FRANKLIN ACADEMY PALM BEACH GARDENS CHARTER SCHOOL

W/L# 4061

PALM BEACH GARDENS, FLORIDA

(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)

BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT AND SUPPLEMENTAL INFORMATION

JUNE 30, 2026

FRANKLIN ACADEMY PALM BEACH GARDENS CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2026

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FRANKLIN ACADEMY PALM BEACH GARDENS CHARTER SCHOOL
(A Charter School Under Franklin Academy Foundation, Inc. and Subsidiary)

5651 Hood Road
Palm Beach Gardens, FL 33416
(561) 348-2525

2025-2026

BOARD OF DIRECTORS

Dr. David Thomas, Chair
Mrs. Alexandra Lonsdale
Mrs. Debbie Orshefsky
Dr. Jaqueline Greenberg

SCHOOL ADMINISTRATION

Deborah Torres, Principal

OTHER CORPORATE OFFICERS

Philip Hall, Deputy Director

Verdeja • Alvarez
Certified Public Accountants & Advisors
Octavio F. Verdeja, Founder - 1971

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Michelle del Sol, C.F.E., C.P.A.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Franklin Academy Palm Beach Gardens
Palm Beach Gardens, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Academy Palm Beach Gardens (the "School"), a charter School under Franklin Academy Foundation, Inc. and Subsidiary, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Academy Palm Beach Gardens, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2026, and the respective changes in financial position or the year then ended, and is not intended to be a complete presentation of Franklin Academy Foundation, Inc. These financial statements do not purport to and do not present fairly the financial position of Franklin Academy Foundation, Inc. as of June 30, 2026 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026 on our consideration of the Academy'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 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.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2026

Management's Discussion and Analysis
Franklin Academy Palm Beach Gardens
(A Charter School Under Franklin Academy Foundation, Inc. and Subsidiary)
June 30, 2026

The corporate officers of Franklin Academy Palm Beach Gardens (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2026.

FINANCIAL HIGHLIGHTS

1. The assets of the School at June 30, 2026 were $45,704,313, including a right-of-use asset of $41,184,845, net of accumulated amortization.
2. At year-end, the School had current assets on hand of $3,357,412.
3. The total combined fund balance at year end was $2,603,291.

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 financial statements are presented in accordance with GASB Codification Section 2200 and have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, which together provide different views of the same underlying financial activity.

Government-wide financial statements

The government-wide financial statements — the Statement of Net Position and the Statement of Activities — report information on all of the School's activities using the accrual basis of accounting, in a manner similar to a private-sector business, and present a longer-term view of the School's finances. The Statement of Net Position presents the School's assets and liabilities, with the difference reported as net position; over time, increases or decreases in net position serve as one indicator of whether the School's financial position is improving or deteriorating.

The Statement of Activities presents how net position changed during the fiscal year, with revenues and expenses reported when the underlying event occurs regardless of the timing of related cash flows. These statements can be found on pages 10–11 of this report.

Fund financial statements

Unlike the government-wide statements, the fund financial statements focus on near-term inflows and outflows of spendable resources and on the balances of spendable resources available at year end — information useful in assessing the School's near-term financing requirements. All of the School's funds are governmental funds, and the Board adopts an annual appropriated budget for its governmental funds; a budgetary comparison statement is provided for the general fund and each major special revenue fund with a legally adopted budget to demonstrate compliance.

The notes to the financial statements, which provide additional information essential to a full understanding of the government-wide and fund data, can be found on pages 16–25.

FINANCIAL SUMMARY

The following tables present condensed financial information derived from the government-wide financial statements, comparing the fiscal years ended June 30, 2026 and 2025.

