

Imagine Schools – Chancellor Campus

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

Basic Financial Statements
and Supplementary Information
For the Year Ended June 30, 2023



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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, 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 County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2023, 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, 2023, 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 described in Note 1, the accompanying financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of Imagine Schools - Chancellor Campus that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of the Charterholder. Our opinion is not modified with respect to this matter.

CPAs + Trusted Advisors

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Management's Discussion and Analysis
June 30, 2023

As management of Imagine Schools - Chancellor Campus (the "School"), which is a division of the Learning Excellence Foundation of South Palm Beach County, 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, 2023 and 2022.

Management's discussion and analysis is included before 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

The following are the highlights of financial activity for the year ended June 30, 2023.

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$ 2,561,355 (net position).
- The School's total net position increased by \$ 383,579 over prior year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$ 1,844,072.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 1,415,385.

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 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, and other schedules, 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, with the difference between the two 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 three 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 statement has been provided for the General Fund and major Special Revenue Fund, and can be found on pages 25 through 26 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 County, Inc.)
Management's Discussion and Analysis
June 30, 2023

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, for the years ended June 30, 2023 and 2022, assets exceeded liabilities by \$ 2,561,355 (net position) and \$ 2,177,776 (net position), respectively.

The School's net position reflects its net investment in capital assets (e.g., land, building/leasehold improvements, furniture, fixtures and equipment, audio visual equipment, information technology equipment, and the intangible right to use building), 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 condensed statement of net position and the statement of activities are provided below.

Imagine Schools - Chancellor Campus
Summary of Net Position

	Governmental Activities	
	2023	2022
Assets:		
Current assets	\$ 2,638,500	\$ 1,874,266
Capital assets, net of accumulated depreciation/amortization	18,989,255	20,224,156
Total assets	21,627,755	22,098,422
Liabilities:		
Current liabilities	1,777,324	1,648,674
Noncurrent liabilities	17,289,076	18,271,972
Total liabilities	19,066,400	19,920,646
Net Position:		
Net investment in capital assets	717,283	1,046,531
Unrestricted	1,844,072	1,131,245
Total net position	\$ 2,561,355	\$ 2,177,776

The increase in current assets is due to cash receipts stemming from the Education Stabilization Fund: Elementary and Secondary School Emergency Relief Funds (ESSER) during the year.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Management's Discussion and Analysis
June 30, 2023

Imagine Schools - Chancellor Campus
Summary of Statement of Activities

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 866,156	\$ 349,896
Operating grants and contributions	1,283,684	556,172
Capital grants and contributions	566,583	555,182
General revenues:		
State passed through local school district	9,824,267	9,227,069
Other revenues	434,850	412,903
	<u>12,975,540</u>	<u>11,101,222</u>
Functions/Program Expenses:		
Basic instruction	5,489,931	4,884,683
Exceptional instruction	343,489	354,814
Guidance services	56,640	74,438
Media services	29,864	42,430
Curriculum development	342,213	521,735
Board of directors	35,868	41,786
School administration	1,559,402	1,479,594
Food services	512,420	-
Central services	485,665	226,380
Transportation	123,125	118,386
Operation of plant	2,517,160	2,224,357
Maintenance of plant	191,473	205,913
Community services	125,937	91,016
Interest expense on long-term debt	778,774	814,698
	<u>12,591,961</u>	<u>11,080,230</u>
Change in net position	<u>383,579</u>	<u>20,992</u>
Net position, beginning of year	<u>2,177,776</u>	<u>2,156,784</u>
Net position, end of year	<u>\$ 2,561,355</u>	<u>\$ 2,177,776</u>

The increase in operating grants and contributions is mostly due to the Education Stabilization Fund: Elementary and Secondary School Emergency Relief Funds (ESSER) grants received. State passed through local school district increased due to additional base funding, discretionary local effort, teacher salary increase, and state referendum funds received. Charges for services increased due to food service sales. Basic instruction expenses increased due to teacher bonuses awarded with state referendum funds and new materials (i.e., textbooks). Central services and operation of plant expenses increased due to the utilization of ESSER funds.

**Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Management's Discussion and Analysis
June 30, 2023**

Governmental activities: Governmental activities increased the School's net position by \$ 383,579 for the year ended June 30, 2023. The increase in net position is primarily due to increases in total revenues. The largest increase in revenue was from operating grants and contributions.

Financial Analysis of the School's Funds: As noted previously, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives.

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 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 \$ 1,415,385 and non-spendable fund balance for prepaids and deposits was \$ 284,687. 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 \$ 1,149,376 from the prior year.

General Fund Budgetary Highlights

The actual revenues were more than budgeted revenues by \$ 149,839. The actual expenditures were less than budgeted expenditures by \$ 149,171. The general fund budgetary information can be found on page 25 of this report.

Capital Asset and Debt Administration

Capital assets: The School's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$ 717,283. This investment in capital assets includes land, land improvements, building/leasehold improvements, furniture, fixtures and equipment, audio visual equipment, information technology equipment and the intangible right to use building, net of related financing activities. Additional information on the School's capital assets can be found in Note 4.

Economic Factors: A majority 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 2023/2024 school year.

Request 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 County, Inc.)
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets:	
Current Assets:	
Cash	\$ 2,081,162
Accounts receivable	35,016
Due from other governments	237,635
Prepaid expenses and deposits	<u>284,687</u>
Total current assets	<u>2,638,500</u>
Capital Assets:	
Capital assets not being depreciated/amortized	1,259,432
Capital assets being depreciated/amortized, net	<u>17,729,823</u>
Total capital assets, net	<u>18,989,255</u>
Total assets	<u>21,627,755</u>
Liabilities:	
Current liabilities :	
Accounts payable	160,102
Accrued payroll and benefits	565,580
Unearned revenue	68,746
Lease	<u>982,896</u>
Total current liabilities	<u>1,777,324</u>
Noncurrent liabilities :	
Lease	<u>17,289,076</u>
Total liabilities	<u>19,066,400</u>
Net Position:	
Net investment in capital assets	717,283
Unrestricted	<u>1,844,072</u>
Total net position	<u>\$ 2,561,355</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 County, Inc.)
Statement of Activities
For the Year Ended June 30, 2023

	<u>Program Revenues</u>				Governmental
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Activities
					Net Revenue (Expense) and Changes in Net Position
Functions/Programs:					
Basic instruction	\$ 5,489,931	\$ 185,464	\$ 472,199	\$ -	\$ (4,832,268)
Exceptional instruction	343,489	-	32,411	-	(311,078)
Guidance services	56,640	-	-	-	(56,640)
Media services	29,864	-	-	-	(29,864)
Curriculum development	342,213	-	14,392	-	(327,821)
Board of directors	35,868	-	-	-	(35,868)
School administration	1,559,402	-	45,622	-	(1,513,780)
Food services	512,420	317,415	-	-	(195,005)
Central services	485,665	-	498,035	-	12,370
Transportation	123,125	-	40,528	-	(82,597)
Operation of plant	2,517,160	-	12,481	566,583	(1,938,096)
Maintenance of plant	191,473	-	168,016	-	(23,457)
Community services	125,937	363,277	-	-	237,340
Interest expense on long-term debt	<u>778,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(778,774)</u>
Total governmental activities	<u>\$ 12,591,961</u>	<u>\$ 866,156</u>	<u>\$ 1,283,684</u>	<u>\$ 566,583</u>	<u>(9,875,538)</u>
General revenues:					
State passed through local school district					9,824,267
Other revenues					<u>434,850</u>
Total general revenues					<u>10,259,117</u>
Change in net position					383,579
Net position, July 1, 2022					<u>2,177,776</u>
Net position, June 30, 2023					<u>\$ 2,561,355</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 County, Inc.)
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 2,081,162	\$ -	\$ -	\$ 2,081,162
Accounts receivable	35,016	-	-	35,016
Due from other governments	-	47,209	190,426	237,635
Due from other funds	237,635	-	-	237,635
Prepaid items and deposits	<u>284,687</u>	<u>-</u>	<u>-</u>	<u>284,687</u>
Total assets	<u>\$ 2,638,500</u>	<u>\$ 47,209</u>	<u>\$ 190,426</u>	<u>\$ 2,876,135</u>
Liabilities:				
Accounts payable	\$ 160,102	\$ -	\$ -	\$ 160,102
Accrued payroll and benefits	565,580	-	-	565,580
Unearned revenues	68,746	-	-	68,746
Due to other funds	<u>-</u>	<u>47,209</u>	<u>190,426</u>	<u>237,635</u>
Total liabilities	<u>794,428</u>	<u>47,209</u>	<u>190,426</u>	<u>1,032,063</u>
Fund Balances:				
Nonspendable:				
Prepaid items and deposits	284,687	-	-	284,687
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	<u>1,415,385</u>	<u>-</u>	<u>-</u>	<u>1,415,385</u>
Total fund balances	<u>1,844,072</u>	<u>-</u>	<u>-</u>	<u>1,844,072</u>
Total liabilities and fund balances	<u>\$ 2,638,500</u>	<u>\$ 47,209</u>	<u>\$ 190,426</u>	<u>\$ 2,876,135</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 County, Inc.)
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2023

