

**IMAGINE  
SCHOOL AT BROWARD  
(A Division of Imagine at  
Broward, Inc. and a  
Component Unit of the  
School Board of Broward  
County, Florida)**

**Basic Financial  
Statements and  
Supplementary Information**

**June 30, 2022**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	31
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund	32
Note to Required Supplementary Information	33
COMPLIANCE INFORMATION	
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>	35
Management Letter	37



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Imagine at Broward, Inc.  
Coral Springs, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Imagine School at Broward (the "School"), a Component unit of the School Board of Broward County, Florida (the "District") and a Division of Imagine at Broward, 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, each major fund, and the aggregate remaining fund information 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 these 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.

#### **MELBOURNE**

8035 Spyglass Hill Road  
Melbourne, FL 32940  
321-757-2020

#### **ORLANDO**

255 South Orange Avenue, #1200  
Orlando, FL 32801  
407-841-8841

### ***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 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, 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, 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 School at Broward (the "School"), a division of Imagine at Broward, Inc. and a component unit of the School Board of Broward County, Florida, 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 listed in the table of contents.

### Financial Highlights

- The assets of the School exceeded its liabilities at the close of the current fiscal year by \$1,016,714 (net position).
- The net position of the School decreased by \$156,550 during the fiscal year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$7,405,319.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,341,129.
- The School obtained new bonds for the amount of \$8,303,723 which are reflected in a long-term liability.
- The School recognized revenue related to the Elementary and Secondary School Emergency Relief funds ("ESSER II") in the amount of \$410,710.

### 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).

## **Overview of the Financial Statements (continued)**

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 school 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 School Board of Broward County, Florida, includes the operations of the School in their operational results.

The government-wide financial statements can be found on pages listed in the table of contents.

**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 School'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 several 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 debt service fund are considered to be major funds.

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

**General Fund Budgetary Highlights.** The School adopts annual appropriated budgets for its entire operations. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets and can be found on pages listed in 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 starting on pages as listed in 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 \$1,016,714 and \$1,173,264 (net position), as of June 30, 2022 and 2021, respectively.

A significant portion of the School's net position reflects its net investment in capital assets (e.g., land, audio visual materials, computer software, building and fixed equipment, etc.). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A summary of the School's statement of net position as of June 30 is presented below:

### Imagine School at Broward Statement of Net Position

	Governmental Activities		
	2022	2021	Variance
<b>ASSETS</b>			
Current assets	\$ 7,960,425	\$ 3,722,893	\$ 4,237,532
Capital assets, net	22,848,872	19,184,678	3,664,194
Total assets	<u>30,809,297</u>	<u>22,907,571</u>	<u>7,901,726</u>
<b>LIABILITIES</b>			
Current liabilities	908,856	809,303	99,553
Noncurrent liabilities	28,883,727	20,925,004	7,958,723
Total liabilities	<u>29,792,583</u>	<u>21,734,307</u>	<u>8,058,276</u>
<b>NET POSITION</b>			
Net investment in capital assets	(820,221)	(637,325)	(182,896)
Restricted	-	117,329	(117,329)
Unrestricted	1,836,935	1,693,260	143,675
Total net position	<u>\$ 1,016,714</u>	<u>\$ 1,173,264</u>	<u>\$ (156,550)</u>

Current assets increased from prior year as a result of an increase in unrestricted cash and cash equivalents as well as restricted cash and cash equivalents due to the timing of payments and the receipt of funds. Capital assets, net of accumulated depreciation and amortization increased because the School started construction on a 21,000 square foot multi-purpose facility. The increase in current liabilities is mainly due to food service accruals and deferred VPK grant revenue. The increase in net investment in capital assets is a direct result of the construction of the new multi-purpose facility. The increase in noncurrent assets is mainly due to the 2021 educational facilities revenue bonds to finance the construction of the new school building.

