FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
W/L# 5012
PEMBROKE PINES, 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 PEMBROKE PINES SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2026

TABLE OF CONTENTS

	PAGES
General Information…….....	1
BASIC FINANCIAL STATEMENTS	
Independent Auditor's Report……..	2-4
Management's Discussion and Analysis (not covered by Independent Auditor's Report)……..	5-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position…….……	10
Statement of Activities……	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds…….	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position…….....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds…….	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	15
Notes to Basic Financial Statements…….....	16-25
Required Supplemental Information	
Budgetary Comparison Schedules…….....	26-27
Notes to the Required Supplemental Schedules……	28
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*……..	29-30
Management Letter……...	31-32

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A Charter School Under Franklin Academy Foundation, Inc. and Subsidiary)
WL#5012

18800 Pines Boulevard
Pembroke Pines, FL 33029

2025-2026

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Elena Diaz, Principal

OTHER CORPORATE OFFICERS

Philip L. Hall II, Deputy Director

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

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.
Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Franklin Academy Pembroke Pines School
Pembroke Pines, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Academy Pembroke Pines School (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 Pembroke Pines School, 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. and Subsidiary. These financial statements do not purport to and do not present fairly the financial position of Franklin Academy Foundation, Inc. and Subsidiary 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 28, 2026 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 28, 2026

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

The corporate officers of Franklin Academy Pembroke Pines School (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 net position of the School as of June 30, 2026 was $5,611,396.
2. At year-end, the School had current assets on hand of $2,426,559.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 governmental fund financial statements can be found on pages 12–15, and 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

Assets	2026	2025
Cash	$ 1,009,573	$ 377,349
Due from other agencies	1,416,986	1,228,118
Prepaid expense	-	-
Receivables from Franklin Academy Foundation, Inc.	222,178	1,452,898
Capital and right-of-use assets, net	21,482,130	21,283,070
Total Assets	$ 24,130,867	$ 24,341,435
Liabilities and Net Position		
Salaries and wages payable	$ 846,565	$ 795,950
Accounts payable and accrued expenses	188,066	719,944
Right-of-use liability	16,313,375	17,382,909
Total Liabilities	17,348,006	18,898,803
Net Position:		
Net investments in capital assets and long-term receivables	5,168,755	3,900,161
Restricted - lunch program	-	-
Unrestricted	1,614,106	1,542,471
Total Net Position	6,782,861	5,442,632
Total Liabilities and Net Position	$ 24,130,867	$ 24,341,435

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

REVENUES	2026	2025
Program Revenues		
Capital Grants and Contributions	$ 1,586,161	$ 1,251,443
Federal sources	420,439	1,966,654
Lunch Program fees	12,736	37,842
General Revenues		-
Local Sources (FTE and other non specific)	14,359,344	14,330,688
Other Revenues	630,737	587,261
Total Revenues	$ 17,009,417	$ 18,173,888
EXPENSES		
Instruction	$ 8,265,481	$ 8,363,604
Instructional and student support services	496,713	533,282
General administration	185,123	155,641
School administration	1,653,186	1,785,514
Fiscal services	1,021,612	1,084,801
Food services	685,525	671,774
Pupil transportation	572,098	554,045
Operation of plant	2,714,117	2,743,756
Maintenance of plant	64,058	125,803
Extracurricular activities	422,390	468,503
Interest expense	760,350	806,467
Total Expenses	$ 16,840,653	$ 17,293,190
Increase In Net Position	168,764	880,698
Net Position at Beginning of Year	5,442,632	4,561,934
Net Position at End of Year	$ 5,611,396	$ 5,442,632

DETAILED ANALYSIS OF FINANCIAL INFORMATION

Government-wide financial analysis

Total net position increased by $168,764 during fiscal year 2026, from $5,442,632 to $5,611,396. The increase resulted from total revenues of $17,009,417 exceeding total expenses of $16,840,653, compared to an increase of $880,698 in the prior year.

