

FRANKLIN ACADEMY SUNRISE

SUNRISE, FLORIDA
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY
FOUNDATION, INC. AND SUBSIDIARY) W/L#5010
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)

FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S
REPORT

JUNE 30, 2024

FRANKLIN ACADEMY SUNRISE
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2024

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FRANKLIN ACADEMY SUNRISE
(A charter school under Franklin Academy Foundation, Inc. and
Subsidiary) W/L# 5010

4500 NW 103rd Avenue
Sunrise, Florida 33351

2023-2024

BOARD OF DIRECTORS

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Mrs. Alexandra Lonsdale
Mrs. Debbie Orshefsky
Dr. Jaqueline Greenberg

SCHOOL ADMINISTRATION

Mr. Sergio Delgado, Principal

OTHER CORPORATE OFFICERS

Mr. Scott E. Sznitken, Executive Director



Verdeja • Alvarez

Certified Public Accountants & Advisors



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.

Octavio F. Verdeja, Founder - 1971

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Franklin Academy Sunrise
Pembroke Pines, Florida

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.

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Academy Sunrise (the "School"), a charter school under Franklin Academy Foundation, Inc. and Subsidiary, as of and for the year ended June 30, 2024, 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 Sunrise, as of June 30, 2024, 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 Opinion

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, 2024, 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, 2024 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 20, 2024 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 Academy’s internal control over financial reporting and compliance.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 20, 2024

Management’s Discussion and Analysis
Franklin Academy Sunrise
(A charter school Under Franklin Academy Foundation, Inc. and Subsidiary)
June 30, 2024

The corporate officers of Franklin Academy Sunrise have prepared this narrative overview and analysis of the school’s financial activities for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

1. The school’s net position as of June 30, 2024 was \$3,102,124.
2. At year-end, the School had current assets on hand of \$5,524,001.
3. The total combined fund balance at year end was \$4,629,012.

Overview of The Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the four is reported as *net positions*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School’s budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 17-26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, the net position was \$3,102,124 at the close of the fiscal year. A summary of the School’s net position as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 3,021,639	\$ 2,532,085
Due from other agencies	2,502,362	102,122
Due from Franklin Academy Foundation, Inc.	886,546	849,890
Deposit	91,311	91,311
Capital assets and right-of-use, net	32,878,603	34,488,512
Total Assets	<u>\$ 39,380,461</u>	<u>\$ 38,063,920</u>
Salaries and wages payable	\$ 823,586	\$ 973,464
Accounts payable and accrued expenses	71,403	287,381
Right-of-use liability, current and non-current	35,383,348	35,912,819
Total Liabilities	<u>36,278,337</u>	<u>37,173,664</u>
Net Position:		
Net investment in capital assets, deposits and long-term receivable	(1,526,888)	(483,106)
Restricted	108,940	37,340
Unrestricted	4,520,072	1,336,022
Total Net Position	<u>3,102,124</u>	<u>890,256</u>
Total Liabilities and Net Position	<u>\$ 39,380,461</u>	<u>\$ 38,063,920</u>

At the end of the year, the School reported a positive balance in total net position. A summary and analysis of the School’s revenues and expenses for the years ended June 30, 2024 and 2023 is as follows:

REVENUES	<u>2024</u>	<u>2023</u>
Program Revenues		
Capital grants and contributions	\$ 980,239	\$ 800,109
Federal sources	3,174,152	1,794,580
Lunch program fees	204,068	173,733
General Revenues		
Local sources (FTE and other non specific)	13,513,977	10,791,373
Other revenues	377,923	338,559
Total Revenues	<u>\$ 18,250,359</u>	<u>\$ 13,898,354</u>
 EXPENSES		
Instruction	\$ 7,397,469	\$ 7,327,550
Instructional and student support services	265,051	236,086
General administration	21,725	3,779
School administration	1,410,167	1,175,806
Fiscal services	1,086,393	987,258
Food services	639,579	691,948
Pupil transportation	373,655	250,911
Operation of plant	2,913,616	2,645,025
Maintenance of plant	109,790	104,145
Extracurricular and student activities	222,065	256,013
Interest expense	1,598,981	1,627,351
Total Expenses	<u>16,038,491</u>	<u>15,305,872</u>
Increase (Decrease) in Net Position	2,211,868	(1,407,518)
 Net Position at Beginning of Year	<u>890,256</u>	<u>2,297,774</u>
Net Position at End of Year	<u>\$ 3,102,124</u>	<u>\$ 890,256</u>