## Government-Wide Financial Analysis (continued)

A summary and analysis of the School's revenues and expenses for the year ended June 30 is presented below:

	Governmental Activities		
	2022	2021	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 1,311,073	\$ 488,007	\$ 823,066
General revenues:			
State passed through school district	7,188,923	6,753,304	435,619
Other revenues	309,779	83,615	226,164
Total revenues	<u>8,809,775</u>	<u>7,324,926</u>	<u>1,484,849</u>
Expenses:			
Instruction	3,841,987	3,277,737	564,250
Guidance services	58,762	-	58,762
School administration	1,585,897	1,482,971	102,926
Operation of plant	1,057,749	903,227	154,522
Interest on long-term debt	1,128,776	890,654	238,122
Community service	205,473	230,666	(25,193)
Food service	310,737	131,134	179,603
Curriculum development	171,924	141,241	30,683
Maintenance of plant	107,815	107,163	652
Staff development	3,455	-	3,455
Media services	66,749	63,913	2,836
Board of directors	18,845	29,204	(10,359)
Central services	846	708	138
Debt issuance cost	407,310	-	407,310
Total expenses	<u>8,966,325</u>	<u>7,258,618</u>	<u>1,707,707</u>
Change in net position	(156,550)	66,308	(222,858)
Net position at beginning of year	<u>1,173,264</u>	<u>1,106,956</u>	<u>66,308</u>
Net position at end of year	<u>\$ 1,016,714</u>	<u>\$ 1,173,264</u>	<u>\$ (156,550)</u>

## **Government-Wide Financial Analysis (continued)**

State funding passed through the school district increased as a result of increased funding received for higher student enrollment and ESSER funds. Other revenues and charges for service increased as a result of higher student enrollment and attendance due to students returning to in-person learning from post COVID-19 pandemic. Instruction expense, school administration, and curriculum development increased as a result of additional staff required to meet class size compliance and receipt of one time bonuses. Guidance services expense increased due to new positions added in the current year. Operation of plant costs increased due to contracted city and security company for guardian and Security Resource Officer (“SRO”). Interest on long-term debt increased as a result of the addition of new bond. Food Service costs increased due to higher food sales from students returning to the building.

**Governmental activities.** Governmental activities decreased the School’s net position by \$156,550 for the year ended June 30, 2022.

## **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 total fund balance of the general fund was \$1,836,935. This included the nonspendable balance for prepaid expenses, deposits and ESSER II funds which were \$114,857, \$4,165, and \$376,784, respectively.

The fund balance of the School’s general fund increased by \$143,675 during the current fiscal year.

## **General Fund Budgetary Highlights**

The actual revenues and expenditures were equal to budgeted. The budgetary information can be found as listed in the table of contents of this report.

## **Capital Asset and Debt Administration**

**Capital Assets.** The School’s capital assets for its governmental activities as of June 30, 2022, amounts to \$22,848,872 net of accumulated depreciation and amortization. These net capital assets includes land, audio visual materials, computer software, building and fixed equipment, information technology equipment, leasehold improvements, furniture, fixtures and equipment and construction in progress. Additional information on the School’s capital assets can be found in Note D of this report.

**Debt Administration.** The School’s noncurrent liabilities on June 30, 2022 totaled \$28,883,727 which is an increase of \$7,958,723 from the prior fiscal year related to the issuance of new bonds. Additional information on the School’s noncurrent obligations can be found in Note E.

## **Economic Factors and Future Enrollment**

A majority of the School's funding is determined by the number of enrolled students. Student enrollment is forecasted to increase from 844 to 865 for the 2022-2023 school year.

## **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 9001 Westview Drive, Coral Springs, Florida 33067.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, Inc. and a Component Unit of the**  
**School Board of Broward County, Florida)**