The School's facility is leased under GASB Statement No. 87, Leases. As a result, the School recognizes non-cash amortization of the right-of-use asset ($1,397,418, allocated to operation of plant) and lease interest expense ($760,350). Total non-cash GASB 87 expense in excess of actual principal payments made ($1,069,534) was $1,088,234. Excluding this non-cash excess, the change in net position would have been an increase of $1,257,898. Net investment in capital assets and long-term receivables was $5,168,755, and unrestricted net position was $442,641 at June 30, 2026.

Total revenues decreased by $1,164,471 (6.4%) compared to the prior year. Federal sources decreased by $1,546,215 (78.6%), from $1,966,654 to $420,439, due to a wind down of COVID-era relief grants no longer being drawn. This decrease was partially offset by a $334,718 (26.7%) increase in capital grants and contributions, reflecting state charter school capital outlay funding. Local sources (FTE) revenue was essentially flat, increasing by $28,656 (0.2%). Other revenues increased by $43,476 (7.4%).

Total expenses decreased by $452,537 (2.6%) compared to the prior year. The largest decreases were in school administration ($132,328, down 7.4%), instruction ($98,123, down 1.2%), and maintenance of plant ($61,745, down 49.1%). Fiscal services decreased by $63,189 (5.8%) and extracurricular activities by $46,113 (9.8%). These decreases were partially offset by an increase in general administration of $29,482 (18.9%). 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 $1,391,928, compared to $89,573 at June 30, 2025, an increase of $1,302,355. The increase reflects net collections of $1,230,720 of long-term receivables from Franklin Academy Foundation, Inc. and net advances from the Foundation of $1,171,465, recorded as other financing sources. Operating revenues exceeded expenditures by a deficit of $1,099,830, which was offset by these financing activities. The General Fund is the School's primary operating fund; $14,359,344 of its $14,990,081 in revenues was 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. The entire General Fund balance of $1,391,928 is unassigned and available for spending at the School's discretion.

Major fund financial analysis — Special Revenue Fund
The Special Revenue Fund reported no fund balance at June 30, 2026 or June 30, 2025, because its revenues are recognized as allowable expenditures are incurred. In fiscal year 2026, Special Revenue Fund revenues of $433,175 — consisting of $420,439 in federal sources and $12,736 in lunch program fees — equaled fund expenditures of $433,175.

The School's nonmajor governmental fund (capital outlay) received $1,586,161 in state capital outlay funding, which was applied toward principal payments ($825,811) and interest expense ($760,350) on the right-of-use facility lease obligation, resulting in no ending fund balance.

SIGNIFICANT CAPITAL ASSET AND RIGHT-OF-USE ASSET AND LIABILITY ACTIVITY
The School's investment in capital assets at June 30, 2026 was $7,507,952, net of accumulated depreciation of $4,801,240, consisting of computer equipment, buildings and improvements, construction in progress, and furniture, equipment and textbooks. During the year, the School added $2,123,982 in capital assets — $1,842,899 in construction in progress, $198,911 in furniture, equipment and textbooks, $54,284 in computer equipment, and $27,888 in building improvements — with no retirements. Depreciation expense of $527,504 was recorded during the year resulting in a net increase in capital assets of $1,596,478. The School has no outstanding debt associated with its capital assets.

The School leases its facility at 18800 Pines Boulevard, Pembroke Pines, Florida, from Alliance XII, LLC, at approximately $1,250,000 per year (based on $15.77 per square foot for 79,271 square feet), adjusted annually per the lease schedule and including additional property expenses. The School implemented GASB Statement No. 87 effective July 1, 2021, using a 4.5% discount rate.

The right-of-use asset was $13,974,178 at June 30, 2026, net of accumulated amortization of $6,987,090, reflecting amortization of $1,397,418 during the year allocated to operation of plant. The right-of-use liability decreased from $17,382,909 to $16,313,375 during the year, reflecting $1,069,534 of principal payments; interest expense of $760,350 was also recognized. The debt service schedule in Note 7 reflects the current portion of $1,156,030 due within one year (fiscal year 2027).