Condensed Statement of Net Position

	2026	2025
Cash	$ 3,113,847	$ 3,615,851
Due from other agencies	243,565	48,405
Due from Franklin Academy Foundation, Inc.	587,503	456,585
Capital and right-of-use assets, net	41,759,398	43,440,941
Total Assets	45,704,313	47,561,782
Salaries and wages payable	655,075	720,314
Accounts payable	99,046	28,238
Right-of-use liability, current and non-current portion	47,940,468	48,063,951
Total Liabilities	48,694,589	48,812,503
Net Position (Deficit):		
Net investments in capital and right-of-use assets (deficit)	(6,181,070)	(4,623,010)
Restricted	1,367,466	1,011,552
Unrestricted	1,823,328	2,360,737
Total Net Position (Deficit)	(2,990,276)	(1,250,721)
Total Liabilities and Net Position (Deficit)	$ 45,704,313	$ 47,561,782

Condensed Statement of Revenues, Expenses, and Changes in Net Position

REVENUES	2026	2025
Program Revenues		
Capital grants and contributions	$ 2,054,070	$ 1,133,101
Federal sources	624,055	889,711
Lunch program fees	5,215	15,119
General Revenues		
Local sources (FTE and other non specific)	9,986,636	10,197,049
Other revenues	371,499	448,858
Total Revenues	$ 13,041,475	$ 12,683,838
EXPENSES		
Instruction	$ 6,423,735	$ 6,544,466
Instruction and student support services	612,224	576,169
General administration	1,200	10,065
School administration	1,373,914	1,442,236
Fiscal services	815,964	892,684
Food services	617,395	680,779
Pupil transportation	187,435	269,106
Operation of plant	2,445,609	2,464,708
Maintenance of plant	121,658	127,799
Interest expense	2,181,896	2,186,237
Total Expenses	14,781,030	15,194,249
(Decrease) Increase in Net Position	(1,739,555)	(2,510,411)
Net Position (Deficit) at Beginning of Year	(1,250,721)	1,259,690
Net Position (Deficit) at End of Year	$ (2,990,276)	$ (1,250,721)

DETAILED ANALYSIS OF FINANCIAL INFORMATION

Government-wide financial analysis

The School's net position decreased by $1,739,555 during fiscal year 2026, from a deficit of $1,250,721 to a deficit of $2,990,276. This is the second consecutive year in which total expenses have exceeded total revenues; total revenues were $13,041,475 against total expenses of $14,781,030. A substantial portion of the annual expense is the non-cash amortization of the right-of-use asset ($1,396,096) and interest expense associated with the right-of-use liability of $2,181,896, which together account for more of the deficit than the School's day-to-day operating results.

Total revenues increased by $357,637 (3%) compared to the prior year, driven primarily by a $920,969 increase in capital grants and contributions, related to new sales tax revenue that was received by the school of $528,668. This increase was partially offset by a $265,656 decrease in Federal sources revenue, with the main driver of the decrease being the wind down of the COVID-era relief grants. In addition, a $210,413 decrease in local sources (FTE) revenue was noted.

Total expenses decreased by $413,219 (2.7%) compared to the prior year, with decreases spread across nearly every functional category — most notably Instruction, which decreased $120,731, and Pupil transportation, which decreased $81,671. Instruction and student support services was the only functional category to increase, up $36,055. The decreases related to the elimination of some positions. Additionally, the school was without one teacher for 4 months. A bus route was also eliminated. All of these factors led to an overall decrease in expense. Individually insignificant line-item changes are not separately discussed.

Major fund financial analysis — General Fund

At June 30, 2026, the General Fund reported an ending fund balance of $1,235,825, all of which was unassigned and available for spending at the School's discretion, compared to an ending fund balance of $2,488,596 at June 30, 2025 — a decrease of $1,252,771. The General Fund is the School's primary operating fund; substantially all General Fund revenue is distributed by the District through the Florida Education Finance Program (FEFP), which uses state formulas together with local property taxes (required local effort) established annually by the Florida Legislature to determine the School's funding. The decrease resulted from General Fund expenditures and net transfers exceeding revenues for the year.

Major fund financial analysis — Special Revenue Fund

At June 30, 2026, the Special Revenue Fund reported an ending fund balance of $1,123,901, compared to an ending fund balance of $427,108 at June 30, 2025 — an increase of $696,793. The increase resulted primarily from increase in funding for District Referendum and Sales surtax. These funds were largely unspent and are restricted for use. Those funds that were used in the current year were used for their restricted purposes.

SIGNIFICANT CAPITAL ASSET AND RIGHT-OF-USE ASSET AND LIABILITY ACTIVITY

The School's investment in capital assets at June 30, 2026 was $574,553, net of accumulated depreciation, consisting of computer equipment and software and furniture, fixtures, and equipment, together with minor building improvements. During the year, the School added $152,344 in capital assets — $31,653 in building improvements, $18,260 in computer equipment and software, and $102,431 in furniture, equipment, and textbooks — with no retirements. Depreciation expense of $437,791 was recorded during the year (of which $253,651 was allocated to school administration and $184,140 to instruction), resulting in a net decrease in capital assets of $285,447. The School has no outstanding debt associated with these capital assets.