**STATEMENT OF NET POSITION**

**June 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
<b>ASSETS</b>	
Cash and cash equivalents - unrestricted	\$ 1,665,219
Cash and cash equivalents - restricted	5,568,384
Net due to / from management company	86,061
Grant receivable (ESSER II)	376,784
Other receivables	144,955
Prepaid expenses	114,857
Deposits	4,165
Total current assets	7,960,425
<b>CAPITAL ASSETS, NET</b>	
Capital assets, net	
Land	5,940,000
Construction in process	3,948,211
Building and fixed equipment	12,447,416
Leasehold improvements	204,447
Information technology equipment	110,712
Furniture, fixtures and equipment	198,086
Total capital assets, net	22,848,872
Total assets	30,809,297
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	49
Accrued payroll and other expenses	510,611
Unearned revenue	44,446
Bonds payable - due within one year	353,750
Total current liabilities	908,856
<b>NONCURRENT LIABILITIES</b>	
Bonds payable - due in more than one year	28,883,727
Total liabilities	29,792,583
<b>NET POSITION</b>	
Net investment in capital assets	(820,221)
Unrestricted deficit	1,836,935
Total net position	\$ 1,016,714

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

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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	\$ 3,841,987	\$ 499,192	\$ -	\$ -	\$ (3,342,795)
School administration	1,585,897	-	-	-	(1,585,897)
Operation of plant	1,057,749	-	-	-	(1,057,749)
Interest on long-term debt	1,128,776	-	-	-	(1,128,776)
Community service	205,473	353,510	-	-	148,037
Food service	310,737	458,371	-	-	147,634
Curriculum development	171,924	-	-	-	(171,924)
Maintenance of plant	107,815	-	-	-	(107,815)
Media services	66,749	-	-	-	(66,749)
Board of directors	18,845	-	-	-	(18,845)
Central services	846	-	-	-	(846)
Guidance services	58,762	-	-	-	(58,762)
Staff development	3,455	-	-	-	(3,455)
Debt issuance cost	407,310	-	-	-	(407,310)
Total governmental activities	<u>\$ 8,966,325</u>	<u>\$ 1,311,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(7,655,252)</u>
General revenues:					
State passed through school district					6,778,213
ESSER II					410,710
Other revenues					<u>309,779</u>
Total general revenues					<u>7,498,702</u>
Change in net position					(156,550)
Net position at the beginning of the year					<u>1,173,264</u>
Net position at the end of the year					<u>\$ 1,016,714</u>

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

**Imagine School at Broward**  
**(A Division of Imagine at Broward, Inc. and a Component Unit of the**  
**School Board of Broward County, Florida)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2022**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents - unrestricted	\$ 1,665,219	\$ -	\$ -	\$ 1,665,219
Cash and cash equivalents - restricted	-	5,568,384	-	5,568,384
Grant receivable (ESSER II)	376,784	-	-	376,784
Other receivables	144,955	-	-	144,955
Prepaid expenses	114,857	-	-	114,857
Net due to / from management company	86,061	-	-	86,061
Deposits	4,165	-	-	4,165
Total assets	<u>\$ 2,392,041</u>	<u>\$ 5,568,384</u>	<u>\$ -</u>	<u>\$ 7,960,425</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 49	\$ -	\$ -	\$ 49
Accrued payroll and other expenses	510,611	-	-	510,611
Unearned revenue	44,446	-	-	44,446
Total liabilities	<u>555,106</u>	<u>-</u>	<u>-</u>	<u>555,106</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenses	114,857	-	-	114,857
Deposits	4,165	-	-	4,165
ESSER II	376,784	-	-	376,784
Restricted	-	5,568,384	-	5,568,384
Unassigned	1,341,129	-	-	1,341,129
Total fund balances	<u>1,836,935</u>	<u>5,568,384</u>	<u>-</u>	<u>7,405,319</u>
Total liabilities and fund balances	<u>\$ 2,392,041</u>	<u>\$ 5,568,384</u>	<u>\$ -</u>	<u>\$ 7,960,425</u>

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

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 \$ 7,405,319

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:

Land	\$ 5,940,000	
Building and fixed equipment, net	12,447,416	
Leasehold improvements, net	204,447	
Information technology equipment, net	110,712	
Furniture, fixtures and equipment, net	198,086	
Construction in progress	<u>3,948,211</u>	
Total capital assets		22,848,872

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

Bonds payable (29,237,477)