At June 30, 2026, the School had a long-term receivable of $222,178 due from Franklin Academy Foundation, Inc., representing amounts advanced to the Foundation with no specific repayment terms. During the year, the School collected $1,230,720 from this receivable, reducing it from $1,452,898 at June 30, 2025. The School also incurred net new advances to the Foundation of $1,171,465 (reported as a long-term payable due to the Foundation at year end rather than as a receivable, consistent with the Statement of Net Position).

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:

- 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 4, the District has agreed to repay previously withheld referendum funds to the charter holder in three annual installments.

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 Elena Diaz, Principal, at 18800 Pines Boulevard, Pembroke Pines, Florida 33029.

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	$ 1,009,573
Due from other agencies	1,416,986
TOTAL CURRENT ASSETS	2,426,559
Capital assets, net	7,507,952
Right-of-use assets, net	13,974,178
Receivables from Franklin Academy Foundation, Inc.	222,178
TOTAL ASSETS	$ 24,130,867
LIABILITIES	
CURRENT LIABILITIES	
Salaries and wages payable	$ 846,565
Accounts payable and accrued expenses	188,066
Right-of-use liability, current portion	1,156,030
TOTAL CURRENT LIABILITIES	2,190,661
Due to Franklin Academy Foundation, Inc.	1,171,465
Right-of-use liability	15,157,345
TOTAL LIABILITIES	18,519,471
NET POSITION	
Net investments in capital assets and long term receivables	5,168,755
Unrestricted	442,641
TOTAL NET POSITION	5,611,396
TOTAL LIABILITIES AND NET POSITION	$ 24,130,867

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

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(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) Revenue and Changes in Net Position
Governmental Activities:					
Instruction	$ 8,265,481	$ -	1,200	$ -	$ (8,264,281)
Instructional and student support services	496,713	-	-	-	(496,713)
Central services	185,123	-	-	-	(185,123)
School administration	1,653,186	-	-	-	(1,653,186)
Fiscal services	1,021,612	-	-	-	(1,021,612)
Food services	685,525	12,736	419,239	-	(253,550)
Pupil transportation	572,098	-	-	-	(572,098)
Operation of plant	2,714,117	-	-	1,586,161	(1,127,956)
Maintenance of plant	64,058	-	-	-	(64,058)
Extracurricular activities	422,390	-	-	-	(422,390)
Interest expense	760,350	-	-	-	(760,350)
Total Governmental Activities	$ 16,840,653	$ 12,736	$ 420,439	$ 1,586,161	$ (14,821,317)
	GENERAL REVENUES:				
	FTE and other nonspecific revenues				$ 14,359,344
	Interest and other local revenue sources				630,737
					14,990,081
	Change in Net Position				168,764
	NET POSITION - BEGINNING				5,442,632
	NET POSITION - ENDING				$ 5,611,396

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

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(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	$ 1,009,573	$ -	$ -	$ 1,009,573
Due from other agencies	1,345,501	-	71,485	1,416,986
Due from fund	71,485	-	-	71,485
TOTAL ASSETS	$ 2,426,559	$ -	$ 71,485	$ 2,498,044
LIABILITIES				
Salaries and wages payable	$ 846,565	$ -	$ -	$ 846,565
Accounts payable and accrued expenses	188,066	-	-	188,066
Due to fund	-	-	71,485	71,485
TOTAL LIABILITIES	1,034,631	-	71,485	1,106,116
FUND BALANCE				
Unassigned	1,391,928	-	-	1,391,928
TOTAL FUND BALANCE	1,391,928	-	-	1,391,928
TOTAL LIABILITIES AND FUND BALANCE	$ 2,426,559	$ -	$ 71,485	$ 2,498,044

