



# IMLCS

IMAGINE ME LEADERSHIP CHARTER SCHOOL

Bevon Thompson, Principal & CEO

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MBAF CPAs, LLC

600 Third Avenue, 3<sup>rd</sup> Floor

New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Imagine Me Leadership Charter School, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date signed below:

### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 20, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With regard to nonaudit services provided by us, we acknowledge our responsibility to:
  - a. Assume all management responsibilities;
  - b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - c. Evaluate the adequacy and results of the services performed; and
  - d. Accept responsibility for the results of the services.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

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- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The School has no plans or intentions that may materially affect the carrying value or classifications of assets, liabilities, or net asset balances.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the School is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the School's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

## Information Provided

- We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any allegations of fraud, or suspected fraud, that affects the School and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or

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C. Others when the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the School's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- There were no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- During the fiscal year ended June 30, 2020, the government owed the School Per Pupil Funding, Title I, Title II, Title IV, and Additional Charter School Aid grant funds totaling \$144,052.
- We have approved the allocation of functional expense between program service performances, management and general and fundraising expenses. This allocation has been properly disclosed in the financial statements.
- We acknowledge that the School had 17 uncertified teachers for the fiscal year, which does not meet the New York City Charter School compliance requirement.
- The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency;
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification TM (ASC) 450, *Contingencies*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

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- Imagine Me Leadership Charter School is an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- We acknowledge our responsibility for presenting the financial statements in accordance with U.S. GAAP, and we believe the financial statements, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- We have approved all standard, adjusting or correcting journal entries to our financial statements proposed to you.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have approved a draft of the financial statements.
- We acknowledge the communication to the board of trustees which includes your recommendations.
- We are aware that Marc Taub is the engagement partner and is responsible for supervising the engagement and signing the report.

Bevon Thompson, Principal and CEO

10/27/2020

Date

Janice Chen, Board Chair

10/27/2020

Date

# IMAGINE ME LEADERSHIP CHARTER SCHOOL

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## FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

# IMAGINE ME LEADERSHIP CHARTER SCHOOL

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Imagine Me Leadership Charter School

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Imagine Me Leadership Charter School (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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 an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 opinion.



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Imagine Me Leadership Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As further discussed in Note 7 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent and ultimate impact of COVID-19 on the School's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of Imagine Me Leadership Charter 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 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 Imagine Me Leadership Charter School's internal control over financial reporting and compliance.

**MBAF CPAs, LLC**

New York, NY  
October 27, 2020



**IMAGINE ME LEADERSHIP CHARTER SCHOOL**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Cash	\$ 1,492,589	\$ 1,094,757
Cash - restricted	75,000	75,000
Grants and other receivables	144,052	91,660
Prepaid and other assets	57,970	37,500
Property and equipment, net	<u>315,898</u>	<u>31,570</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,085,509</u></b>	<b><u>\$ 1,330,487</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 433,276	\$ 27,397
Accrued salaries and other payroll related expenses	426,556	359,761
Due to NYC Department of Education	-	1,867
Paycheck Protection Program loan payable	<u>604,100</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	1,463,932	389,025
<b>NET ASSETS</b>		
Net assets - without donor restrictions	<u>621,577</u>	<u>941,462</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,085,509</u></b>	<b><u>\$ 1,330,487</u></b>

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

**IMAGINE ME LEADERSHIP CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>OPERATING REVENUE WITHOUT DONOR RESTRICTIONS</b>		
State and local per pupil operating revenue	\$ 4,021,803	\$ 3,689,793
Government grants and contracts	484,324	239,258
	4,506,127	3,929,051
<b>EXPENSES</b>		
Program services	4,140,672	3,011,402
Management and general	770,601	895,824
	4,911,273	3,907,226
<b>(DEFICIENCY) SURPLUS FROM SCHOOL OPERATIONS</b>	<b>(405,146)</b>	<b>21,825</b>
<b>SUPPORT AND OTHER INCOME</b>		
Interest and miscellaneous income	85,261	129,124
	85,261	129,124
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(319,885)</b>	<b>150,949</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>941,462</b>	<b>790,513</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 621,577</b>	<b>\$ 941,462</b>

