

**IMAGINE CHARTER
SCHOOL AT WESTON
(A Division of Learning
Excellence Foundation of
West Broward County, Inc.)**

**Basic Financial Statements and
Supplementary Information**

**For the year ended
June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Imagine Charter School at Weston (the "School"), a component unit of the School Board of Broward County, Florida and a Division of Learning Excellence Foundation of West Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2016, and the results of its operation for the year then ended, and is not intended to be a complete presentation of the Charterholder.

Other Matters

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, 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 26, 2016, 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 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 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 26, 2016
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Imagine Charter School at Weston (the "School"), a Division of Learning Excellence Foundation of West Broward County, Inc. (the "Charterholder)," and a component unit of the School Board of Broward County, Florida, 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, 2016 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

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

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$884,944 (net position).
- The School's total net position increased by \$474,924.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$638,536.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$392,652.

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 other 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 outflow/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional 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 listed on the table of contents of this report.

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$884,944 and \$410,020 (net position) respectively, for the years ended June 30, 2016 and 2015.

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

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

Imagine Charter School at Weston Statement of Net Position

	Governmental Activities		
	2016	2015	Variance
ASSETS			
Current assets	\$ 1,279,694	\$ 1,221,571	\$ 58,123
Capital assets, net of accumulated depreciation	328,086	289,088	38,998
Total assets	<u>1,607,780</u>	<u>1,510,659</u>	<u>97,121</u>
LIABILITIES			
Current and other liabilities	715,581	848,889	(133,308)
Non-current liabilities	7,255	251,750	(244,495)
Total liabilities	<u>722,836</u>	<u>1,100,639</u>	<u>(377,803)</u>
NET POSITION			
Net investment in capital assets	328,086	289,088	38,998
Restricted for maintenance	-	33,000	(33,000)
Unrestricted	556,858	87,932	468,926
Total net position	<u>\$ 884,944</u>	<u>\$ 410,020</u>	<u>\$ 474,924</u>

Current assets increased primarily as a result of timing of invoices. The increases in capital assets, net of accumulated depreciation is largely due to an increase in IT equipment due to infrastructure upgrade. The decrease in non-current liabilities is a result of the payment of the note payable.

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

	Governmental Activities		
	2016	2015	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 778,235	\$ 676,006	\$ 102,229
Operating grants and contributions	348,365	369,760	(21,395)
General revenues:			
State passed through local school district	4,835,607	4,951,849	(116,242)
Other revenues	323,390	296,561	26,829
Total revenues	<u>6,285,597</u>	<u>6,294,176</u>	<u>(8,579)</u>
Expenses:			
Instruction	2,532,013	2,901,021	(369,008)
Guidance services	31,938	39,044	(7,106)
Health services	364	-	364
Media services	36,583	42,247	(5,664)
Curriculum development	40,865	55,092	(14,227)
Board of directors	11,225	16,000	(4,775)
School administration	850,940	777,932	73,008
Food services	137,209	176,559	(39,350)
Central services	19,239	4,185	15,054
Transportation	141,382	146,494	(5,112)
Operation of plant	1,709,369	1,729,043	(19,674)
Maintenance of plant	84,572	75,469	9,103
Community services	214,974	181,702	33,272
Interest on long-term debt	-	9,249	(9,249)
Total expenses	<u>5,810,673</u>	<u>6,154,037</u>	<u>(343,364)</u>
Change in net position	474,924	140,139	334,785
Net position - beginning	<u>410,020</u>	<u>269,881</u>	<u>140,139</u>
Net position - ending	<u>\$ 884,944</u>	<u>\$ 410,020</u>	<u>\$ 474,924</u>

The increase in charges for services is primarily due to an increased enrollment in the School's Pre-K program. The decrease in state passed through local school district is a result of a decrease in student enrollment.

Instruction is lower in the current year as there was a decrease in teaching positions. The decrease in food service is a result of a decrease in student enrollment.

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the nonspendable fund balance reserved for prepaid expenses and deposits was \$235,904 and \$9,980, respectively. The fund balance of the School's general fund increased by \$265,854 during the current fiscal year.

General Fund Budgetary Highlights

In the general fund budget and actual budget, the actual revenues exceeded final revenues and final expenditures exceeded actual expenditures. The original budget was amended within 60 days after the School's year end to ensure the School was in compliance with Florida Statute 1002.33(9)i.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$328,086. This net investment in capital assets includes buildings and fixed equipment, furniture, fixtures and equipment, information technology equipment, audio visual equipment, computer software, and improvements other than building. Additional information on the School's capital assets can be found in Note C of this report.