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

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(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		$ 1,391,928
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	12,309,192
	Accumulated depreciation	(4,801,240)
Right-of-use assets and liabilities used in governmental activities are not financial resources and, therefore, are not reported in the fund		
	Right-of-use asset, net	13,974,178
	Right-of-use liability	(16,313,375)
Long-term assets are not due and receivable in the current period and, therefore, are not reported in the funds.	Long term receivable	222,178
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	Long term payable	(1,171,465)
Total Net Position - Governmental Activities		$ 5,611,396

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

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(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	Non-major Governmental Funds	Special Revenue Fund	Total Governmental Funds
REVENUES				
State capital outlay funding	$ -	$ 1,586,161	$ -	$ 1,586,161
State passed through local	14,359,344	-	-	14,359,344
Federal Sources	-	-	420,439	420,439
Lunch program fees	-	-	12,736	12,736
Charges and other services	630,737	-	-	630,737
TOTAL REVENUES	$ 14,990,081	$ 1,586,161	$ 433,175	$17,009,417
EXPENDITURES				
Current				
Instruction	$ 8,056,128	$ -	$ 1,200	$ 8,057,328
Instructional and student support services	496,713	-	-	496,713
Central services	185,123	-	-	185,123
School administration	1,333,834	-	-	1,333,834
Fiscal services	1,021,612	-	-	1,021,612
Food services	253,550	-	431,975	685,525
Pupil transportation	572,098	-	-	572,098
Operation of plant	1,316,699	-	-	1,316,699
Maintenance of plant	64,058	-	-	64,058
Extracurricular activities	422,391	-	-	422,391
Capital Outlay:				
Other capital outlay	537,821	1,586,161	-	2,123,982
Debt service:				
Principal payments- right-of-use liability	1,069,534	-	-	1,069,534
Interest expense- right-of-use liability	760,350	-	-	760,350
TOTAL EXPENDITURES	$ 16,089,911	$ 1,586,161	$ 433,175	$18,109,247
Excess (deficit) of revenues over expenditures	(1,099,830)	-	-	(1,099,830)
Other Financing Sources (uses)				
Collections of L/T receivable from FAF	1,230,720	-	-	1,230,720
Advances from FAF	1,171,465	-	-	1,171,465
Transfers in (out)	-	-	-	-
	2,402,185	-	-	2,402,185
Net change in fund balance	1,302,355	-	-	1,302,355
Fund balance at beginning of year	89,573	-	-	89,573
Fund balance at end of year	$ 1,391,928	$ -	$ -	$ 1,391,928

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

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(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		$ 1,302,355
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	2,123,982
	Depreciation expense	(527,504)
In the statement of activities, amortization of the right-of-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		
	Amortization expense	(1,397,418)
The proceeds from loans, right-to-use and captial leases provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of advance principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
	Principal repayments	1,069,534
Decreases in long term receivables is a revenue in governmental funds, but decreases the long term asset in the statement of net position. This is the amount by which the long term receivable decreased in the current period.	Decrease in L/T receivable	(1,230,720)
Increases in long term payables is a revenue in governmental funds, but increases the long term liability in the statement of net position. This is the amount by which the long term payable increased in the current period.	Increase in L/T payable	(1,171,465)
Change in Net Position of Governmental Activities		$ 168,764

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Franklin Academy Pembroke Pines (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The School's charter is held by Franklin Academy Foundation, Inc. and Subsidiary (the "Foundation"), 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. and Subsidiary, which is composed of four members and also governs other charter schools.

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 Broward County, Florida. The current charter expires on June 30, 2031 and is renewable for an additional term pursuant to law and/or by a mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may terminate the charter if good cause is shown.

The School's location is in Pembroke Pines, Florida for students from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2026, when approximately 1,327 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 statement include both government wide and fund financial statements.

Deferred Outflows/Inflows 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 qualify 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 interfund 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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.

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, and liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental fund:

> *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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.