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

**IMAGINE ME LEADERSHIP CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	No. of Positions	Program Services			Supporting Services	2020
		Regular Education	Special Education	Total	Management and General	
<b>Personnel services costs:</b>						
Instructional personnel	36	\$ 1,355,360	\$ 224,192	\$ 1,579,552	\$ 384,375	\$ 1,963,927
Administrative personnel	18	677,680	112,096	789,776	192,188	981,964
Salaries and wages	54	2,033,040	336,288	2,369,328	576,563	2,945,891
Payroll taxes and employee benefits		572,123	94,636	666,759	26,467	693,226
Classroom supplies and instructional materials		45,919	7,596	53,515	13,283	66,798
Insurance		28,006	4,632	32,638	7,916	40,554
Interest and bank service charge		2,378	393	2,771	-	2,771
Office expense		11,935	1,974	13,909	-	13,909
Printing and photocopying		8,257	1,366	9,623	-	9,623
Depreciation expense		15,652	2,589	18,241	4,424	22,665
Repairs and maintenance		52,221	8,638	60,859	14,760	75,619
Staff professional development		4,488	742	5,230	-	5,230
Recruitment		6,400	1,059	7,459	-	7,459
Professional fees		150,630	24,916	175,546	22,127	197,673
Utilities		20,069	3,320	23,389	4,031	27,420
Equipment rental		198,889	32,898	231,787	-	231,787
Rent		354,820	58,691	413,511	100,286	513,797
Travel and meals		11,267	1,864	13,131	49	13,180
Miscellaneous expenses		36,761	6,215	42,976	695	43,671
		<b>\$ 3,552,855</b>	<b>\$ 587,817</b>	<b>\$ 4,140,672</b>	<b>\$ 770,601</b>	<b>\$ 4,911,273</b>

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

**IMAGINE ME LEADERSHIP CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	No. of Positions	Program Services			Supporting Services	2019
		Regular Education	Special Education	Total	Management and General	
<b>Personnel services costs:</b>						
Instructional personnel	34	\$ 1,172,766	\$ 183,762	\$ 1,356,528	\$ 514,408	\$ 1,870,936
Administrative personnel	13	448,410	70,262	518,672	196,685	715,357
Salaries and wages	47	1,621,176	254,024	1,875,200	711,093	2,586,293
Payroll taxes and employee benefits		250,187	39,202	289,389	82,751	372,140
Classroom supplies and instructional materials		115,335	18,072	133,407	11,252	144,659
Insurance		23,463	3,676	27,139	11	27,150
Interest and bank service charge		2,112	331	2,443	205	2,648
Office expense		53,593	8,397	61,990	-	61,990
Postage and delivery		3,116	488	3,604	117	3,721
Printing and photocopying		2,713	425	3,138	211	3,349
Depreciation expense		24,555	3,847	28,402	10,736	39,138
Repairs and maintenance		7,611	1,192	8,803	938	9,741
Staff professional development		29,596	4,637	34,233	321	34,554
Recruitment		7,215	1,130	8,345	594	8,939
Professional fees		127,020	19,903	146,923	45,014	191,937
Utilities		16,321	2,557	18,878	4,774	23,652
Equipment rental		21,708	3,402	25,110	740	25,850
Rent		277,377	43,462	320,839	25,509	346,348
Travel and meals		13,824	2,166	15,990	632	16,622
Miscellaneous expenses		6,272	1,297	7,569	926	8,495
		<b>\$ 2,603,194</b>	<b>\$ 408,208</b>	<b>\$ 3,011,402</b>	<b>\$ 895,824</b>	<b>\$ 3,907,226</b>

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

**IMAGINE ME LEADERSHIP CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operating revenue	\$ 4,451,868	\$ 4,040,056
Cash paid to employees and suppliers	(4,436,404)	(4,161,066)
Cash received from interest income	634	371
Other cash received	84,627	128,753
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>100,725</b>	<b>8,114</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(306,993)	(14,099)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	604,100	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>397,832</b>	<b>(5,985)</b>
<b>CASH AND CASH - RESTRICTED - BEGINNING OF YEAR</b>	<b>1,169,757</b>	<b>1,175,742</b>
<b>CASH AND CASH - RESTRICTED - END OF YEAR</b>	<b>\$ 1,567,589</b>	<b>\$ 1,169,757</b>