The School leases its facility at 5651 Hood Road, Palm Beach Gardens, Florida under a lease with Erudite Properties, LLC (an affiliate whose sole member is Franklin Academy Foundation, Inc.) entered into January 30, 2020, with an initial term expiring December 31, 2055 and options to renew for two additional five-year periods. As described in Note 2, the related right-of-use asset was $41,184,845, net of accumulated amortization, at June 30, 2026, a decrease of $1,396,096 from $42,580,941 at June 30, 2025, reflecting the year's amortization expense (allocated to operation of plant); there were no additions or retirements during the year. The related right-of-use liability was $47,940,468 at June 30, 2026, a decrease of $123,483 from $48,063,951 at June 30, 2025.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The following facts, decisions, or conditions, known to management as of the date the financial statements were issued, are expected to have a significant effect on the School's financial position or to produce results in future periods that are significantly different from the current year:

- As described in Note 9, substantially all of the School's funding is received from the District under the Florida Education Finance Program (FEFP), which is based in part on full-time equivalent (FTE) student counts that are subject to audit by the State. If FTE data is found to be in error, the School could be required to refund funds to the State or could see decreases in future funding allocations; management believes any such amount would not be material to the School's financial position.
- As described in Note 7, the School's facility lease runs through December 31, 2055 with options to renew for two additional five-year periods, and the fixed annual payments under the lease are set to cover the debt service of the underlying Educational Facilities Lease Revenue Bond. No change is currently anticipated.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Deborah Torres, 5651 Hood Road, Palm Beach Gardens, Florida.

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	$ 3,113,847
Due from other agencies	243,565
TOTAL CURRENT ASSETS	3,357,412
Capital assets, net	574,553
Right-of-use assets, net	41,184,845
Due from Franklin Academy Foundation, Inc.	587,503
TOTAL ASSETS	$ 45,704,313
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Salaries and wages payable	$ 655,075
Accounts payable	99,046
Right-of-use liability, current portion	176,226
TOTAL CURRENT LIABILITIES	930,347
Long-term debt:	
Right-of-use liability, non-current portion	47,764,242
TOTAL LIABILITIES	48,694,589
NET POSITION	
Net investments in capital and right-of-use assets (deficit)	(6,181,070)
Restricted	1,367,466
Unrestricted	1,823,328
TOTAL NET POSITION (DEFICIT)	(2,990,276)
TOTAL LIABILITIES AND NET POSITION	$ 45,704,313

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) and Changes in Net Position
Governmental Activities:					
Instruction	$ 6,423,735	$ -	$ 33,710	$ -	$ (6,390,025)
Instructional and student support	612,224	-	-	-	(612,224)
Central services	1,200	-	-	-	(1,200)
School administration	1,373,914	-	-	-	(1,373,914)
Fiscal services	815,964	-	-	-	(815,964)
Food services	617,395	5,215	590,345	-	(21,835)
Pupil transportation	187,435	-	-	-	(187,435)
Operation of plant	2,445,609	-	-	2,054,070	(391,539)
Maintenance of plant	121,658	-	-	-	(121,658)
Interest expense	2,181,896	-	-	-	(2,181,896)
Total Governmental Activities	$ 14,781,030	$ 5,215	$ 624,055	$ 2,054,070	$ (12,097,690)
GENERAL REVENUES:					
FTE and other nonspecific revenues					$ 9,986,636
Other miscellaneous local revenue sources					371,499
TOTAL GENERAL REVENUES					10,358,135
Change in Net Position					(1,739,555)
NET POSITION (DEFICIT) - BEGINNING					(1,250,721)
NET POSITION (DEFICIT) - ENDING					$ (2,990,276)