Total net position of governmental activities \$ 1,016,714

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

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
State passed through school district	\$ 6,728,738	\$ 460,185	\$ -	\$ 7,188,923
Other revenues	1,116,379	46,102	-	1,162,481
Lunch program	-	-	458,371	458,371
Total revenues	<u>7,845,117</u>	<u>506,287</u>	<u>458,371</u>	<u>8,809,775</u>
<b>Expenditures</b>				
Current:				
Instruction	3,801,092	-	-	3,801,092
School administration	1,576,506	-	-	1,576,506
Operation of plant	645,752	-	-	645,752
Community service	205,473	-	-	205,473
Food service	21,865	-	287,957	309,822
Curriculum development	171,924	-	-	171,924
Maintenance of plant	107,815	-	-	107,815
Media services	66,749	-	-	66,749
Board of Directors	18,845	-	-	18,845
Central services	846	-	-	846
Guidance services	58,762	-	-	58,762
Staff development	3,455	-	-	3,455
Capital outlay	179,181	3,948,211	-	4,127,392
Debt service:				
Debt issuance cost	-	407,310	-	407,310
Interest	-	1,128,776	-	1,128,776
Principal	-	345,000	-	345,000
Total expenditures	<u>6,858,265</u>	<u>5,829,297</u>	<u>287,957</u>	<u>12,975,519</u>
Excess (deficiency) of revenues over (under) expenditures	986,852	(5,323,010)	170,414	(4,165,744)
Other financing sources and (uses):				
Transfers in	-	1,013,591	-	1,013,591
Transfers out	(843,177)	-	(170,414)	(1,013,591)
Debt issued	-	7,890,000	-	7,890,000
Bond premium issued	-	413,723	-	413,723
Total other financing sources and (uses)	<u>(843,177)</u>	<u>9,317,314</u>	<u>(170,414)</u>	<u>8,303,723</u>
<b>Net change in fund balances</b>	143,675	3,994,304	-	4,137,979
<b>Fund balances at the beginning of the year</b>	1,693,260	1,574,080	-	3,267,340
<b>Fund balances at the end of the year</b>	<u>\$ 1,836,935</u>	<u>\$ 5,568,384</u>	<u>\$ -</u>	<u>\$ 7,405,319</u>

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

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 \$ 4,137,979

The change in net position 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 cost of those assets  
is allocated over their estimated useful lives and reported as  
depreciation and amortization expense:

Capital outlay	\$ 179,181	
Construction in process related to bonds	3,948,211	
Depreciation and amortization expense	<u>(463,198)</u>	3,664,194

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. This amount is the  
net effect of these differences in the treatment of long-term  
debt. Also, governmental funds report the effect of premiums  
when the debt is first issued, whereas this amount is deferred  
and amortized in the statement of activities.

Bonds payable issuance	(7,890,000)	
Bonds premium issuance	(413,723)	
Principal payments	<u>345,000</u>	<u>(7,958,723)</u>

Change in net position of governmental activities \$ (156,550)

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

**Imagine School at Broward  
(A Division of Imagine at Broward, 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 School at Broward (the "School"), is a division of Imagine at Broward, Inc. (the "Charterholder"), which is a Florida not-for-profit corporation whose sole member is Imagine School Non-Profit, Inc., a Virginia not-for-profit corporation. The School currently provides education services to students in kindergarten through eighth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of three members. The financial information presented is that of Imagine School at Broward only. The School's 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 charter agreement expires on June 30, 2025, and may be renewed in increments of five years by mutual written 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 School at Broward 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 non-fiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business-type activities.

Net position, the sum of assets and deferred outflows less liabilities and deferred inflows of resources as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any borrowings 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, laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining balances that do not meet the definition of the other two categories.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 (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 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. The School reports the general fund and debt service funds as its major funds. 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 60 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.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 (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 expenditures 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 - is the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Debt Service Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the bonds issued by the School.

4. Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand at the School, a checking account held at a financial institution, and short-term investments with original maturities of three months or less from the date of acquisition.