The School's revenues increased by \$4,352,005. The School's expenses increased by \$732,619. The School had a increase in its net position of \$2,211,868 for the year.

SCHOOL LOCATION AND LEASE OF FACILITY

The School leases a facility located at 4500 NW 103rd Avenue, Sunrise, Florida 33351.

CAPITAL IMPROVEMENT REQUIREMENTS

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

SCHOOL ENROLLMENT

This past year, the School had approximately 1,375 students enrolled in grades kindergarten through eighth.

ACCOMPLISHMENTS

Franklin Academy's Sunrise Campus is entering our 10th school year and we are starting off on a strong note. Throughout the 2023-2024 academic year, we encountered various challenges as we worked diligently to regain our status as an A school, which we are pleased to announce we have successfully achieved once again, thanks to the collaborative efforts of our dedicated staff, students, and the supportive community of parents.

It was truly inspiring to witness our students proactively setting their own goals and devising plans to achieve and exceed those objectives. Additionally, we recently underwent the International Baccalaureate (IB) accreditation process, during which we received high commendations from evaluators for the exemplary level of IB education evident in our classrooms and the professional conduct of both our scholars and educators. Our Middle Years Programme (MYP) provides our Year 1 through Year 3 scholars with a rigorous program that focuses on global discussions, compassionate, lifelong learning skills and being a school that values international-mindedness and diversity.

Our educators have consistently engaged in professional development initiatives aimed at addressing the academic requirements of our students, with a particular focus on technology integration and the implementation of new foundational practices for grades kindergarten through second grade. Additionally, we organized monthly parent engagement events covering a diverse array of subjects, including social-emotional learning, state testing, and the International Baccalaureate (IB) curriculum. We also have celebrated many family events, where our parents and students had the opportunity to enjoy some family time at the school and showcase their hard work. A milestone celebration we had in June was the Year 3 graduation of our Inaugural Kindergarten class.

We continue joining the Broward County Schools MSAA League to compete with other neighbor schools. Our middle school scholars participated in soccer, basketball, volleyball, flag football, track and field, and this year a new sport - floorball. These activities added up to our current offer of after school clubs for all grades. We also continue to grow our relationship with the City of Sunrise. Franklin Academy has ensured that we are present in the city's monthly meetings, recognizing our PTO, Safety Patrols, IB Ambassadors, and educators.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School’s governmental general fund reported an ending fund balance of \$4,520,072. The fund balance unassigned and available for spending at the School’s discretion is \$4,520,072.

CAPITAL AND RIGHT-OF-USE ASSETS

The School’s investment in capital assets as of June 30, 2024 amounts to \$783,536 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment. The school has no outstanding debt associated to capital assets. The School’s investment in right-of-use assets relate to facility usage and totaled \$32,095,067 as of June 30, 2024 (net of accumulated amortization). The related right-of-use liability totaled \$35,383,348 at June 30, 2024.

GOVERNMENTAL FUND BUDGET ANALYSIS AND HIGHLIGHTS

Prior to the start of the School’s fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School’s budget.

	Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 930,230	\$ 980,239	\$ 980,239
Federal sources	1,107,948	3,174,152	3,174,152
Lunch program fees	-	204,068	204,068
General Revenues			
FTE and other nonspecific revenues	12,422,257	13,513,977	13,513,977
Charges and other revenues	69,030	377,923	377,923
TOTAL REVENUES	\$ 14,529,465	\$ 18,250,359	\$ 18,250,359
EXPENDITURES			
Current			
Instruction	\$ 7,145,248	\$ 7,084,343	\$ 7,084,343
Instructional and student support services	321,195	265,051	265,051
General administration	121,786	21,725	21,725
School administration	916,414	1,165,689	1,165,689
Fiscal services	968,193	1,086,393	1,086,393
Food services	1,107,948	639,579	639,579
Pupil transportation	342,000	373,655	373,655
Operation of plant	1,360,693	1,308,863	1,308,863
Extracurricular and student activities	-	222,065	222,065
Maintenance of plant	112,600	109,790	109,790
Capital Outlay:			
Other capital outlay	-	552,448	552,448
Debt service:			
Principal payments- right-of-use liability	512,000	529,471	529,471
Interest expense- right-of-use liability	1,617,952	1,598,981	1,598,981
TOTAL EXPENDITURES	\$ 14,526,029	\$ 14,958,053	\$ 14,958,053
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	3,436	3,292,306	3,292,306
OTHER FINANCING USES			
Collection from Franklin Academy Foundation, Inc.	-	(36,656)	(36,656)
NET CHANGE IN FUND BALANCE	\$ 3,436	\$ 3,255,650	\$ 3,255,650

Most variances occurred as a result of being more conservative than actual results for the year. Over the course of the year, the School revised its budgets for all funds and the final budgets were equal to the actual expenditures. Refer to the budgetary comparison schedules on pages 27-28 for additional information.

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 Sergio Delgado, 4500 NW 103rd Avenue, Sunrise, Florida 33351.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 3,021,639
Due from other agencies	2,502,362
TOTAL CURRENT ASSETS	<u>5,524,001</u>
Capital assets, net	783,536
Right-of-use assets, net	32,095,067
Due from Franklin Academy Foundation, Inc.	886,546
Deposits	91,311
TOTAL ASSETS	<u><u>\$ 39,380,461</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Salaries and wages payable	\$ 823,586
Accounts payable and accrued expenses	71,403
Right-of-use liability, current portion	601,719
TOTAL CURRENT LIABILITIES	<u>1,496,708</u>
Right-of-use liability, non-current	34,781,629
TOTAL LIABILITIES	<u>36,278,337</u>
NET POSITION	
Net investment in deposits, long term receivable, capital and right-of-use assets (deficit)	(1,526,888)
Restricted	108,940
Unrestricted	4,520,072
TOTAL NET POSITION	<u>3,102,124</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 39,380,461</u></u>

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

FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
Instruction	\$ 7,397,469	\$ -	\$ 2,032,432	\$ -	\$ (5,365,037)
Instructional and student support services	265,051	-	68,770	-	(196,281)
General administration	21,725	-	-	-	(21,725)
School administration	1,410,167	-	-	-	(1,410,167)
Fiscal services	1,086,393	-	-	-	(1,086,393)
Food services	639,579	204,068	435,512	-	1
Pupil transportation	373,655	-	-	-	(373,655)
Operation of plant	2,913,616	-	637,438	980,239	(1,295,939)
Maintenance of plant	109,790	-	-	-	(109,790)
Extracurricular and student activities	222,065	-	-	-	(222,065)
Interest expense	1,598,981	-	-	-	(1,598,981)
Total Governmental Activities	\$ 16,038,491	\$ 204,068	\$ 3,174,152	\$ 980,239	\$ (11,680,032)
GENERAL REVENUES:					
					\$ 13,513,977
					377,923
					<u>2,211,868</u>
					Change in Net Position
					NET POSITION - BEGINNING
					<u>890,256</u>
					NET POSITION - ENDING
					<u>\$ 3,102,124</u>