Total Fund Balances - Governmental Funds \$ 1,844,072

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.

Cost of capital assets	\$ 23,895,859	
Less accumulated depreciation/amortization	<u>(4,906,604)</u>	18,989,255

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		<u>(18,271,972)</u>
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Net Position of Governmental Activities \$ 2,561,355

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 County, Inc.)
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
State passed through local school district	\$ 9,881,435	\$ 566,583	\$ -	\$ 10,448,018
Federal passed through local school district	-	-	1,663,065	1,663,065
Charges for services	866,156	-	-	866,156
Other local revenues	434,850	-	-	434,850
Total revenues	<u>11,182,441</u>	<u>566,583</u>	<u>1,663,065</u>	<u>13,412,089</u>
Expenditures:				
Current:				
Basic instruction	5,217,061	-	272,870	5,489,931
Exceptional instruction	311,078	-	32,411	343,489
Guidance services	56,640	-	-	56,640
Media services	29,864	-	-	29,864
Curriculum development	342,213	-	-	342,213
Board of directors	35,868	-	-	35,868
School administration	1,513,532	-	-	1,513,532
Food services	512,420	-	-	512,420
Central services	19,701	-	465,964	485,665
Transportation	123,125	-	-	123,125
Operation of plant	1,002,926	-	12,481	1,015,407
Maintenance of plant	191,473	-	-	191,473
Community services	125,937	-	-	125,937
Capital outlay	283,749	-	28,973	312,722
Debt service:				
Principal payments	339,070	566,583	-	905,653
Interest expense	778,774	-	-	778,774
Total expenditures	<u>10,883,431</u>	<u>566,583</u>	<u>812,699</u>	<u>12,262,713</u>
Excess (deficiency) of revenues over expenditures	<u>299,010</u>	<u>-</u>	<u>850,366</u>	<u>1,149,376</u>
Other Financing Sources (Uses):				
Transfer in	850,366	-	-	850,366
Transfer out	-	-	(850,366)	(850,366)
Total other financing sources (uses)	<u>850,366</u>	<u>-</u>	<u>(850,366)</u>	<u>-</u>
Net changes in fund balances	1,149,376	-	-	1,149,376
Fund Balances, July 1, 2022	<u>694,696</u>	<u>-</u>	<u>-</u>	<u>694,696</u>
Fund Balances, June 30, 2023	<u>\$ 1,844,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,844,072</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 County, Inc.)
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, 2023**

Changes in Fund Balances - Governmental Funds \$ 1,149,376

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, these costs are allocated over their estimated useful lives and reported as provision for depreciation and amortization.

Cost of capital assets	\$	312,722	
Provision for depreciation and amortization		<u>(1,547,623)</u>	(1,234,901)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. (436,549)

Repayment of long-term debt, including leases, are reported as expenditures in governmental funds, but as a reduction of liabilities in the statement of net position. 905,653

Change in Net Position of Governmental Activities \$ 383,579

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 County, Inc. (the "Charterholder"), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of eight members. The financial information presented is that of Imagine Schools - Chancellor Campus only and is not intended to be a complete presentation of the Charterholder.

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 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.

The School's entire workforce is provided by the operating company; 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: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and the provisions of Chapter 218.39, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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. 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 reports the following major governmental funds:

- **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 accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.
- **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.