5. Receivables

Receivables typically include amounts due from governmental agencies for grant related receivables. The School's management determined, based on prior experience, that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Grant receivable (ESSER II)

The grant receivable is related to the Elementary and Secondary School Emergency Relief Fund ("ESSER"). The School submitted \$410,710 request for reimbursement and as of June 30, 2022 only \$33,926 was received. The remaining funds were not received by the School and were recorded as grant receivable in the amount of \$376,784 - see Note F for more details on ESSER II funds.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 (continued)**

7. Interfund activity

Activities 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. Although a component of net position, a reserve for prepaid expenses has been established for the fund financial statements as these funds do not constitute "available spendable resources".

9. Capital assets

Capital assets are reported in the governmental activities column 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 asset lives is not capitalized.

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Audio visual materials	7
Computer software	3 - 7
Information technology equipment	5 - 7
Buildings & fixed equipment	7 - 40
Furniture, fixtures and equipment	7 - 10

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 (continued)**

10. Amortization of premium on bonds

The amortization of the bond premium will be recognized starting in fiscal year 2025, based on the effective interest rate associated with the bonds and will continue over the life of the related debt and will be recorded as a reduction to interest expense. Bonds payable are reported gross of the applicable bond premium. In the fund financial statements, governmental funds recognize premiums during the period the debt is issued. The face amount of debt issued and premiums received are reported as other financing sources. Debt issuance costs are reported as expenditures / expenses when incurred.

11. Noncurrent liabilities

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 repayments of debt principal as debt service expenditures.

12. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the 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 is withheld until qualifying eligible 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 F for details.

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

**Imagine School at Broward  
(A Division of Imagine at Broward, 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 (continued)**

13. 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.

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

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. Fund balance classification

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 spendable (such as inventory and prepaid expenses) 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.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 (continued)**

15. Fund balance classification (continued)

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.

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.

16. 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.

17. 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. There was no impact of the adoption of this statement on the School's financial statements.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 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 unrestricted cash deposits held in banks was exposed to custodial credit risk.

**NOTE C - RESTRICTED CASH AND CASH EQUIVALENTS**

The restricted cash balances are held by an institutional trustee in accordance with the terms of the trust indenture. As of June 30, 2022, the balance of the School's restricted cash and cash equivalents is \$5,568,384 of bond trustee funds as seen below.

Principal - Series A & B - 2019	\$ 1,465,500
Interest - Series A & B - 2019	74,507
Capital Maintenance - 2019	80,000
Principal - Series A & B - 2021	3,898,333
Interest - Series A & B - 2021	<u>50,044</u>
	<u><u>\$ 5,568,384</u></u>

1. Debt service reserve accounts

The debt service reserve accounts are to be used solely for the purpose of making up any deficiency in the interest accounts or the principal accounts relating to such series of bonds, or for the payment or redemption of all outstanding bonds of such series.

2. Capital maintenance

The capital maintenance is used for building repairs as needed over the life of the bonds.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 D - CAPITAL ASSETS**

Changes in capital assets were as follows:

	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Capital assets not being depreciated				
Land	\$ 5,940,000	\$ -	\$ -	\$ 5,940,000
Construction in process	32,524	3,948,211	32,524	3,948,211
Total capital assets not being depreciated and amortized	<u>5,972,524</u>	<u>3,948,211</u>	<u>32,524</u>	<u>9,888,211</u>
Capital assets depreciated and amortized:				
Audio visual materials	20,930	-	-	20,930
Computer software	9,714	-	-	9,714
Information technology equipment	560,501	2,631	-	563,132
Buildings and fixed equipment	13,482,057	-	-	13,482,057
Leasehold improvements	544,107	50,358	-	594,465
Furniture, fixtures and equipment	176,637	158,716	-	335,353
Total assets depreciated and amortized	<u>14,793,946</u>	<u>211,705</u>	<u>-</u>	<u>15,005,651</u>
Less accumulated depreciation and amortization:				
Audio visual materials	20,930	-	-	20,930
Computer software	9,714	-	-	9,714
Information technology equipment	405,111	47,309	-	452,420
Buildings and fixed equipment	695,477	339,164	-	1,034,641
Leasehold improvements	325,143	64,875	-	390,018
Furniture, fixtures and equipment	125,417	11,850	-	137,267
Total accumulated depreciation and amortization	<u>1,581,792</u>	<u>463,198</u>	<u>-</u>	<u>2,044,990</u>
Total capital assets, net	<u>\$ 19,184,678</u>	<u>\$ 3,696,718</u>	<u>\$ -</u>	<u>\$ 22,848,872</u>