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	\$ (319,885)	\$ 150,949
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,665	39,138
Deferred rent	-	(61,799)
Changes in operating assets and liabilities:		
Grants and other receivables	(52,392)	109,138
Prepaid and other assets	(20,470)	18,881
Accounts payable and accrued expenses	405,879	(259,677)
Accrued salaries and other payroll related expenses	66,795	9,617
Due (to) from NYC Department of Education	(1,867)	1,867
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 100,725</b>	<b>\$ 8,114</b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

**Cash and cash - restricted consist of:**

Cash	\$ 1,492,589	\$ 1,094,757
Cash - restricted	75,000	75,000
<b>Total</b>	<b>\$ 1,567,589</b>	<b>\$ 1,169,757</b>

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

# IMAGINE ME LEADERSHIP CHARTER SCHOOL

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

### 1. NATURE OF THE ORGANIZATION

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Imagine Me Leadership Charter School (the “School”) is a New York State, not-for-profit educational corporation that was incorporated on November 20, 2009 to operate a charter school pursuant to Article 56 of the Educational Law of the State of New York. The School was granted a provisional charter on January 12, 2010, which is renewable upon expiration by the Board of Regents of the University of the State of New York. The School opened its doors in the fall of 2010 in Brooklyn, New York with a rigorous academic program and a highly structured and supportive school culture. The School is designed to provide a positive, nurturing environment, where boys learn to become responsible citizens, life-long leaders and community leaders. The School’s charter was renewed for an additional five years, expiring in July 2024.

On August 6, 2010, the School, as determined by the Internal Revenue Service, was approved for federal income tax exemption under Section 501(a) of the Internal Revenue Code (“IRC”) as an organization described in Section 501(c)(3) of the IRC. It is also currently exempt under a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC. The School’s primary sources of income are government grants, contracts, and per pupil funding.

The School operates classes for students in kindergarten through fifth grade.

The New York City Department of Education (“NYCDOE”) provides free lunches and transportation directly to a majority of the School’s students.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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#### Financial Statement Presentation

The School’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The classification of the School’s net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

#### Cash – Restricted

Included in cash – restricted is an escrow account of \$75,000 at June 30, 2020 and 2019, which is held aside for contingency purposes as required by the Board of Regents of the State University of New York.

## IMAGINE ME LEADERSHIP CHARTER SCHOOL

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Grants and Other Receivables

Grants and other receivables represent unconditional promises to give. Grants and other receivables are expected to be collected within one year, are recorded at net realizable value, and amounted to \$144,052 and \$91,660 at June 30, 2020 and 2019, respectively. The School has determined that no allowance for uncollectible accounts was necessary at June 30, 2020 and 2019. Such estimate is based on management's assessment of the creditworthiness of its grantors, the aged basis of its receivables, as well as current economic conditions and historical information.

### Revenue Recognition

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statements of financial position.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in change in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are being depreciated in accordance with the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease. The School has established a \$1,000 threshold above which assets are capitalized. Property and equipment acquired with certain government contract funds is recorded as expenses pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

### Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the year ended June 30, 2020 and 2019.

## IMAGINE ME LEADERSHIP CHARTER SCHOOL

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Advertising

The School expenses advertising costs as incurred. The School incurred \$3,564 of advertising costs for the year ended June 30, 2020, which is included in the accompanying statements of functional expenses under recruitment. There were no advertising costs for the year ended June 30, 2019.

### Deferred Rent

In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the life of the lease, including future scheduled escalations of rent, rather than in accordance with lease payments. Deferred rent represents the adjustment to future rents as a result of using the straight-line method.

### Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management based upon benefits received.

### Subsequent Events

The School has evaluated events through October 27, 2020, which is the date the financial statements were available to be issued.

### Income Taxes

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The School files informational returns in the federal jurisdiction. With few exceptions, the School is no longer subject to federal income tax examinations for fiscal years before 2017.

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as interest expense. The School would classify penalties in connection with underpayments of income tax as other expense.

### Adopted Accounting Pronouncement

During the year ended June 30, 2020, the School adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional or not. The adoption of this update had no effect on the School's financial position and change in net assets.



## IMAGINE ME LEADERSHIP CHARTER SCHOOL

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Recent Accounting Pronouncements

#### Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retrospectively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

#### Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the School’s presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The School is evaluating the method of adoption it will elect.