Basis of accounting: Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using a current financial resources measurement focus on a 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. 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 capital leases are reported as other financing sources.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash: The School considers all demand accounts and money market funds which are not subject to withdrawal restriction to be cash. The School maintains its cash account with one financial institution which, at times, may exceed the federally insured limit. The School has not experienced any losses in such account and does not believe it is exposed to any significant credit risk.

Receivables: Receivables include program receivables and amounts due from other agencies. The School's management determined that the receivable balances are deemed to be fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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: Capital assets are reported in the governmental column on the government-wide financial statements. Capital assets are generally 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 acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred.

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

Information technology equipment	3 - 10
Furniture, fixtures, and equipment	5 - 10
Building improvements	5 - 10
Audio visual equipment	5 - 7
Leasehold improvements	7 - 40
Land improvements	40

The School has recorded a right to use lease asset as a result of implementing GASB 87. 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 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 actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal and state 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 and state 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 billed and incurred.

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

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 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides 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).
- **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.
- **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, intend to use for a specific purpose but they are neither restricted nor committed.
- **Unassigned** - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose with the General Fund.

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 accounting principles generally accepted in the United States of America ("U.S. 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 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 29, 2023, which is the date the financial statements were available to be issued.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2023

Note 3 - Deposits

At June 30, 2023, the carrying value of the School's deposits and cash on hand totaled approximately \$ 2,081,200 and the bank balance was approximately \$ 2,194,200.

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. 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 are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2023. In addition, deposits are insured by the FDIC up to \$ 250,000 per financial institution.

Note 4 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	Balance at June 30, 2022	Additions and Transfers	Deletions and Transfers	Balance at June 30, 2023
Capital assets not being depreciated/ amortized:				
Land	\$ 1,259,432	\$ -	\$ -	\$ 1,259,432
Total capital assets not being depreciated/amortized	<u>1,259,432</u>	<u>-</u>	<u>-</u>	<u>1,259,432</u>
Capital assets being depreciated/ amortized:				
Building improvements	547,788	231,441	-	779,229
Land improvements	369,218	-	-	369,218
Leasehold improvements	222,394	-	-	222,394
Furniture, fixtures and equipment	166,288	28,180	-	194,468
Audio visual equipment	7,386	-	-	7,386
Information technology equipment	166,069	53,101	-	219,170
Intangible right to use:				
Building	<u>20,844,562</u>	<u>-</u>	<u>-</u>	<u>20,844,562</u>
Total capital assets being depreciated/amortized	<u>22,323,705</u>	<u>312,722</u>	<u>-</u>	<u>22,636,427</u>
Total capital assets	<u>23,583,137</u>	<u>312,722</u>	<u>-</u>	<u>23,895,859</u>

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2023

Note 4 - Capital Assets (continued)

	Balance at June 30, 2022	Additions and Transfers	Deletions and Transfers	Balance at June 30, 2023
Less accumulated depreciation/ amortization:				
Building improvements	150,900	90,409	-	241,309
Land improvements	65,382	9,231	-	74,613
Leasehold improvements	94,232	15,535	-	109,767
Furniture, fixtures and equipment	129,042	12,753	-	141,795
Audio visual equipment	6,389	799	-	7,188
Information technology equipment	133,762	29,259	-	163,021
Intangible right to use:				
Building	<u>2,779,274</u>	<u>1,389,637</u>	<u>-</u>	<u>4,168,911</u>
Total accumulated depreciation/ amortization	<u>3,358,981</u>	<u>1,547,623</u>	<u>-</u>	<u>4,906,604</u>
Total governmental activities capital assets, net	<u>\$ 20,224,156</u>	<u>\$ (1,234,901)</u>	<u>\$ -</u>	<u>\$ 18,989,255</u>

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

Operation of plant	\$ 1,501,753
School administration	<u>45,870</u>
	<u>\$ 1,547,623</u>