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Non-major Governmental Funds	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash	$ 1,989,946	$ -	$ 1,123,901	$ 3,113,847
Due from other agencies	-	243,565	-	243,565
Due from fund	-	-	-	-
TOTAL ASSETS	$ 1,989,946	$ 243,565	$ 1,123,901	$ 3,357,412
LIABILITIES				
Salaries and wages payable	$ 655,075	$ -	$ -	$ 655,075
Accounts payable	99,046	-	-	99,046
Due to fund	-	-	-	-
TOTAL LIABILITIES	754,121	-	-	754,121
FUND BALANCE				
Restricted - capital outlay	-	243,565	-	243,565
Restricted- sales surtax		-	460,668	460,668
Restricted- referendum	-	-	663,233	663,233
Unassigned	1,235,825	-	-	1,235,825
TOTAL FUND BALANCE	1,235,825	243,565	1,123,901	2,603,291
TOTAL LIABILITIES AND FUND BALANCE	$ 1,989,946	$ 243,565	$ 1,123,901	$ 3,357,412

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balance - Governmental Funds		$ 2,603,291
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.		
	Capital assets, net	4,200,122
	Accumulated depreciation	(3,625,569)
Right-of-use assets and liabilities used in governmental activities are not financial resouces and, therefore, are not reported in the fund		
	Right-of-use asset	41,184,845
	Right-of-use liability	(47,940,468)
Long-term receivables are not due and receivable in the current period and, therefore, are not reported in the funds.		
	Long-term receivable	587,503
Total Net Position (Deficit) - Governmental Activities		$ (2,990,276)

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State capital outlay funding	$ -	$ 627,481	$ -	$ 627,481
State passed through local	8,152,405	-	-	8,152,405
Federal sources	-	-	624,055	624,055
Local sources		905,701	2,355,119	3,260,820
Lunch program fees	-	-	5,215	5,215
Charges and other services	371,499	-	-	371,499
TOTAL REVENUES	$ 8,523,904	$ 1,533,182	$2,984,389	$13,041,475
EXPENDITURES				
Current				
Instruction	$ 5,165,977	$ -	$1,073,618	$ 6,239,595
Instructional and student support services	343,631	-	268,593	612,224
Central services	1,200	-	-	1,200
School administration	1,120,263	-	-	1,120,263
Fiscal services	815,964	-	-	815,964
Food services	-	-	617,395	617,395
Pupil transportation	187,435	-	-	187,435
Operation of plant	783,116	-	266,397	1,049,513
Maintenance of plant	60,065	-	61,593	121,658
Capital Outlay:				
Other capital outlay	152,344	-	-	152,344
Debt service:				
Principal	123,483	-	-	123,483
Interest expense- right-of-use liability	892,279	1,289,617	-	2,181,896
TOTAL EXPENDITURES	$ 9,645,757	$ 1,289,617	$2,287,596	$13,222,970
(Deficit) of revenues over expenditures	(1,121,853)	243,565	696,793	(181,495)
Other financing uses				
Due from Franklin Academy Foundation, Inc., net	(130,918)	-	-	(130,918)
	(130,918)	-	-	(130,918)
NET CHANGE IN FUND BALANCE	(1,252,771)	243,565	696,793	(312,413)
Fund balance at beginning of year	2,488,596	-	427,108	2,915,704
Fund balance at end of year	$ 1,235,825	$ 243,565	$1,123,901	$ 2,603,291

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Net Change in Fund Balance - Governmental Funds		$ (312,413)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
	Capital outlays	152,344
	Depreciation expense	(437,791)
In the statement of activities, amortization of the right-to-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense.		
	Repayment of principal	123,483
	Amortization expense	(1,396,096)
Decrease in long term receivables is a revenue in the governmental funds, but decreases long term receivables in the statement of net position. This is the amount by which long term receivables decreased in the current cut off period.	Decrease in L/T receivable	130,918
Change in Net Position of Governmental Activities		$ (1,739,555)

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

NOTE 1 – ORGANIZATION AND OPERATIONS

Franklin Academy Palm Beach Gardens (the "School"), is a charter school sponsored by the School Board of Palm Beach County, Florida (the "District"). The School's charter is held by Franklin Academy Foundation, Inc. and Subsidiary, a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Franklin Academy Foundation, Inc., which is composed of four members and also governs other charter schools. The board of directors has determined that no component unit exists that would require inclusion in the school financial statement.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Palm Beach County, Florida. The current charter expires June 30, 2034 and can be further renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the chapter and Section 1002.33 of the Florida Statutes.