In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021, and for interim reporting periods beginning after December 15, 2022, with early application permitted. The School has elected the deferral and expects upon adoption that the update will not have a material effect on the School’s financial condition despite the recognition of a right-of-use asset and related lease liability. The School does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible.

### Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. This reclassification had no effect on previously reported change in net assets.

## 3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

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The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School’s management meets monthly to address projected cash flows to meet its operational expenditures. The School’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

**IMAGINE ME LEADERSHIP CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES (CONTINUED)**

	2020	2019
Cash	\$ 1,492,589	\$ 1,094,757
Cash - restricted	75,000	75,000
Grants and other receivables	144,052	91,660
Total financial assets	1,711,641	1,261,417
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract with time or purpose	(75,000)	(75,000)
Total financial assets available to management for general expenditures within one year	\$ 1,636,641	\$ 1,186,417

At June 30, 2020 and 2019, the School has no board designated net assets.

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30,:

	2020	2019	Estimated Useful Life
Equipment	\$ 54,439	\$ 52,784	3-5 years
Furniture	92,126	92,126	7 years
Computers	319,493	316,525	3 years
Software	15,025	15,025	5 years
Website	1,190	1,190	3 years
Leasehold improvements	346,293	43,923	Term of lease
	828,566	521,573	
Less: accumulated depreciation	(512,668)	(490,003)	
	<b>\$ 315,898</b>	<b>\$ 31,570</b>	

Depreciation expense for the years ended June 30, 2020 and 2019 was \$22,665 and \$39,138, respectively.

**5. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE**

On May 13, 2020, the School received a loan in the amount of \$604,100 through the Paycheck Protection Program of the 2020 CARES Act ("PPP") administered by the Small Business Administration. The loan is due on May 13, 2022, and bears interest at 1.00 percent. Monthly payments of principal and interest commence on November 13, 2020. The School may prepay the loan at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, and utilities. Under the terms of the PPP, all or a portion of the loan may be forgiven based on certain requirements being met. The School is tracking the qualifying expenditures during the qualifying period to apply for loan forgiveness under the program by June 30, 2021.

## IMAGINE ME LEADERSHIP CHARTER SCHOOL

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### 6. PENSION PLAN

Effective March 1, 2011, the School implemented a 403(b) plan with Principal Financial Group for its employees. Employees are automatically enrolled in the plan as soon as they become an employee of the School. Employees are automatically enrolled at 4% but may change their percentage at any time not to exceed 10% of their pay. The School may make discretionary and matching contributions to the plan. The School contributed \$1,441 to the plan for the year ended June 30, 2020. No contributions were made by the school for the year ended June 30, 2019. The plan has a three-year schedule at which point employees become fully vested in the School's contributions.

The School is a participating employer in the Teachers' Retirement System of the City of New York ("TRS" or the "Plan"), a cost-sharing multiple-employer public employee retirement system that provides pension benefits for all the teachers and administrative personnel employed by the Department of Education and certain employees of charter schools and the City University of New York. As a participating employer of the Plan, the School is not permitted to withdraw from the Plan.

Employer contributions to the Plan are determined by the Plan's Chief Actuary of the Office of the Actuary in accordance with state statutes and city laws, and include amounts to reduce the Plan's underfunding.

Accounting standards require employers participating in multiemployer plans to provide detailed quantitative and qualitative disclosures for these plans. TRS, which is sponsored by the City of New York, does not impose an expiration date on participating employers. The zone status is consistent with the Pension Protection Act and is for the Plan's year-end at June 30, 2019. The zone status is based on information provided in the TRS Comprehensive Annual Financial Report, which includes information from TRS' actuary and is certified by TRS' auditor. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. TRS did not report a rehabilitation plan. Information related to the Plan is comprised of the following:

<i>Pension Fund</i>	<i>Plan Month/Day End Date</i>	<i>Zone Status</i>	<i>Contributions</i>	
			<i>2020</i>	<i>2019</i>
<i>Teachers' Retirement System</i>	06/30	<i>Yellow – As of June 30, 2019</i>	\$129,736	\$92,042

#### 7. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The impact of the outbreak of the COVID-19 coronavirus continues to rapidly evolve. The School cannot reasonably estimate the duration and severity of this pandemic; however, economic uncertainties have arisen which could have a material adverse impact on the School's activities, its financial position and its cash flows. The School believes they are taking appropriate actions to mitigate the negative impact.