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 D - CAPITAL ASSETS (continued)**

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

Operation of plant	\$ 411,997
School administration	9,391
Food services	915
Instruction	40,895
	<u>\$ 463,198</u>

**NOTE E - NONCURRENT LIABILITIES**

Changes in noncurrent liabilities were as follows:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due within one year
Series 2019 bonds	\$ 19,175,000	\$ -	\$ (345,000)	\$ 18,830,000	\$ 353,750
Premium on 2019 bonds	2,103,754	-	-	2,103,754	-
Series 2021A bonds	-	7,555,000	-	7,555,000	-
Series 2021B bonds	-	335,000	-	335,000	-
Premium on 2021 bonds	-	413,723	-	413,723	-
	<u>\$ 21,278,754</u>	<u>\$ 8,303,723</u>	<u>\$ (345,000)</u>	<u>\$ 29,237,477</u>	<u>\$ 353,750</u>

On June 1, 2019, the School entered into a loan agreement with Florida Development Finance Corporation ("FDFC") to borrow funds in order to acquire the building utilized by the School. FDFC authorized the issuance of its educational facilities revenue bonds (Series 2019A and Taxable Series 2019B) in the aggregate principal amount of \$19,175,000. FDFC agreed to loan to the School the proceeds received by FDFC from the sale of the Series 2019 bonds. The proceeds are to be deposited with the trustee and applied as provided by the indenture. An amount necessary from the gross revenues is to be transferred from the school revenue fund to the trustee on a monthly basis to pay the loan repayments on or before the fifteenth day of each month starting July 15, 2019. The interest rate varies between 2.625% and 5.0% over the duration of the loan. The maturity date is December 15, 2049. The bond premium will be reduced starting in 2025, and will be recognized as a reduction to interest expense as it is being amortized over the life of the bonds based on the effective interest rate.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 E - NONCURRENT LIABILITIES (continued)**

The following is a schedule of future minimum payments for the Series 2019A and Taxable Series 2019B bonds for the years ending June 30,

	Principal	Interest	Total
2023	\$ 353,750	\$ 888,575	\$ 1,242,325
2024	375,833	878,972	1,254,805
2025	385,833	869,106	1,254,939
2026	398,750	855,850	1,254,600
2027	413,750	839,900	1,253,650
2028-2032	2,333,333	3,817,779	6,151,112
2033-2037	2,964,583	3,274,521	6,239,104
2038-2042	3,782,916	2,396,582	6,179,498
2043-2047	4,819,167	1,862,729	6,681,896
Thereafter	3,002,085	1,155,642	4,157,727
	\$ 18,830,000	\$ 16,839,656	\$ 35,669,656

On December 1, 2021, the School entered into a loan agreement with Florida Development Finance Corporation ("FDFC") to borrow funds in order to construct and equip a 21,000 square foot multi-purpose facility to be utilized by the School. FDFC authorized the issuance of its educational facilities revenue bonds (Series 2021A and Taxable Series 2021B) in the aggregate principal amount of \$7,890,000. FDFC agreed to loan to the School the proceeds received by FDFC from the sale of the Series 2021 bonds. The proceeds are to be deposited with the trustee and applied as provided by the indenture. An amount necessary from the gross revenues is to be transferred from the school revenue fund to the trustee on a monthly basis to pay the loan repayments on or before the fifteenth day of each month starting January 15, 2022. The interest rate varies between 4.0% and 5.250% over the duration of the loan. The maturity date is November 15, 2056. The bond premium will be reduced starting in 2050, and will be recognized as a reduction to interest expense as it is being amortized over the life of the bonds based on the effective interest rate.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 E - NONCURRENT LIABILITIES (continued)**