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/payable ("due from/to") are short-term balance that represent reimbursement between funds for payment 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 government wide 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:

Building and Improvements	15 Years
Furniture, Equipment and Software	5-7 Years
Textbooks	3 Years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

In addition, 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 revenue 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets and long-term receivables - consists of long term receivables and capital assets net of accumulated depreciation and 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.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or net investment in capital assets and long term receivables.

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. Restricted fund balance of the School was $0 at year end.
- 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.
- 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 28, 2026, which is the date the financial statements were available to be issued.

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 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:				
Computer equipment	$ 1,801,686	$ 54,284	$ -	$ 1,855,970
Building and improvements	1,754,487	27,888	-	1,782,375
Construction in Progress	3,893,286	1,842,899	-	5,736,185
Furniture, equipment and textbooks	2,735,751	198,911	-	2,934,662
Total Capital Assets	$ 10,185,210	$ 2,123,982	$ -	$ 12,309,192
Less Accumulated Depreciation:				
Computer equipment	$ (1,569,587)	$ (160,466)	$ -	$ (1,730,053)
Buildings and improvements	(316,377)	(118,756)	-	(435,133)
Furniture, equipment and textbooks	(2,387,772)	(248,282)	-	(2,636,054)
Total Accumulated Depreciation	(4,273,736)	(527,504)	-	(4,801,240)
Capital Assets, net	$ 5,911,474	$ 1,596,478	$ -	$ 7,507,952

Depreciation expense for the year ended June 30, 2026 was $527,504, of which $319,352 was allocated to School administration and $208,152 was allocated to instruction.

NOTE 2 –CAPITAL 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	$ 20,961,268	$ -	$ -	$ 20,961,268
Total Capital Assets	$ 20,961,268	$ -	$ -	$ 20,961,268
Less Accumulated Amortization:				
Right-of-use Asset	$ (5,589,672)	$ (1,397,418)	$ -	$ (6,987,090)
Total Accumulated Amortization	(5,589,672)	(1,397,418)	-	(6,987,090)
Right-of-use asset, net	$ 15,371,596	$ (1,397,418)	$ -	$ 13,974,178

Amortization expenses for the year ended June 30, 2026 totaled $1,397,418 and was allocated to the operation of the plant.

NOTE 3 – DEPOSITS
Deposits
The School's policy is to maintain its cash and cash equivalents in major banks. As of June 30, 2026, the carrying amount of the School's deposits was $1,009,573 and the respective bank balances totaled $1,263,745.

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 $1,013,745.

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 the Referendum, which totaled $44,347, and Capital Outlay of $71,485. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is recorded.

In 2018, the District obtained funding through a voter-approved referendum within Broward County. The District did not share funding with the Charter schools operating within the District's jurisdiction. The District has entered into a formal agreement with the Charter holder to repay the withheld referendum funds over a period of three years. As per the agreement, the funds are no longer subject to restrictions on the use of the funds, as long as they are spent for a lawful purpose under Florida Statues. Under this agreement, the District will make three yearly installment payments to the Charter holder, consisting of both principal and interest. The total outstanding amount due to the Charter holder as of June 30, 2026 is $5,732,601. A portion of which was allocated to the School totaling $3,371,498 Due to uncertainty regarding the collectability of the funds, management has elected to only record funds as they are received. The school has previously collected $2,111,132 As such the School has also recorded amounts due from other agencies in the accompanying statement of net position and balance sheet – governmental funds of $1,260,366.

NOTE 5 –MANAGEMENT

The School uses Franklin Academy Foundation Inc., (the holder of the School's charter) which provides 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.

Based on the School's Administrative Services agreement with Franklin Academy Foundation, Inc., the School was charged $740 per student during the year ended June 30, 2026 and will be charged $740 per student thereafter until agreed otherwise by the parties. During the year, the School made payments totaling $987,537.

In addition, Building Hope Service, 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). 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 $31,030 in management fees. Building Hope Services, LLC. is located at 1830 SE 4th Ave., Fort Lauderdale, FL 33016, Fort Lauderdale, Florida, 33316.