## IMAGINE ME LEADERSHIP CHARTER SCHOOL

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

#### 8. CONCENTRATIONS

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Financial instruments that potentially subject the School to concentrations of credit risk consist principally of cash deposits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The School received approximately 87% and 91% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2020 and 2019, respectively.

The School's grants and other receivables consist of two major grantors accounting for 100% as of June 30, 2020. The School's grants and other receivables consist of one major grantor accounting for 100% as of June 30, 2019.

The School's payables consist of three major vendors accounting for 91% at June 30, 2020. The School's payables consist of two major vendors accounting for 98% at June 30, 2019.

#### 9. COMMITMENT AND CONTINGENCIES

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The School entered into a lease agreement with Saint Paul Community Baptist Church for leasing the premises at 818 Schenck Avenue, Brooklyn, NY 11207 which expired on June 30, 2020. The School is currently negotiating an extension to the lease while continuing to occupy the building and paying monthly rent of \$36,733.

Rent expense and occupancy costs for the years ended June 30, 2020 and 2019 was \$513,797 and \$346,348, respectively, which is included in the accompanying statements of functional expenses under rent.

In August 2019, the School entered into a 48-month lease for modular classrooms with total monthly rental charges of \$38,588. It is expected to be placed into service beginning November 2020.

**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 Trustees  
Imagine Me Leadership Charter School

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 Me Leadership Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2020.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-02 and 2020-03 that, collectively, we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as Finding 2020-01.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings 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.

We noted certain matters that we reported to management of the School in a separate letter dated October 27, 2020.



### **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.

**MBAF CPAs, LLC**

New York, NY

October 27, 2020

IMAGINE ME LEADERSHIP CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:
Material weakness (es) identified? Yes No
Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes None reported
Noncompliance material to financial statements noted? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Finding

Finding: 2020-01

Criteria and condition: The School is required to be in compliance with the New York State Education Department (“NYSED”) requirements. The teacher certification exemption allows charter schools to have up to 15 uncertified teachers. The School had 17 teachers that were uncertified.

Context: NYSED requires the School to have no more than 15 uncertified teachers, with the provision that five of these teachers are teaching math, science, computer science, technology, or career and technical education, with the remaining ten teachers not restricted.

Cause: Due to various external factors, management has been unable to consistently recruit and retain the requisite number of certified teachers in order to be in compliance with NYSED requirements.

Effect: The School can be under additional scrutiny from the New York City Department of Education for not being in compliance with the NYSED requiring teachers to be qualified through certification.

Recommendation: We recommend the School review its hiring and recruitment procedures and staff retention policies in order to be in compliance with the NYSED teacher qualification requirements.

Internal Control Findings

Finding: 2020-02

Criteria and condition: Sound internal controls provide a uniform system wherein management designates responsible personnel to perform supervision, review and approval functions over key financial reporting processes. There is only one individual with access to the journal entry process and no other individual reviews the journal entries or supporting documentation. This individual is also responsible for cash disbursements and bank reconciliations.

Cause: Inadequate segregation of duties.

Effect: Malfeasance could be perpetrated without the School being able to prevent, detect or correct the offense.

## IMAGINE ME LEADERSHIP CHARTER SCHOOL

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### SCHEDULE OF FINDINGS AND RESPONSES JUNE 30, 2020

#### SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

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##### **Finding: 2020-02 (continued)**

Recommendation: We recommend that a system be put in place where one individual is responsible for recording the financial data timely, while a second, more experienced accountant reviews the activity and related support for accuracy. In addition, we recommend that all cash payments require a receipt. Reconciliations and checks should also be reviewed, signed and dated by a separate member of the finance team.

##### **Finding: 2020-03**

Criteria and Condition: The School should prepare and review analyses of balance sheet accounts, including property and equipment, accounts receivable, accounts payable and accrued expense on a monthly basis and reconcile to the respective general ledger control account. These specific analyses were not prepared/reviewed by the School throughout the year and when prepared, did not agree to the general ledger detail.