Note 5 - Concentrations

Revenue sources: As stated in Note 2, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amount
School District of Palm Beach County, Florida:	
Base funding	\$ 5,314,881
Class size reduction	1,084,213
Discretionary local effort	1,054,115
ESE guaranteed allocation	230,505
Teacher salary increase	283,039
Supplemental academic instruction	229,798
Instructional materials allocation	79,978
Safe schools allocation	72,535
Reading allocation	57,676
Mental health assistance allocation	47,142
Student transportation	40,528
District administration fee	<u>(39,232)</u>
Subtotal	8,455,178

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2023

Note 5 - Concentrations (continued)

Sources	Amount
Elementary and Secondary School Emergency Relief Fund (ESSER)	1,630,654
Charter school share of referendum	1,404,873
Capital outlay	566,583
IDEA, Part B	32,411
Florida teacher lead program	16,640
Driving choice grant program	4,744
	<hr/>
Total through the School District of Palm Beach County, Florida	12,111,083
Local revenues and charges for services:	
Other	434,850
Before/after school care	363,277
Food service sales	317,415
Summer program and other fees	185,464
	<hr/>
Total revenues	\$ <u>13,412,089</u>

Note 6 - Commitments

Operating agreement: An amended and restated operating agreement was made and entered into 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 \$ 765,000.

In the event there are not sufficient funds to pay certain operating expenditures, the operating company will provide operating advances to cover such shortfalls. The operating company shall be reimbursed for such advances on the first date of each month in which funds reside in the School's operating account for which not otherwise reserved by the operating budget. At the end of each fiscal year, any advances that cannot be reimbursed by current year revenue may be considered a contribution from the operating company. There were no amounts contributed to the School for the year ended June 30, 2023.

Note 7 - Lease

In April 2009, the School entered into a lease agreement for a facility beginning with the 2010-2011 school year. 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 starting in 2014 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 will receive a reduced annual lease fee for meeting the above standards. The lease agreement qualifies as other than short-term leases under GASB 87 and; therefore, has been recorded at the present value of the future minimum lease payments as of the implementation date of July 1, 2020. During the year ended June 30, 2023, the School paid approximately \$ 1,684,400 under this lease agreement.

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Basic Financial Statements
June 30, 2023

Note 7 - Lease (continued)

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2023, are as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Amount Due in One Year
Lease	\$ <u>19,177,625</u>	\$ <u>-</u>	\$ <u>905,653</u>	\$ <u>18,271,972</u>	\$ <u>982,896</u>

The following is a schedule of the School's future lease payments based on the reduced annual fee as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total*
2024	\$ 982,896	\$ 739,731	\$ 1,722,627
2025	1,064,483	697,401	1,761,884
2026	1,150,520	651,600	1,802,120
2027	1,241,218	602,142	1,843,360
2028	1,336,803	548,827	1,885,630
2029-2033	8,305,694	1,794,372	10,100,066
2034-2035	<u>4,190,358</u>	<u>184,583</u>	<u>4,374,941</u>
	\$ <u>18,271,972</u>	\$ <u>5,218,656</u>	\$ <u>23,490,628</u>

*Annual payments may increase if the School does not meet certain compliance requirements.

Note 8 - Related Parties

Operating agreement: The School has entered into agreements with an operating company. The operating company is responsible for organizing, developing, managing, staffing and operating the School. During the current year, the operating company charged fees to the School for operating services as described in Note 6.

Due from/to management company: The School shares certain personnel with the operating company. 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 the operating company amounted to approximately \$ 40,000 for the year ended June 30, 2023.

Note 9 - Retirement Plan

The School, through an operating company (Note 8), 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 the operating company for matching contributions up to 5% of compensation for participating personnel. For the year ended June 30, 2023, the School contributed approximately \$ 179,000.