The School's location is in Palm Beach Gardens, Florida for children from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ending June 30, 2026, when a total of approximately 913 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Deferred Outflows/lnflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that quality for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal inter-fund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay.

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Government-wide and Fund Financial Statements (Continued)

In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The school reports the following major governmental funds:

General Fund - is the School's primary operating fund, it accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for specific revenue, such as Federal implementation grants, Title I and federal lunch program and COVID emergency relief funds that are legally restricted to expenditure for particular purposes. Also includes the School's internal fund accounts related to student athletics, class and club activities, and other school organizations.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) Codification of' Accounting and Financial Reporting Guidance.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Inter-fund Transfers

Inter-fund receivables/payables ("due from/to") are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of $500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the government financial statements. Proceeds received from the sale of or disposal of capital assets are recorded as other financing sources in the fund financial statements. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, Equipment and Fixture	5-7 Years
Textbooks	3 Years

Compensated Absences

For all full-time, regular, 10-month employees (meaning employees whose position requires them to work only during the academic school year, approximately 10 months of the year), PTO is accrued at the rate of 8 hours per month. Each fiscal year (July 1 through June 30), 10-month employees are eligible to earn up to a maximum of 80 hours of PTO. At the end of a fiscal year, exempt 10-month employees are eligible for PTO buyback for up to five (5) days of accrued but unused PTO. PTO buyback is at the substitute teacher rate in effect at the time of the buyback. Under the School's policy, any unused PTO at the end of the fiscal year expires and is not carried forward. In accordance with GASB Statement No. 101, Compensated Absences, the School records a liability for PTO as it is earned by employees because it is attributable to services already rendered, accumulates, and is more likely than not to be either used for time off or paid through the School's buyback provision. Because unused PTO does not carry over beyond the fiscal year and is not paid out, no liability for PTO is recorded at year-end.

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Compensated Absences (Continued)

The School also provides certain days to be used for specific personal matter such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Revenue Sources

Revenues for current operations are received primarily from the state 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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- Net investment in capital and right-of-use assets - consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. As of June 30, 2026, restricted net position was $1,367,466.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Net Position and Fund Balance Classifications (Continued)

When both restricted and unrestricted resources are available for a specific purpose, it is the District's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Fund financial statements

Under GASB Codification Section 1800.142, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, and prepaid expenses.
- Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of June 30, 2026, restricted balances at year-end was $1,367,466.
- Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. The are no assigned fund balances at year-end.
- Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

Franklin Academy Foundation, Inc. and Subsidiary qualifies as a tax-exempt organization under Internal Revenue Code Section 501 (c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 29, 2026, which is the date the financial statements were available to be issued.

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Adopted Accounting Pronouncements

GASB Statement No. 103, Financial Reporting Model Improvements – During fiscal year 2026, the School implemented GASB Statement No. 103, which establishes revised requirements for management's discussion and analysis, budgetary comparison information, and certain financial statement presentation matters. The implementation of this Statement did not affect amounts reported in the School's financial statements.

GASB Statement No. 104, Disclosure of Certain Capital Assets – During fiscal year 2026, the School implemented GASB Statement No. 104, which requires separate disclosure of certain types of capital assets and establishes disclosure requirements for capital assets held for sale. The implementation of this Statement did not affect amounts reported in the School's financial statements.

NOTE 2 – CAPITAL AND RIGHT-OF-USE ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2026:

	Balance July 1, 2025	Additions	Retirements	Balance June 30, 2026
Capital assets:				
Buildings and improvements	$ 379,127	$ 31,653	$ -	$ 410,780
Computer equipment and software	1,016,983	18,260	-	1,035,243
Furniture, equipment and textbooks	2,651,668	102,431	-	2,754,099
Total Capital Assets	4,047,778	152,344	-	4,200,122
Less Accumulated Depreciation:				
Buildings and improvements	(140,115)	(77,972)	-	(218,087)
Computer equipment and software	(814,224)	(115,229)	-	(929,453)
Furniture, equipment and textbooks	(2,233,439)	(244,590)	-	(2,478,029)
Total Accumulated Depreciation	(3,187,778)	(437,791)	-	(3,625,569)
Capital Assets, net	$ 860,000	$ (285,447)	$ -	$ 574,553

Depreciation expense for the year ended June 30, 2026 was $437,791, of which $253,651 was allocated to school administration and $184,140 was allocated to instruction.

