	<u>\$ 17,351,628</u>	<u>\$ 4,482,469</u>	<u>\$ 21,834,097</u>

Note 8 - Long-Term Liabilities

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2024, are as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Amount Due in One Year
Lease - building	\$ 18,271,972	\$ -	\$ 982,896	\$ 17,289,076	\$ 1,064,483
Lease - equipment	-	82,283	19,731	62,552	26,975
	<u>\$ 18,271,972</u>	<u>\$ 82,283</u>	<u>\$ 1,002,627</u>	<u>\$ 17,351,628</u>	<u>\$ 1,091,458</u>

See Note 7 for a schedule of approximate future minimum lease payments.

Note 9 - Related Parties

Operating agreement: The School has entered into an agreement with Imagine Schools, Inc., a management company ("Imagine"). Imagine is responsible for organizing, developing, managing, staffing and operating the School. During the current year, Imagine charged fees to the School for its operating services as described in Note 6. In addition, Imagine, through a related entity, is the landlord of the real estate arrangement described in Note 7.

Due from/to management company: The School shares certain personnel with Imagine. A portion of their salaries, as well as other items, are allocated to each on a cost reimbursement basis. The total net amount charged to Imagine amounted to approximately \$ 40,000 for the year ended June 30, 2024. The basic financial statements reflect a due from Imagine which totaled approximately \$ 48,000 at June 30, 2024.

Note 10 - Retirement Plan

The School, through Imagine (Note 9), offers a 401(k)-retirement savings plan. Participants are allowed to make contributions to the plan up to the maximum permitted by the Internal Revenue Code. The School is currently reimbursing Imagine for matching contributions up to 5% of compensation for participating personnel. For the year ended June 30, 2024, the School contributed approximately \$ 222,000.

Note 11 - 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; and natural disasters for which the School carries commercial insurance. There have been no claims in excess of insurance coverage limits during the previous three years. Imagine employs all the employees of the School. As a result, the School is not directly exposed to medical, or workers' compensation claims for these individuals.

REQUIRED SUPPLEMENTARY INFORMATION

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Schedule of Revenues and Expenditures - Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance
Revenues:				
State sources	\$ 8,420,360	\$ 8,828,285	\$ 8,828,285	\$ -
Charges for services	512,149	546,684	464,447	(82,237)
Other local revenues	1,779,477	4,864,349	4,864,349	-
Total revenues	10,711,986	14,239,318	14,157,081	(82,237)
Expenditures:				
Current:				
Basic instruction	5,030,237	5,766,408	5,766,408	-
Exceptional instruction	617,266	558,324	558,324	-
Guidance services	86,650	140,959	140,959	-
Media services	649	116,418	116,418	-
Curriculum development	451,900	477,577	477,577	-
Board of directors	28,878	38,568	38,568	-
School administration	1,657,810	1,842,383	1,822,652	19,731
Central services	66,500	90,952	16,364	74,588
Transportation	117,285	129,445	129,445	-
Operation of plant	890,779	1,093,817	1,093,817	-
Maintenance of plant	266,518	562,257	294,179	268,078
Community services	106,184	105,929	105,929	-
Capital outlay	120,300	-	271,402	(271,402)
Debt service:				
Principal payments	531,299	643,677	118,845	524,832
Interest expense	739,731	739,731	739,731	-
Total expenditures	10,711,986	12,306,445	11,690,618	615,827
Excess of revenues over expenditures	-	1,932,873	2,466,463	533,590
Other Financing Sources:				
Lease issued	-	-	82,283	82,283
Total other financing sources	-	-	82,283	82,283
Net changes in fund balances	-	1,932,873	2,548,746	615,873
Fund Balances, July 1, 2023	-	1,844,072	1,844,072	-
Fund Balances, June 30, 2024	\$ -	\$ 3,776,945	\$ 4,392,818	\$ 615,873

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach, Inc.)
Schedule of Revenues and Expenditures - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources	\$ 1,069,391	\$ 70,415	\$ 70,415	\$ -
Total revenues	<u>1,069,391</u>	<u>70,415</u>	<u>70,415</u>	<u>-</u>
Expenditures:				
Basic instructions	883,974	26,214	26,214	-
Exceptional instruction	32,412	37,051	37,051	-
Operation of plant	153,005	-	-	-
Maintenance of plant	<u>-</u>	<u>7,150</u>	<u>7,150</u>	<u>-</u>
Total expenditures	<u>1,069,391</u>	<u>70,415</u>	<u>70,415</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund Balances, July 1, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INDEPENDENT AUDITOR'S REPORTS

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
Imagine Schools – Chancellor Campus
(A Division of the Learning Excellence Foundation of South Palm Beach, Inc.)

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 Schools - Chancellor Campus (the "School"), a division of the Learning Excellence Foundation of South Palm Beach, Inc. (the "Charterholder"), as of and for the year ended June 30, 2024, 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, 2024.

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 opinion 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.

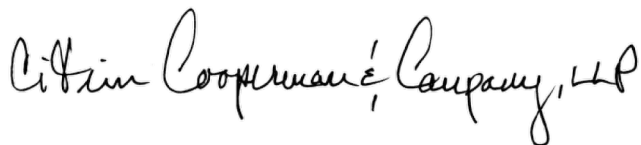
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Fort Lauderdale, Florida
September 27, 2024

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Imagine Schools – Chancellor Campus
(A Division of the Learning Excellence Foundation of South Palm Beach, Inc.)

Report on the Financial Statements

We have audited the financial statements of Imagine Schools - Chancellor Campus (the "School"), a division of the Learning Excellence Foundation of South Palm Beach, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 27, 2024.

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, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(c)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 financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title

Section 10.854(1)(c)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 Schools - Chancellor Campus and 503381.

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 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

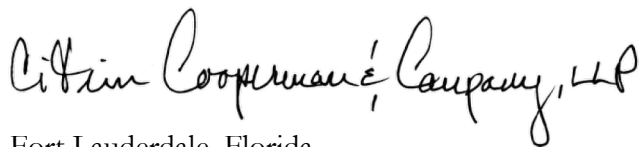
Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with 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 note 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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Fort Lauderdale, Florida
September 27, 2024