Debt Administration. The School's long-term liabilities at June 30, 2016 totaled \$81,678. The School entered into a promissory note with the management company to payoff past indebtedness in relation to management services and working capital advances incurred prior to June 30, 2005. Additional information on the School's long-term obligations can be found in Note D.

Economic Factors and Events Affecting Operations

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to increase to approximately 960 total students due to the consolidation of the middle school and the elementary school effective July 1, 2016.

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 2500 Glades Circle, Weston, Florida 33327.

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 742,870
Accounts receivable	11,845
Due from operating company	166,706
Due from other schools	18,563
Due from Imagine Middle School West	93,826
Prepaid expenses	235,904
Deposits	9,980
Total current assets	1,279,694
 CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Buildings and fixed equipment	6,479
Furniture, fixtures and equipment	37,257
Information technology equipment	91,158
Audio visual equipment	531
Improvements other than building	192,661
Total capital assets	328,086
Total assets	1,607,780
 LIABILITIES	
Accounts payable	13,484
Accrued payroll and payroll taxes	363,553
Matured debt payable	194,324
Due to charterholder	29,997
Unearned revenue	33,800
Deposits payable	6,000
Note payable - due within one year	74,423
Noncurrent liabilities	
Note payable - due in more than one year	7,255
Total liabilities	722,836
 NET POSITION	
Net investment in capital assets	328,086
Unrestricted	556,858
Total net position	\$ 884,944

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

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

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	\$ 2,532,013	\$ 403,890	\$ 84,673	\$ -	\$ (2,043,450)
Guidance services	31,938	-	-	-	(31,938)
Health services	364	-	-	-	(364)
Media services	36,583	-	-	-	(36,583)
Curriculum development	40,865	-	-	-	(40,865)
Board of directors	11,225	-	-	-	(11,225)
School administration	850,940	-	-	-	(850,940)
Food service	137,209	157,606	-	-	20,397
Central services	19,239	-	-	-	(19,239)
Transportation	141,382	-	-	-	(141,382)
Operation of plant	1,709,369	7,934	263,692	-	(1,437,743)
Maintenance of plant	84,572	-	-	-	(84,572)
Community services	214,974	208,805	-	-	(6,169)
Total governmental activities	\$ 5,810,673	\$ 778,235	\$ 348,365	\$ -	(4,684,073)
General revenues:					
					4,835,607
					323,390
					5,158,997
					474,924
					410,020
					\$ 884,944

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

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 742,870	\$ -	\$ 742,870
Accounts receivable	11,845	-	11,845
Due from operating company	166,706	-	166,706
Due from other schools	18,563	-	18,563
Due from Imagine Middle School West	93,826	-	93,826
Prepaid expenses	235,904	-	235,904
Deposits	9,980	-	9,980
Total assets	<u>\$ 1,279,694</u>	<u>\$ -</u>	<u>\$ 1,279,694</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 13,484	\$ -	\$ 13,484
Accrued payroll and payroll taxes	363,553	-	363,553
Matured debt payable	194,324	-	194,324
Due to charterholder	29,997	-	29,997
Unearned revenue	33,800	-	33,800
Deposits payable	6,000	-	6,000
Total liabilities	<u>641,158</u>	<u>-</u>	<u>641,158</u>
FUND BALANCES			
Nonspendable			
Prepaid expenses	235,904	-	235,904
Deposits	9,980	-	9,980
Unassigned	392,652	-	392,652
Total fund balances	<u>638,536</u>	<u>-</u>	<u>638,536</u>
Total liabilities and fund balances	<u>\$ 1,279,694</u>	<u>\$ -</u>	<u>\$ 1,279,694</u>

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

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

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

June 30, 2016

Fund balances - total governmental funds \$ 638,536

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

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

Buildings and fixed equipment, net	\$ 6,479
Furniture, fixtures and equipment, net	37,257
Information technology equipment, net	91,158
Audio visual equipment, net	531
Improvements other than building, net	<u>192,661</u>

Total capital assets 328,086

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

(81,678)