NOTE 2 – CAPITAL AND RIGHT-OF-USE ASSETS (Continued)

Changes in right-of-use assets, related to the School facility were as follows for the period ended June 30, 2026:

	Balance July 1, 2025	Additions	Retirements	Balance June 30, 2026
Right-of-use asset	$ 48,165,325	$ -	$ -	$ 48,165,325
Total right-of-use asset, gross	48,165,325	-	-	48,165,325
Less: accumulated amortization:				
Right-of-use asset	(5,584,384)	(1,396,096)	-	(6,980,480)
Total accumulated amortization	(5,584,384)	(1,396,096)	-	(6,980,480)
Right-of-use asset, net	$ 42,580,941	$ (1,396,096)	$ -	$ 41,184,845

Amortization expense for the year ended June 30, 2026 totaled $1,396,096 and was allocated to operation of plant.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The School's policy is to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2026, the carrying amount of the School's deposits was $3,113,847 and the respective bank balances totaled $3,114,196.

Deposits at FDIC-insured institutions are insured up to $250,000 per depositor, per financial institution. The School is a charter school under Franklin Academy Foundation, Inc. and Subsidiary, which also operates various other charter schools. All bank accounts are opened under the account ownership of Franklin Academy Foundation, Inc. and Subsidiary, therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2026, bank balances in potential excess of FDIC coverage totaled $2,864,196.

NOTE 4 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consist of amounts due from State of Florida under the Capital Outlay Program, which totaled $243,565. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is recorded.

NOTE 5 – MANAGEMENT

The School uses Franklin Academy Foundation Inc., (the holder of the School's charter) to provide complete administrative and management services to all Franklin Academy schools. These services include but are not limited to: administration of support services (facility maintenance, food service, transportation, etc.); governmental compliance reporting; coordination of legal support for school operations; district management/liaison; parent customer service; grant application/management; charter application development/submission/approval; site selection/development; construction project management; school marketing/enrollment management; financing management; and public relations.

NOTE 5 – MANAGEMENT (Continued)
Based on the School's Administrative Services agreement with Franklin Academy Foundation, Inc., the School was charged $740 per student in 2025-2026. During the year, the School made payments totaling $685,233.

In addition, Building Hope Services, LLC, a professional charter school management company, provides accounting and human resources management services to the School including, but not limited to, regulatory compliance, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of $50 per full time equivalent (FTE) student per year. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2026, the School incurred $22,047 in management fees. Building Hope Services is located at 1830 SE 4th Ave., Fort Lauderdale, FL 33016.

NOTE 6 – RELATED PARTY TRANSACTIONS
At June 30, 2026, the School transacts with its charter holder, Franklin Academy Foundation, Inc. and has recorded such transactions as long-term receivables from Franklin Academy Foundation, Inc. At June 30, 2026, the School had a long-term receivable of $587,503.

	Beginning Balance	Additions	(Payments)	Ending Balance
Franklin Academy Foundation, Inc.	$ 456,585	$ 343,536	$ (212,618)	$ 587,503
Total	$ 456,585	$ 343,536	$ (212,618)	$ 587,503

NOTE 7 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS
On January 30, 2020 the School entered into a new lease with Erudite Properties, LLC, a Florida limited liability company, the sole member of which is Franklin Academy Foundation, Inc. This lease was executed pursuant to an Educational Facilities Lease Revenue Bond and covers an initial term expiring on December 31, 2055, with an option to renew for two additional periods of five years. Initial fixed annual payments under this agreement are specified in the agreement to cover the debt service of the bond. For 2026, rent expense under this lease totaled $2,305,379.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (or 2% for high performing schools) of the qualifying revenues of the School. For the year ended June 30, 2026, net administrative fees withheld by the School District totaled $103,756.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases,* and as a result recorded a lease right of use asset and liability in these financial statements for the facility lease, based on the current student count and allocation. The School used an interest rate of 4.5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was $2,181,896 and the amortization of the right-to-use asset was $1,396,096 for the year ended June 30, 2026.