Cause: The School did not prepare / review the balance sheet analyses or reconcile to the general ledger on a timely basis.

Effect: The School's balance sheet accounts were not adequately maintained throughout the year.

Recommendation: The School should prepare balance sheet analyses and perform reconciliations to the accounting records on a monthly basis to ensure the accuracy and integrity of the financial information.

#### SECTION III – VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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##### **Finding: 2020-01**

Imagine Me Leadership Charter School acknowledges the shortage of certified general and special education teachers. We will continue to stay enrolled in the New York Charter Certification Program, which assists current teachers with receiving their certification. We will continue to utilize professional agencies with Committee on Special Education ("CSE") 6 and CSE 19, maintain our membership with the charter collaborative, posting on Indeed, and attending charter fairs to identify certified teachers.

##### **Finding: 2020-02**

The School began the process of ensuring that more than one person has access to the journal entry process by moving to QuickBooks Online in March 2020. With an online account, QuickBooks now provides the School's leadership the ability to view journal entries on a regular basis. The process of reviewing journal entries also began through our partnership with Charter School Business Management ("CSBM") in April 2020. Imagine Me Leadership Charter School has engaged CSBM to be a part of the review process to ensure that journal entries are examined monthly for the 2020-2021 school year. These journal entries will be subsequently reviewed by school leadership and the Finance Committee of the School.



**IMAGINE ME LEADERSHIP CHARTER SCHOOL**

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SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2020

**SECTION III – VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS (CONTINUED)**

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**Finding: 2020-03**

Following the completion of the audit last year, the School sought recommendations that would address the finding. The School sought candidates and subsequently engaged the services of CSBM for the scope of issues raised in the prior report. During the fiscal year, CSBM began the process of formally addressing the finding in real time. Our partnership with CSBM is continuing into the 2020-2021 school year. These journal entries will be reviewed and prepared monthly. Our partnership with CSBM also includes professional development for our bookkeeper to ensure that these reports can be prepared by school personnel for review with the school leadership team.

## IMAGINE ME LEADERSHIP CHARTER SCHOOL

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### SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2020

#### FINANCIAL STATEMENT FINDINGS

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##### **Finding: 2019-01**

Condition: The School is required to be in compliance with the New York State Education Department requirements. The teacher certification exemption allows charter schools to have up to 15 uncertified teachers. The School had 17 teachers that were uncertified.

Current Status:

The finding has not been corrected, see Finding No. 2020-01.

##### **Finding: 2019-02**

Condition: Sound internal controls provide a uniform system wherein management designates responsible personnel to perform supervision, review and approval functions over key financial reporting processes. There was only one individual with access to the journal entry process and no other individual reviews the journal entries or supporting documentation as to why the journal entry was made. This individual was also responsible for cash disbursements and bank reconciliations.

Current Status:

The finding has been corrected as of October 27, 2020, which is the date the financial statements were available to be issued.

##### **Finding: 2019-03**

Condition: The School should prepare and review analyses of balance sheet accounts, including property and equipment, accounts receivable, accounts payable, and accrued expense on a monthly basis and reconcile to the general ledger account. These specific analyses were not prepared/reviewed by the School throughout the year and when prepared, did not agree to the general ledger detail.

Current Status:

The finding has been corrected as of October 27, 2020, which is the date the financial statements were available to be issued.



MBAF CPAs, LLC  
600 Third Avenue, 3<sup>rd</sup> Floor  
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Imagine Me Leadership Charter School, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date signed below:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 20, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With regard to nonaudit services provided by us, we acknowledge our responsibility to:
  - a. Assume all management responsibilities;
  - b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - c. Evaluate the adequacy and results of the services performed; and
  - d. Accept responsibility for the results of the services.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.