The following is a schedule of future minimum payments for the Series 2021A and Taxable Series 2021B bonds for the years ending June 30,

	Principal	Interest	Total
2023	\$ -	\$ 319,788	\$ 319,788
2024	-	319,788	319,788
2025	-	319,788	319,788
2026	-	319,788	319,788
2027	-	319,788	319,788
2028-2032	-	1,598,940	1,598,940
2033-2037	-	1,598,940	1,598,940
2038-2042	-	1,598,940	1,598,940
2043-2047	-	1,598,940	1,598,940
2048-2052	2,665,000	1,505,025	4,170,025
Thereafter	5,225,000	584,383	5,809,383
	\$ 7,890,000	\$ 10,084,108	\$ 17,974,108

As a part of the loan agreement, the School must have a long-term debt service coverage ratio of at least 1.10 to 1.00. For the fiscal year ended June 30, 2022, the School's long-term debt service coverage ratio was 1.02. Until the Series 2019 and 2021 bonds are no longer outstanding, the School agrees to have cash on hand on each June 30 (the "Testing Date") in an amount not less than 45 days cash on hand as of the Testing Date. For the fiscal year ended June 30, 2022, the School's days cash on hand was 71.

**NOTE F - 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 percent was allocated directly to LEAs through formula grants with up to 10 percent 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.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 F - ESSER II (continued)**

Again, LEAs received 90 percent of ESSER II with 10 percent reserved by the SEA. As of June 30, 2022, the School was reimbursed for \$33,926 and submitted for additional reimbursement for approximately \$376,784 and recoded grant receivable for this amount (see note A-6 for details on grant receivable).

**NOTE G - CONCENTRATIONS**

As stated in Note A-11, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of sources:

Sources	Amounts
School Board of Broward County:	
Base funding	\$ 4,111,519
Class size reduction	903,987
Discretionary local effort	540,979
Supplemental academic instruction	189,035
Digital classrooms allocation	543
ESE guaranteed allocation	161,876
Instructional materials	60,631
Safe schools	51,526
Additional lottery	42,932
Mental health allocation	33,821
Funding compression allocation	10,347
Reading allocation	35,826
Administration fee withheld	(35,325)
2021-2022 FTE adjustment	3,274
FL Teacher lead program	15,218
Capital outlay	460,185
FL Teacher salary allocation	162,502
Grant revenue	29,337
Total revenue through School Board of Broward County	6,778,213
Charges for services	1,311,073
Other revenues	309,779
ESSER II	410,710
Total revenue	\$ 8,809,775

**Imagine School at Broward**  
**(A Division of Imagine at Broward, 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 H - COMMITMENTS AND CONTINGENCIES**

The School may be involved in legal action 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.

**NOTE I - RELATED PARTIES**

The School entered into an agreement with an operating company, who shares common ownership with the Charterholder, on June 10, 2010. The agreement was amended on June 28, 2019. The amended agreement calls for an indirect cost allocation equal to 12% of state revenues for each fiscal year plus a monthly administrative fee of \$2,500 from the effective date of the amendment through and including August 2028.

The School shall pay to the operating company, on a monthly basis, the indirect cost allocation, which is an amount that is reflected in the approved budget. In the event that the actual state revenues for the immediate preceding fiscal year as reflected in the School's annual audit reflects a shortfall of indirect cost allocation, the amount of the shortfall shall be immediately paid to the operating company. Any overpayment of the indirect cost allocation for the immediately preceding fiscal year shall be applied to the indirect cost allocation due for the then current fiscal year. The total indirect cost allocation and administrative fees charged to operations for the year ended June 30, 2022, were \$788,059 and \$30,000, respectively.

The School has entered into multiple agreements with the operating company. The receivables ending balance contains amounts that are due from the operating company of \$42,381 from certain refunds and credits.