NOTE 7 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)
Annual requirements to amortize this lease liability and related interest are as follows:

Fiscal Year End	Principal	Interest	Total	
2027	$ 176,226	$ 2,175,260	$ 2,351,486	
2028	232,334	2,166,182	2,398,516	
2029	291,979	2,154,507	2,446,486	
2030	355,345	2,140,072	2,495,417	
2031-2035	2,871,244	10,374,731	13,245,975	(Total for 5 Year Period)
2036-2040	5,134,305	9,490,318	14,624,623	(Total for 5 Year Period)
2041-2045	8,127,494	8,019,271	16,146,765	(Total for 5 Year Period)
2046-2050	12,051,333	5,776,000	17,827,333	(Total for 5 Year Period)
2051-2055	17,158,578	2,524,240	19,682,818	(Total for 5 Year Period)
2056	1,541,630	26,600	1,568,230	(Total for 1 Year Period)
	$ 47,940,468	$ 44,847,181	$ 92,787,649	

Changes in long-term right-of-use liability during the year are as follows:

	July 1, 2025	Additions	Retirements	June 30, 2026
Right-of-use liability	$ 48,063,951	$ -	$ (123,483)	$ 47,940,468
Total right-of-use liability	$ 48,063,951	$ -	$ (123,483)	$ 47,940,468

Contingencies and Concentrations
The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

NOTE 8 – RISK MANAGEMENT
The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 9 – DEFINED CONTRIBUTION RETIREMENT PLAN

The School's personnel are eligible to participate in a defined contribution 401(k) plan covering employees who meet certain age and tenure requirements. Under the Plan, the School provides a match of the employee's contribution up to 2.5% of the employee's compensation. The School contributed to the plan $34,592 for the year ended June 30, 2026. The School does not exercise any control or fiduciary responsibility over the Plans' assets.

REQUIRED SUPPLEMENTAL INFORMATION

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2026

	Governmental Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
Program Revenues					
Capital grants and contributions	$ -	$ 627,481	$ 627,481	$ 627,481	$ -
Federal Sources	755,000	624,055	624,055	(130,945)	-
Lunch program fees	-	5,215	5,215	5,215	-
FTE and other nonspecific revenues	12,156,762	8,152,405	8,152,405	(4,004,357)	-
Local sources	-	3,260,820	3,260,820	3,260,820	-
Charges and other revenues	516,800	371,499	371,499	(145,301)	-
Total Revenues	$ 13,428,562	$ 13,041,475	$ 13,041,475	$ (387,087)	$ -
EXPENDITURES					
Instruction	$ 6,156,080	$ 6,239,595	$ 6,239,595	$ 83,515	$ -
Student support services	540,977	612,224	612,224	71,247	-
Central services	10,750	1,200	1,200	(9,550)	-
School administration	1,052,056	1,120,263	1,120,263	68,207	-
Fiscal services	974,045	815,964	815,964	(158,081)	-
Food services	755,000	617,395	617,395	(137,605)	-
Pupil transportation	369,228	187,435	187,435	(181,793)	-
Operation of plant	1,026,047	1,049,513	1,049,513	23,466	-
Maintenance of plant	138,000	121,658	121,658	(16,342)	-
Administrative technical services	101,000	-	-	(101,000)	-
Other capital outlay	-	152,344	152,344	152,344	-
Principal right-of-use	829,096	123,483	123,483	(705,613)	-
Interest expense- right-of-use liability	1,476,283	2,181,896	2,181,896	705,613	-
Total Expenditures	13,428,562	13,222,970	13,222,970	(205,592)	-
Other Financing Uses					
Due from FAF	-	(130,918)	(130,918)	(130,918)	-
	-	(130,918)	(130,918)	(130,918)	-
Net Change in Fund Balance	$ -	$ (312,413)	$ (312,413)	$ (312,413)	$ -

See accompanying note to the required supplementary information.