NOTE 6 –RELATED PARTY TRANSACTIONS

The School transfers funds to the Franklin Academy Foundation and records such transfers as long-term note receivables from Franklin Academy Foundation, Inc. At June 30, 2026, the total note receivable from Franklin Academy Foundation, Inc. was $222,178 with no specific repayment terms. The amounts advanced by the School are included in the following table, which summarized the activity during the year:

	Balance July 1, 2025	Additions	Collections	Balance June 30, 2026
Franklin Academy Foundation, Inc.	$ 1,452,898	$ 115,000	$(1,345,720)	$ 222,178
Total Long Term Receivables	$ 1,452,898	$ 115,000	$(1,345,720)	$ 222,178

Separate to the receivable from Franklin Academy Foundation, Inc. the School also has a long-term note payable with the Franklin Academy Foundation, Inc. At June 30, 2026, the total note receivable from Franklin Academy Foundation, Inc. was $1,171,465 with no specific repayment terms.

	Balance July 1, 2025	Advances	Repayments	Balance June 30, 2026
Franklin Academy Foundation, Inc.	$ -	$ 1,404,297	$ (232,832)	$ 1,171,465
Total Long Term Payable	$ -	$ 1,404,297	$ (232,832)	$ 1,171,465

NOTE 6 –RELATED PARTY TRANSACTIONS (Continued)
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 up to and including 250 students. For the year ended June 30, 2026, administrative fees withheld by the School District totaled $39,381.

NOTE 7 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS
Facility Lease
The School entered into a lease and development agreement with Alliance XII, LLC for its 79,271 square feet main campus facility. Initial fixed annual payments under this agreement (based on $15.77 per square foot) are approximately $1,250,000 adjusted annually based on the lease schedule, plus additional property expenses including repairs, maintenance and insurance. The agreement continues through July 2026 with an option to renew for up to two additional ten year periods. As the School's current charter agreement is effective through 2031, it is assumed at this time that the School will exercise the first renewal option through July 2027. For 2026, rent expense for the School totaled $1,829,885.

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 $760,350 and the amortization of the right-to-use asset was $1,397,418 for the year ended June 30, 2026.

Fiscal Year End	Principal	Interest	Total	
2027	$ 1,156,030	$ 710,452	$ 1,866,482	
2028	1,247,247	656,565	1,903,812	
2029	1,343,417	598,471	1,941,888	
2030	1,444,782	535,944	1,980,726	
2031	1,551,597	468,743	2,020,340	
2032-2036	9,570,302	1,153,909	10,724,211	(Total for 5 Year Period)
	$ 16,313,375	$ 4,124,084	$ 20,437,459	

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	$ 17,382,909	$ -	$ (1,069,534)	$ 16,313,375
Total right-of-use liability	$ 17,382,909	$ -	$ (1,069,534)	$ 16,313,375

NOTE 7 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)

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 $71,583 for the year ended June 30, 2026. The School does not exercise any control or fiduciary responsibility over the plan's assets.