Total net position of governmental activities

\$ 884,944

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

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

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

For the year ended June 30, 2016

	General Fund	Capital Outlay Fund	Total Governmental Funds
Revenues			
State passed through local school district	\$ 4,920,280	\$ 263,692	\$ 5,183,972
Other revenues	1,101,625	-	1,101,625
Total revenues	6,021,905	263,692	6,285,597
Expenditures			
Current:			
Instruction	2,508,626	-	2,508,626
Guidance services	31,938	-	31,938
Health services	364	-	364
Media services	36,447	-	36,447
Curriculum development	40,865	-	40,865
Board of directors	11,225	-	11,225
School administration	846,769	-	846,769
Food services	137,209	-	137,209
Central services	19,239	-	19,239
Transportation	141,382	-	141,382
Operation of plant	1,420,824	263,692	1,684,516
Maintenance of plant	84,572	-	84,572
Community services	214,974	-	214,974
Fixed capital outlay	91,545	-	91,545
Debt service:			
Principal	170,072	-	170,072
Total expenditures	5,756,051	263,692	6,019,743
Net change in fund balances	265,854	-	265,854
Fund balances at July 1, 2015	372,682	-	372,682
Fund balances at June 30, 2016	\$ 638,536	\$ -	\$ 638,536

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

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

**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, 2016

Net change in fund balances - total government funds	\$ 265,854
The change in net position reported for governmental activities in the statement of activities is different because:	
Total fixed capital outlay	\$ 91,545
Less depreciation	<u>(52,547)</u>
	38,998
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.	
Principal payment on note payable	<u>170,072</u>
Change in net position of governmental activities	<u><u>\$ 474,924</u></u>

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

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

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

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

2. Government-wide and fund financial statements

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

Net position, the difference between assets, liabilities, and deferred outflows and inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted, and unrestricted. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments or enabling legislation.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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. Two of the School's funds were deemed to be major. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

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

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

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

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

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

4. Cash

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

5. Receivables

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

6. Interfund receivables and payables

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

7. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid expenses in both government-wide and fund financial statement.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Capital assets

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

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>
Buildings and fixed equipment	7 - 40
Furniture, fixtures and equipment	7 - 10
Information technology equipment	5 - 7
Audio visual equipment	7
Computer software	3 - 7
Improvements other than building	7 - 40

9. Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. At the end of the current fiscal year, the School had \$33,800 in unearned revenue.

10. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as debt service expenditures.

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's charter. 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.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Revenue sources (continued)

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 awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds are withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

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

12. 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 relates to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. 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 in a spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

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

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

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.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE B - CASH

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 bank balance of the School's deposits was \$1,010,126 at June 30, 2016. 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, 2016, none of the School's balances held in banks were exposed to custodial credit risk.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets depreciated:				
Buildings and fixed equipment	\$ 38,128	\$ -	\$ -	\$ 38,128
Furniture, fixtures and equipment	169,606	3,090	-	172,696
Information technology equipment	267,915	67,826	-	335,741
Audio visual equipment	15,358	-	-	15,358
Computer software	42,815	-	-	42,815
Improvements other than building	320,699	20,629	-	341,328
Total assets	<u>854,521</u>	<u>\$ 91,545</u>	<u>\$ -</u>	<u>946,066</u>
Less accumulated depreciation:				
Buildings and fixed equipment	29,621	\$ 2,028	\$ -	31,649
Furniture, fixtures and equipment	131,328	4,111	-	135,439
Information technology equipment	221,170	23,413	-	244,583
Audio visual equipment	14,691	136	-	14,827
Computer software	40,151	2,664	-	42,815
Improvements other than building	128,472	20,195	-	148,667
Total accumulated depreciation	<u>565,433</u>	<u>\$ 52,547</u>	<u>\$ -</u>	<u>617,980</u>
Total governmental activities capital assets, net	<u>\$ 289,088</u>			<u>\$ 328,086</u>

Depreciation expense for the year ended June 30, 2016 was charged to functions of the School as follows:

Basic instruction	\$ 23,387
Operation of plant	24,853
School administration	4,171
Media services	136
	<u>\$ 52,547</u>

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE D - NOTE PAYABLE

1. Note payable

A summary of changes in long-term liabilities is as follows:

	Balance at July 1, 2015	Additions	Payments/Unpaid Surplus Payment	Balance at June 30, 2016	Due within one year
Note payable	\$ 251,750	\$ -	\$ 170,072	\$ 81,678	\$ 74,423
Total	<u>\$ 251,750</u>	<u>\$ -</u>	<u>\$ 170,072</u>	<u>\$ 81,678</u>	<u>\$ 74,423</u>

The School entered into a promissory note with the management company to payoff past indebtedness in relation to management services and working capital advances incurred prior to June 30, 2005. The agreement was amended in December of 2007 to reflect debt forgiveness in the amount of \$204,424. The sole outstanding financial obligation related to the original management agreement shall be to make payments on the promissory note made in the amount of \$1,500,000. The principal and interest payments commenced on July 1, 2006 and in no event, shall the note extend beyond June 1, 2021. Interest is calculated based on Prime Rate plus 2%, which totaled 6.65% for the fiscal year. The note is reduced by the additional fee for surplus of cash as disclosed in Note F. On October 9, 2014, the management company waived the remaining interest expense.