Note 10 - 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. The operating company employs all of 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 County, Inc.)
Schedule of Revenues and Expenditures - Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
FTE funding	\$ 8,089,800	\$ 8,408,529	\$ 8,455,178	\$ 46,649
Other state revenues	1,184,800	1,483,809	1,426,257	(57,552)
Supplemental fee revenues	782,516	1,140,264	1,301,006	160,742
Total revenues	10,057,116	11,032,602	11,182,441	149,839
Expenditures:				
School operations:				
Salaries and benefits	5,888,283	5,934,016	5,985,833	(51,817)
School services expenditures	833,478	929,119	835,675	93,444
Direct educational expenditures	538,711	398,096	576,075	(177,979)
General and administrative	336,966	832,939	872,117	(39,178)
Marketing and enrollment	4,202	3,712	3,300	412
Facility operating expenditures	342,943	286,661	444,200	(157,539)
Total school operations	7,944,583	8,384,543	8,717,200	(332,657)
Facility operations and other:				
Facility use fee - lease				
debt service	1,131,227	1,607,083	1,117,844	489,239
Contingency	120,300	120,300	-	120,300
Indirect costs	756,000	788,530	764,638	23,892
Capital outlay	105,006	132,146	283,749	(151,603)
Total facility operations and other:	2,112,533	2,648,059	2,166,231	481,828
Total expenditures	10,057,116	11,032,602	10,883,431	149,171
Excess (deficiency) of revenues over expenditures	-	-	299,010	299,010
Other Financing Sources (Uses):				
Transfer in	-	-	850,366	850,366
Total other financing sources (uses)	-	-	850,366	850,366
Net change in fund balance	\$ -	\$ -	\$ 1,149,376	\$ 1,149,376

Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Schedule of Revenues and Expenditures - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal passed through local school district	\$ <u>2,118,441</u>	\$ <u>1,794,280</u>	\$ <u>1,663,065</u>	\$ <u>(131,215)</u>
Total revenues	<u>2,118,441</u>	<u>1,794,280</u>	<u>1,663,065</u>	<u>(131,215)</u>
Expenditures:				
Salaries and benefits	393,667	255,329	215,683	39,646
School services expenditures	137,200	137,200	44,731	92,469
Direct educational expenditures	855,040	693,831	449,248	244,583
General and administrative	444,269	419,655	74,064	345,591
Facility operating expenditures	288,265	288,265	-	288,265
Capital outlay	-	-	28,973	(28,973)
Total expenditures	<u>2,118,441</u>	<u>1,794,280</u>	<u>812,699</u>	<u>981,581</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>850,366</u>	<u>850,366</u>
Other Financing Sources (Uses):				
Transfer out	<u>-</u>	<u>-</u>	<u>(850,366)</u>	<u>(850,366)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(850,366)</u>	<u>(850,366)</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

OTHER INDEPENDENT
AUDITOR'S REPORTS
AND SCHEDULES

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

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, 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 County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2023, 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 29, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

CPAs + Trusted Advisors

Report on Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

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

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Imagine Schools - Chancellor Campus (the "School"), a division of the Learning Excellence Foundation of South Palm Beach County, Inc. (the "Charterholder") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

CPAs + Trusted Advisors

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



KEEFE MCCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

**Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Agency/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
Indirect Programs: U.S. Department of Education - Passed through the Florida Department of Education - Special Education Grants to States	84.027	-	\$ 32,411	\$ -
Education Stabilization Fund: ** Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	-	* 253,689	-
** American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	-	* 940,417	-
Total AL Number 84.425			1,194,106	-
Total Expenditures of Federal Awards			\$ 1,226,517	\$ -

* Includes fiscal year 2022 expenditures.

** Denotes COVID-19 funding.

See notes to schedule of expenditures of federal awards.

**Imagine Schools - Chancellor Campus
(A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“SEFA”) includes the Federal grant activity of Imagine Schools – Chancellor Campus (the “School”) for the year ended June 30, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, as well as other applicable provisions of contracts and grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursements, as applicable.

Note 3 - Indirect Cost Rate

The School elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Contingency

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the School. In the opinion of management, all grant and contract expenditures are in compliance with the terms and conditions of the agreements and applicable Federal and state laws, and other applicable regulations.

**Imagine Schools - Chancellor Campus
 (A Division of Learning Excellence Foundation of South Palm Beach County, Inc.)
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

SECTION I - SUMMARY AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Programs

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X no

Identification of major federal program(s):

<u>Assistance Listing No.</u>	<u>Federal Program(s)</u>
84.425D	United States Department of Education - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U	United States Department of Education - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ESSER III)

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported.

SECTION V - OTHER

No management letter is required because there were no findings required to be reported in a separate management letter.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Learning Excellence Foundation of South Palm Beach County, 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 County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2023, and have issued our report thereon dated September 29, 2023.

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 United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 29, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no 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 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

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 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023