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
State passed through local	$ 12,156,762	$ 8,152,405	$ 8,152,405	$ (4,004,357)	$ -
Charges and other revenues	484,000	371,499	371,499	(112,501)	-
TOTAL REVENUES	$ 12,640,762	$ 8,523,904	$ 8,523,904	$ (4,116,858)	$ -
EXPENDITURES					
Instruction	$ 6,123,280	$ 5,165,977	$ 5,165,977	$ (957,303)	$ -
Instructional and student support services	540,977	343,631	343,631	(197,346)	-
Central services	10,750	1,200	1,200	(9,550)	-
School administration	1,052,056	1,120,263	1,120,263	68,207	-
Fiscal services	974,045	815,964	815,964	(158,081)	-
Pupil transportation	369,228	187,435	187,435	(181,793)	-
Operation of plant	1,026,047	783,116	783,116	(242,931)	-
Maintenance of plant	138,000	60,065	60,065	(77,935)	-
Administrative technical services	101,000	-	-	(101,000)	-
Other capital outlay	-	152,344	152,344	152,344	-
Principal	829,096	123,483	123,483	(705,613)	-
Interest expense	1,476,283	892,279	892,279	(584,004)	-
TOTAL EXPENDITURES	12,640,762	9,645,757	9,645,757	(2,995,005)	-
Excess of Revenues Over Expenditures	-	(1,121,853)	(1,121,853)	(1,121,853)	-
Other financing uses:					
Due from FAF	-	(130,918)	(130,918)	(130,918)	-
NET CHANGE IN FUND BALANCE	$ -	$ (1,252,771)	$ (1,252,771)	$ (1,252,771)	$ -

See accompanying note to the required supplementary information.

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Special Revenue Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
Federal Sources	$ 755,000	$ 624,055	$ 624,055	$ (130,945)	$ -
Lunch program fees	-	5,215	5,215	5,215	-
Local sources	-	2,355,119	2,355,119	2,355,119	-
Charges and other services	32,800	-	-	(32,800)	-
TOTAL REVENUES	$ 787,800	$ 2,984,389	$ 2,984,389	$ 2,196,589	$ -
EXPENDITURES					
Current:					
Instruction	$ 32,800	$ 1,073,618	$ 1,073,618	$ 1,040,818	$ -
Instructional and student support services	-	268,593	268,593	268,593	-
Food services	755,000	617,395	617,395	(137,605)	-
Pupil transportation	-	-	-	-	-
Operation of plant	-	266,397	266,397	266,397	-
Maintenance of plant	-	61,593	61,593	61,593	-
TOTAL EXPENDITURES	787,800	2,287,596	2,287,596	1,499,796	-
NET CHANGE IN FUND BALANCE	$ -	$ 696,793	$ 696,793	$ 696,793	$ -

See accompanying note to the required supplementary information.

NOTE A – BUDGETARY INFORMATION

Budgetary Basis of Accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2026, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Significant Budgetary Variances

Budgetary differences generally relate to differences in classifications. Overall revenue differences were approximately $400,000 made up primarly of funding differences related to revenue that is derived from taxes. Whereas expenditure differences of approximately $200,000 are mainly due to slight fluctuations between the budgeted and actual amounts.

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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*

Board of Directors
Franklin Academy Palm Beach Gardens
Palm Beach Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Franklin Academy Palm Beach Gardens (the "School"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 29, 2026.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We issued a separate management letter dated September 29, 2026 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this Report

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

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2026

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MANAGEMENT LETTER

Board of Directors
Franklin Academy Palm Beach Gardens
Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin Academy Palm Beach Gardens (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 29, 2026.

Auditor's Responsibility

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; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 29, 2026, 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 findings and recommendations in the preceding financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Franklin Academy Palm Beach Gardens, 4061

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financials 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. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2026 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2026-1: Total Deficit in Net Position

Observation

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

The School has a total net position deficit of $2,990,276 at June 30, 2026.

Cause

Although the School reflected a positive fund balance during the year and at year end, the School reflected a deficit in net position due to their investments in capital assets and right-of-use assets during the current year.

Effect

A continued deficit position may impair the School's ability to meet future obligations and maintain operations.

Recommendation

The School needs to continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position.

Management response

The school's negative fund balance is primarily the result of accounting entries required under GASB Statement No. 87 (related to leases) and the amortization of bond-related items. These are non-cash

accounting adjustments that do not reflect actual cash flow or operational performance. Despite the appearance of a negative fund balance on paper, the school remains in strong financial health. Operational revenues and expenditures are well-managed, and the school continues to meet all financial obligations. The required entries are technical in nature and do not impact the school's day-to-day financial stability or its ability to deliver educational services.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, the Board of Directors, applicable management, and the School Board of Palm Beach County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2026