The following is a schedule of future minimum payments for the years ending June 30:

	Principal	Interest	Total
2017	\$ 74,423	-	\$ 74,423
2018	7,255	-	7,255
	<u>\$ 81,678</u>	<u>\$ -</u>	<u>\$ 81,678</u>

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE E - CONCENTRATIONS

Revenue sources

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 revenue sources:

Sources	Amounts
School Board of Broward County, Florida:	
Base student allocation	\$ 3,221,919
Class size reduction	886,206
Discretionary local effort	308,162
Digital classrooms allocation	11,371
Supplemental academic instruction	125,705
ESE guaranteed allocation	175,676
Transportation	75,052
Instructional materials	50,792
Safe schools	15,529
Library media	3,038
Reading allocation	4,443
Science lab materials and supplies	830
Proration for revised appropriation	(8,572)
Total School Board of Broward County, Florida	4,870,151
Capital outlay	263,692
Florida teacher lead funds	12,763
Local revenues	182,604
Other revenues	990,931
Total revenues cash basis	6,320,141
Adjustments to reconcile cash basis to accrual basis - administrative fee withheld	(34,544)
Total revenues	\$ 6,285,597

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Management service contract

An amended and restated charter school operating agreement was made and entered into on July 1, 2009. This agreement calls for an indirect cost allocation equal to 8.63% of charter school revenue. The total allocation charged to operations for the year ended June 30, 2016 totaled \$440,070 .

The agreement requires the operating company to deposit advances to cover insufficient funds in the operating account to pay operating expenses. Such advances are subject to reimbursement, with interest, if funds are available in the current fiscal year. The operating advances will not be deemed long-term indebtedness of the School. For the year ended June 30, 2016, there was no contribution to the School.

The agreement further allows for an additional fee equal to unreimbursed operating advances, including interest, and sixty-five percent of any surplus to be made as an additional promissory note repayment. Per the operating agreement, this additional mandatory repayment is equal to sixty-five percent of any surplus funds remaining in the School's operating account at the end of the fiscal year. Surplus funds are calculated based on the operating account cash balance, current receivables and current payables. The remaining thirty-five percent of the surplus remains with the School. Based on the calculation, the additional payment required on the note as of June 30, 2016 was \$100,424. Below is a summary of changes in matured debt payable as of June 30, 2016:

	Balance at July 1, 2015	Additions	Payments	Balance at June 30, 2016
Matured debt payable	\$ 93,900	\$ 100,424	\$ -	\$ 194,324

2. Facilities expense

The School has committed to pay a facility allocation fee to the operating company for the building where the School is located. The School shares its facility with Imagine Middle School West (see Note G-2). The current year facility lease expense totaled \$1,637,524, which was proportionately divided among the schools. Current year facilities expense charged to operations totaled \$1,197,855. A portion of the facility use fee, in the amount of \$263,692, was reimbursed through the capital outlay fund. The duration of the agreement is effective through the length of the School's charter which is currently up for renewal on June 30, 2025. The future minimum lease payment for the year ended June 30, 2017 is \$1,673,549.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RELATED PARTIES

1. Due (to)/from operating company

The School has entered into multiple agreements with the operating company. The due (to)/from operating company activity consists of the following:

	Management Fees and Services	Operating Expenses	Advances / Contributions	Total due (to)/from
Balance at July 1, 2015	\$ (1,947)	\$ (994)	\$ 178,666	\$ 175,725
Invoiced	(514,530)	(464,526)	-	(979,056)
Payments	514,937	455,100	-	970,037
Balance at June 30, 2016	<u>\$ (1,540)</u>	<u>\$ (10,420)</u>	<u>\$ 178,666</u>	<u>\$ 166,706</u>

2. Due from Imagine Middle School West

Imagine Charter School at Weston and Imagine Middle School West (the "Middle School") share a campus. As a result, there are also shared expenses including, but not limited to: facility use fee, administrative salaries and benefits, telephone services, water and sewer, and waste expenses. The expenses are allocated to the schools in a 72.73/27.27 basis, which was determined by a percentage based on the number of students enrolled at each school. The School covers 72.73 percent of the shared expenses, while the Middle School covers the remaining 27.27 percent and each school separately pays their share of the expenses.