REQUIRED SUPPLEMENTAL INFORMATION

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BUDGETARY COMPARISON SCHEDULES
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					
State capital outlay funding	$ -	$ 1,586,161	$ 1,586,161	$ 1,586,161	$ -
Federal Sources	448,000	420,439	420,439	(27,561)	-
Lunch program fees	-	12,736	12,736	12,736	-
General Revenues					
FTE and other nonspecific revenues	15,722,972	14,359,344	14,359,344	(1,363,628)	-
Charges and other revenues	199,279	630,737	630,737	431,458	-
Total Revenues	$ 16,370,251	$ 17,009,417	$ 17,009,417	$ 639,166	$ -
EXPENDITURES					
Current					
Instruction	$ 8,732,189	$ 8,057,328	$ 8,057,328	$ (674,861)	$ -
Instructional and student support services	460,355	496,713	496,713	36,358	-
Central services	33,777	185,123	185,123	151,346	-
School administration	1,393,658	1,333,834	1,333,834	(59,824)	-
Fiscal services	1,158,195	1,021,612	1,021,612	(136,583)	-
Food services	448,000	685,525	685,525	237,525	-
Pupil transportation	603,908	572,098	572,098	(31,810)	-
Operation of plant	1,431,226	1,316,699	1,316,699	(114,527)	-
Maintenance of plant	130,000	64,058	64,058	(65,942)	-
Extracurricular activities	-	422,391	422,391	422,391	-
Administrative technical services	149,000	-	(149,000)	(149,000)	(149,000)
Capital Outlay:					
Other capital outlay	-	2,123,982	2,123,982	2,123,982	-
Debt service:					
Principal payments- right-of-use liability	376,305	1,069,534	1,069,534	693,229	-
Interest expense- right-of-use liability	1,453,580	760,350	760,350	(693,230)	-
TOTAL EXPENDITURES	$ 16,370,193	$ 17,960,247	$ 17,960,247	$ 1,590,054	$ -
Other Financing Sources (uses)					
Collections of L/T receivable	-	1,230,720	1,230,720	1,230,720	-
Net change in fund balance	$ 58	$ 279,890	$ 279,890	$ 279,832	$ -

See accompanying note to the required supplementary information.

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BUDGETARY COMPARISON SCHEDULES – GENERAL REVENUE 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	$ 15,722,972	$ 14,359,344	$ 14,359,344	$ (1,363,628)	$ -
Charges and other services	199,279	630,737	630,737	431,458	-
TOTAL REVENUES	$ 15,922,251	$ 14,990,081	$ 14,990,081	$ (932,170)	$ -
EXPENDITURES					
Current:					
Instruction	$ 8,732,189	$ 8,056,128	$ 8,056,128	$ (676,061)	$ -
Instructional and student support services	460,355	496,713	496,713	36,358	-
Central services	33,777	185,123	185,123	151,346	-
School administration	1,393,658	1,333,834	1,333,834	(59,824)	-
Fiscal services	1,158,195	1,021,612	1,021,612	(136,583)	-
Pupil transportation	603,908	572,098	572,098	(31,810)	-
Operation of plant	1,431,226	1,316,699	1,316,699	(114,527)	-
Maintenance of plant	130,000	64,058	64,058	(65,942)	-
Other capital outlay	-	537,821	537,821	537,821	-
Administrative technical services	149,000	-	-	(149,000)	-
Debt service:					
Principal payments- right-of-use liability	376,305	1,069,534	1,069,534	693,229	-
Interest expense- right-of-use liability	1,453,580	760,350	760,350	(693,230)	-
Total Expenditures	$ 15,922,193	$ 15,413,970	$ 15,413,970	$ (508,223)	$ -
Excess (Deficit) of Revenues Over Expenditures	58	(423,889)	(423,889)	(423,947)	-
Other financing sources					
Collections of L/T receivable from FAF	-	1,230,720	1,230,720	1,230,720	-
Net change in fund balance	$ 58	$ 806,831	$ 806,831	$ 806,773	$ -

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

Funding variances from the original budget arise from earned school recognition funds and acceleration funds, as well as additional local capital improvement revenue collected by virtue of higher tax revenue collected at the district. Expenses decreased due to lower than expected salary costs.

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

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.
Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

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 Pembroke Pines School
Pembroke Pines, 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 Pembroke Pines School (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 28, 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 28, 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 28, 2026

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

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.
Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

MANAGEMENT LETTER

Board of Directors
Franklin Academy Pembroke Pines School
Pembroke Pines, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin Academy Pembroke Pines School (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 28, 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 28, 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 audit.

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 Pembroke Pines School, 5012

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 Franklin Academy Pembroke Pines School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Coral Gables, Florida
September 28, 2026

CERTIFIED PUBLIC ACCOUNTANTS