# IMLCS

IMAGINE ME LEADERSHIP CHARTER SCHOOL

Bevon Thompson, Principal & CEO

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818 Schenck Ave. , Brooklyn New York 11207 | P 347.985.2140 | F 347.985.2145 | info@imaginemeleadership.org | www.imlcs.org

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The School has no plans or intentions that may materially affect the carrying value or classifications of assets, liabilities, or net asset balances.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the School is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the School's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

## Information Provided

- We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any allegations of fraud, or suspected fraud, that affects the School and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or

— *Where Success Happens.* —



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C. Others when the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the School's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- There were no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- During the fiscal year ended June 30, 2020, the government owed the School Per Pupil Funding, Title I, Title II, Title IV, and Additional Charter School Aid grant funds totaling \$144,052.
- We have approved the allocation of functional expense between program service performances, management and general and fundraising expenses. This allocation has been properly disclosed in the financial statements.
- We acknowledge that the School had 17 uncertified teachers for the fiscal year, which does not meet the New York City Charter School compliance requirement.
- The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency;
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification TM (ASC) 450, *Contingencies*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

— *Where Success Happens.* —



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- Imagine Me Leadership Charter School is an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- We acknowledge our responsibility for presenting the financial statements in accordance with U.S. GAAP, and we believe the financial statements, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- We have approved all standard, adjusting or correcting journal entries to our financial statements proposed to you.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have approved a draft of the financial statements.
- We acknowledge the communication to the board of trustees which includes your recommendations.
- We are aware that Marc Taub is the engagement partner and is responsible for supervising the engagement and signing the report.

Bevon Thompson, Principal and CEO

10/27/2020

Date

Janice Chen, Board Chair

10/27/2020

Date

# IMAGINE ME LEADERSHIP CHARTER SCHOOL

## ACADEMIC YEAR BUDGET - BLENDED LEARNING

SY 2020-2021

*BEVON THOMPS*

Opening Balance	\$1,568,9
Projected Student Enrollment	26

					PROJECTED BUDGETED
<b>REVENUE</b>					
<b>REVENUES FROM FEDERAL &amp; STATE SOURCES</b>					
<b>Per Pupil Revenue</b>		<b>16123</b>			
General Education					\$4,191,980.00
Special Education Revenue					\$238,978.00
Grants- Special Charter					\$0.00
Stimulus					\$0.00
ESSER					\$80,316.00
Other					\$0.00
Other State Revenue					\$0.00
IDEA Special Needs					\$60,000.00
Title IA					\$90,512.00
Title II					\$10,000.00
Other(Title I & II Previous Year Balance)					\$83,600.00
Other					\$8,000.00
<b>TOTAL REVENUE FROM FEDERAL &amp; STATE SOURCES</b>					<b>\$4,763,386.00</b>
<b>LOCAL and OTHER REVENUE</b>					
Contributions and Donations, Fundraising					\$0.00
Interest Income, Earnings on Investments					\$2,000.00
PPP Loan					\$604,000.00
Rental Assistance					\$551,406.60
Text Book					\$70,000.00
Other Local Revenue - Escrow					\$75,000.00
<b>TOTAL REVENUE FROM LOCAL and OTHER SOURCES</b>					<b>\$1,302,406.60</b>
<b>TOTAL REVENUE</b>					<b>\$6,065,792.60</b>

### EXPENSES

	ADMINISTRATIVE STAFF PERSONNEL COSTS	No. of Positions			
A	Principal /CEO	1	1A		\$175,100.00
B	Assistants Principals (Operations K - 8)	1	1B		\$87,550.00
C	Assistants Principals (5 -8)	1	1C		\$87,550.00
D	Assistants Principals (K - 4)	1	1D		\$87,550.00
E	HR Manager	1	1E		\$57,680.00