Total amounts paid by the School on behalf of the Middle School and later invoiced for the year ended June 30, 2016 totaled \$950,379. As a result of these shared expenses, there is a receivable on the financial statements which is shown as an amount due from the Middle School totaling \$93,826

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2016. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE I - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 26, 2016, the date at which the financial statements were available for issuance and has determined that there are no material subsequent events that would require additional disclosures in the financial statements, except as follows:

Effective July 1, 2016, Imagine Charter School at Weston and Imagine Middle School West combined to establish a consolidated K-8 Charter School. As of effective date, the School shall be known as Imagine Charter School at Weston.

REQUIRED SUPPLEMENTARY INFORMATION

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

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

For the year ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Federal passed through local school district	\$ 4,742,232	\$ 4,835,607	\$ 4,835,607	\$ -
Other state revenue	13,000	84,673	84,673	-
Supplemental fee and other revenue	955,788	1,101,623	1,101,625	2
Gross school revenue	<u>5,711,020</u>	<u>6,021,903</u>	<u>6,021,905</u>	<u>2</u>
Expenditures				
Salaries and benefits	2,938,662	3,051,457	2,877,835	173,622
Other school service expense	616,086	531,717	530,206	1,511
Direct educational expense	101,500	146,176	146,029	147
General and administrative	221,014	256,755	256,756	(1)
Facility operating expense	318,424	305,761	305,081	680
School operating expenditures	4,195,686	4,291,866	4,115,907	175,959
Facility use fee	1,025,360	938,456	938,457	(1)
Management fee	424,459	440,069	440,070	(1)
Total expenditures	<u>5,645,505</u>	<u>5,670,391</u>	<u>5,494,434</u>	<u>175,957</u>
Change in net position (budgetary basis)	65,515	351,512	527,471	175,959
Adjustments to conform with GAAP:				
Capital outlay expenditures	(91,545)	(91,545)	(91,545)	-
Principal reductions on long-term debt	(170,072)	(170,072)	(170,072)	-
Excess (deficiency) of revenues over (under) expenditures (GAAP basis)	(196,102)	89,895	265,854	175,959
Fund balance at July 1, 2015	372,682	372,682	372,682	-
Fund balance at June 30, 2016	<u>\$ 176,580</u>	<u>\$ 462,577</u>	<u>\$ 638,536</u>	<u>\$ 175,959</u>

See accompanying note to required supplementary information.

Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)

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

For the year ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Capital outlay funding	\$ 176,183	\$ 263,692	\$ 263,692	\$ -
Expenditures				
Facility use fee	176,183	263,692	263,692	-
Net change in fund balance	-	-	-	-
Fund balance at July 1, 2015	-	-	-	-
Fund balance at June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

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. Reconciliation to the excess of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Imagine Charter School at Weston (the "School"), a component unit of the School Board of Broward County, Florida and a Division of Learning Excellence Foundation of West Broward County, Inc. (the "Charterholder"), as of and for the year ended June 30, 2016, 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 26, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of management findings, recommendations and responses that we consider to be material weaknesses [2016-001].

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 determination of financial statement amounts. 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*.

School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of management findings, recommendations and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 26, 2016
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Imagine Charter School at Weston (the "School"), a component unit of the School Board of Broward County, Florida and a Division of Learning Excellence Foundation of West Broward County, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 26, 2016.

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 Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 26, 2016, 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 audit findings in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the school is *Imagine Charter School at Weston*, which is a Division of Learning Excellence Foundation of West Broward, Inc., which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes.

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Transparency

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

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had a recommendation in the current year noted on the Management Findings, Recommendations, and Responses schedule as 2016-001.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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 26, 2016
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Imagine Charter School at Weston
(A Division of Learning Excellence Foundation of West Broward County, Inc.)**

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

June 30, 2016

Prior Year Management Findings, Recommendations, and Responses

For the year ended June 30, 2015, there were no management findings or recommendations.

Current Year Management Findings, Recommendations, and Responses

2016-001 Payroll accrual
Material weakness

Criteria: Generally accepted accounting principles require that expenses be recorded in the period in which the obligation was incurred.

Condition: During our audit testing, it was discovered that the School's payroll accrual balance included accruals from prior fiscal years that were never reversed.

Cause: The payroll accrual balance was not reconciled.

Effect: Accrued liabilities were overstated.

Auditor's recommendation: The School should institute a procedure which will ensure the payroll accrual balance is reconciled and all payroll accrual balances are reversed in the subsequent period.

Management's response: The finance regional director has instituted a procedure that all accrual accounts need to be reconciled at least once a quarter and any unused balances need to be reversed.