**NOTE J - 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. 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 the fiscal year. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

**NOTE K - SUBSEQUENT EVENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**Imagine School at Broward**  
**(A Division of Imagine at Broward, Inc. and a Component Unit of the**  
**School Board of Broward County, Florida)**

**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	
<b>Revenue</b>				
State passed through school district	\$ 5,978,696	\$ 6,126,189	\$ 6,126,189	\$ -
Other state revenue	286,494	602,549	602,549	-
Supplemental fee revenue	1,042,500	1,116,379	1,116,379	-
Net school operating revenue	7,307,690	7,845,117	7,845,117	-
<b>Expenditures</b>				
Salaries and benefits	4,185,897	4,283,365	4,283,365	-
Direct educational expense	232,467	293,449	293,449	-
Other school service expense	264,400	326,341	326,341	-
General and administrative	236,070	307,974	307,974	-
Facility operating expense	411,631	539,109	539,109	-
School operating expenses	5,330,465	5,750,238	5,750,238	-
Facility use fee	1,281,624	-	-	-
Equipment use fee	1,000	110,787	110,787	-
Start-up fee	30,000	30,000	30,000	-
Indirect costs	774,534	788,059	788,059	-
Capital outlay	30,343	179,181	179,181	-
Total expenditures	7,447,966	6,858,265	6,858,265	-
Change in net position (budgetary basis)	(140,276)	986,852	986,852	-
Other financing sources and (uses)				
Transfers out	-	(843,177)	(843,177)	-
<b>Net change in fund balances</b>	(140,276)	143,675	143,675	-
<b>Fund balances at the beginning of the year</b>	1,693,260	1,693,260	1,693,260	-
<b>Fund balances at the end of the year</b>	\$ 1,552,984	\$ 1,836,935	\$ 1,836,935	\$ -

See accompanying note to required supplementary information.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, Inc. and a Component Unit of the**  
**School Board of Broward County, Florida)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND**

**For the year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenue</b>				
State passed through school district	\$ 475,750	\$ 460,185	\$ 460,185	\$ -
Other state revenue	-	46,102	46,102	-
Total revenues	<u>475,750</u>	<u>506,287</u>	<u>506,287</u>	<u>-</u>
<b>Expenditures</b>				
Capital outlay	-	3,948,211	3,948,211	-
Debt issuance cost	-	407,310	407,310	-
Interest	1,128,777	1,128,776	1,128,776	-
Principal	345,000	345,000	345,000	-
Total expenditures	<u>1,473,777</u>	<u>5,829,297</u>	<u>5,829,297</u>	<u>-</u>
Other financing sources and (uses)				
Transfers in	-	1,013,591	1,013,591	-
Debt issued	-	7,890,000	7,890,000	-
Bond premium issued	-	413,723	413,723	-
Total other financing sources and (uses)	<u>-</u>	<u>9,317,314</u>	<u>9,317,314</u>	<u>-</u>
<b>Net change in fund balances</b>	(998,027)	3,994,304	3,994,304	-
<b>Fund balances at the beginning of the year</b>	-	1,574,080	1,574,080	-
<b>Fund balances at the end of the year</b>	<u>\$ (998,027)</u>	<u>\$ 5,568,384</u>	<u>\$ 5,568,384</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

**Imagine School at Broward**  
**(A Division of Imagine at Broward, Inc. and a Component Unit of the**  
**School Board of Broward County, Florida)**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**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 net change in fund balances 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.

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

## **COMPLIANCE INFORMATION**



**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 at Broward, Inc.  
Coral Springs, 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, each major fund, and aggregate remaining fund information of Imagine School at Broward (the "School"), a Component unit of the School Board of Broward County, Florida, and a Division of Imagine Broward, 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.

## **Internal Control over Financial Reporting (continued)**

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.

## **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*

## MANAGEMENT LETTER

To the Board of Directors  
Imagine at Broward, Inc.  
Coral Springs, Florida

### Report on the Financial Statements

We have audited the financial statements of Imagine School at Broward (the “School”), a Component unit of the School Board of Broward County, Florida, and a Division of Imagine Broward, 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 School at Broward and 5024.

## **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**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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, the School's management, Board of Directors, others within the School, 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*