			PROJECTED BUDGETED	
F	HR Associate	1	1F	\$40,800.00
G	Bookkeeper	1	1G	\$50,000.00
<b>TOTAL ADMINISTRATIVE STAFF</b>		<b>7</b>		<b>\$586,230.00</b>
<b>2</b>	<b>INSTRUCTIONAL PERSONNEL COSTS</b>			
A	Teachers - Gen Ed	15	2A	\$825,000.00
B	Teachers - SPED	3	2B	\$165,000.00
C	Teaching Assistants	3	2C	\$165,587.99
D	Specialty Teachers	4	2D	\$220,000.00
E	Grade Advisor	3	2E	\$151,672.98
F	Aspiring Teacher	2	2F	\$90,000.00
G	Sped Coord/ School Counselor	1	2G	\$71,074.66
<b>TOTAL INSTRUCTIONAL</b>		<b>31</b>		<b>\$1,688,335.63</b>
<b>3</b>	<b>NON-INSTRUCTIONAL PERSONNEL COSTS</b>			
A	Office Support Staff	4	3A	\$164,959.68
B	School Aide	1	3B	\$30,906.00
C	Therapists & Counselors	1	3C	\$51,500.00
D	Technology	1	3D	\$45,000.00
E	Security	2	3E	\$66,000.00
<b>TOTAL NON-INSTRUCTIONAL</b>		<b>8</b>		<b>\$358,365.68</b>
<b>SUBTOTAL PERSONNEL SERVICE COSTS</b>		<b>46</b>		<b>\$2,632,931.31</b>
<b>4</b>	<b>PAYROLL TAXES AND BENEFITS</b>			
A	Payroll Fees		4A	\$275,000.00
B	Fringe / Employee Benefits		4B	\$350,000.00
C	Retirement / Pension		4C	\$250,000.00
D	Jumpstart		4D	\$75,000.00
<b>TOTAL PAYROLL TAXES AND BENEFITS</b>				<b>\$950,000.00</b>
<b>TOTAL PERSONNEL SERVICE COSTS</b>				<b>\$3,582,931.31</b>
<b>5</b>	<b>CONTRACTED SERVICES</b>			
A	Accounting / Audit		5A	\$35,000.00
B	Legal		5B	\$20,000.00
C	IT and Email Services		5C	\$50,000.00
D	Special Ed Services (MEMBERSHIPS)		5D	\$10,000.00
E	Other Purchased / Professional/ Consulting		5E	\$150,000.00
F	Tech Upgrade		5F	\$150,000.00
<b>TOTAL CONTRACTED SERVICES</b>				<b>\$415,000.00</b>



			PROJECTED BUDGETED
6	<b>SCHOOL OPERATIONS</b>		
A	Board Expenses	6A	\$9,000.00
B	Classroom / Teaching Supplies & Materials	6B	\$70,000.00
C	Special Ed Supplies & Materials	6C	\$60,000.00
D	Textbooks / Workbooks	6D	\$60,000.00
E	Supplies & Materials other	6E	\$80,000.00
F	Equipment/ Furniture	6F	\$100,000.00
G	Student Testing & Assessment	6G	\$130,000.00
H	Field Trips/Tansportation	6H	\$6,000.00
I	Student Services	6I	\$95,000.00
J	Student Recruitment / Marketing	6J	\$10,000.00
K	Office Expense	6K	\$60,000.00
L	Staff Development	6L	\$120,000.00
M	Staff Recruitment	6M	\$6,000.00
N	School Meals /Lunch (Staff)	6N	\$5,000.00
O	Travel (Staff)	6O	\$1,000.00
P	Principal Discretionary	6P	\$20,000.00
<b>TOTAL SCHOOL OPERATIONS</b>			<b>\$832,000.00</b>

			PROJECTED BUDGETED
<b>7</b>	<b>FACILITY OPERATION &amp; MAINTENANCE</b>		
A	Insurance	7A	\$ 150,000.00
B	Insurance (Middle School Structure)	7B	\$ 31,728.00
C	Insurance (Middle School Bathrooms)	7C	\$ 8,208.00
D	Janitorial (Middle School)	7D	\$ 40,000.00
E	Janitorial	7E	\$ 60,000.00
F	Building and Land Rent / Lease	7F	\$ 440,860.32
G	Building Rent / Lease (Middle School)	7G	\$ 408,204.00
H	Repairs, Maintenance & Cleaning Supplies	7H	\$ 30,000.00
I	Security Equipment & Supplies	7I	\$ 15,000.00
J	Utilities	7J	\$ 60,000.00
<b>TOTAL FACILITY OPERATION &amp; MAINTENANCE</b>			<b>\$ 1,244,000.32</b>
<b>DEPRECIATION &amp; AMORTIZATION DISSOLUTION ESCROW &amp; RESERVES / CONTIGENCY</b>			<b>\$75,000.00</b>
<b>TOTAL EXPENSES</b>			<b>\$6,148,931.63</b>
<b>BEGINNING CASH BALANCE</b>		<b>\$1,568,944.94</b>	
<b>REVENUE</b>		<b>\$6,065,792.60</b>	
<b>EXPENSES</b>		<b>\$6,148,931.63</b>	
<b>ENDING CASH BALANCE</b>		<b>\$1,485,805.91</b>	

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