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

FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 3,021,639	\$ -	\$ -	\$ 3,021,639
Due from other agencies	1,374,054	1,061,225	67,083	2,502,362
Due from fund	1,019,368	-	-	1,019,368
TOTAL ASSETS	<u><u>\$ 5,415,061</u></u>	<u><u>\$ 1,061,225</u></u>	<u><u>67,083</u></u>	<u><u>\$ 6,543,369</u></u>
LIABILITIES				
Salaries and wages payable	\$ 823,586	\$ -	\$ -	\$ 823,586
Accounts payable and accrued expenses	71,403	-	-	71,403
Due to fund	-	952,285	67,083	1,019,368
TOTAL LIABILITIES	<u><u>894,989</u></u>	<u><u>952,285</u></u>	<u><u>67,083</u></u>	<u><u>1,914,357</u></u>
FUND BALANCE				
Restricted	-	108,940	-	108,940
Unassigned	4,520,072	-	-	4,520,072
TOTAL FUND BALANCE	<u><u>4,520,072</u></u>	<u><u>108,940</u></u>	<u><u>-</u></u>	<u><u>4,629,012</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 5,415,061</u></u>	<u><u>\$ 1,061,225</u></u>	<u><u>\$ 67,083</u></u>	<u><u>\$ 6,543,369</u></u>

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

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balance - Governmental Funds \$ 4,629,012

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 as assets in governmental funds.

Capital assets	4,138,257
Accumulated depreciation	(3,354,721)

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	32,095,067
Right-of-use liability	(35,383,348)

Long-term assets are not due and receiveable in the current period and, therefore, are not reported in the funds.

Long term receivable	886,546
Deposits	91,311

Total Net Position - Governmental Activities	\$ 3,102,124
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The accompanying notes are an integral part of this financial statement.

FRANKLIN ACADEMY SUNRISE
(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, 2024

	General Fund	Non-Major Governmental Funds	Special Revenue Fund	Total Governmental Funds
REVENUES				
State capital outlay funding	\$ -	\$ 980,239	\$ -	\$ 980,239
State passed through local school sources	13,513,977	-	-	13,513,977
Federal sources	-	-	3,174,152	3,174,152
Lunch program fees	-	-	204,068	204,068
Charges and other revenue	53,201	-	324,722	377,923
TOTAL REVENUES	\$ 13,567,178	\$ 980,239	\$ 3,702,942	\$ 18,250,359
EXPENDITURES				
Current				
Instruction	\$ 5,051,911	\$ -	\$ 2,032,432	\$ 7,084,343
Instructional and student support services	196,281	-	68,770	265,051
General administration	21,725	-	-	21,725
School administration	1,165,689	-	-	1,165,689
Fiscal services	1,086,393	-	-	1,086,393
Food services	-	-	639,579	639,579
Pupil transportation	342,597	-	31,058	373,655
Operation of plant	671,425	-	637,438	1,308,863
Maintenance of plant	109,790	-	-	109,790
Extracurricular and student activities	-	-	222,065	222,065
Capital Outlay:				
Other capital outlay	552,448	-	-	552,448
Debt service:				
Principal payments- right-of-use liability	-	529,471	-	529,471
Interest expense- right-of-use liability	1,148,213	450,768	-	1,598,981
TOTAL EXPENDITURES	10,346,472	980,239	3,631,342	14,958,053
EXCESS OF REVENUES OVER EXPENDITURES	3,220,706	-	71,600	3,292,306
OTHER FINANCING SOURCES USES				
Collection from Franklin Academy Foundation, Inc.	(36,656)	-	-	(36,656)
	(36,656)	-	-	(36,656)
NET CHANGE IN FUND BALANCE	3,184,050	-	71,600	3,255,650
Fund balance at beginning of year	1,336,022	-	37,340	1,373,362
Fund balance at end of year	\$ 4,520,072	\$ -	\$ 108,940	\$ 4,629,012

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

**FRANKLIN ACADEMY SUNRISE
(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 STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Change in Fund Balance - Governmental Funds \$ 3,255,650

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	552,448
Depreciation expense	(557,604)

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	(1,604,753)
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The proceeds from loans, right-to-use and capital 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.

Repayments of principals	529,471
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Increases in long term receivables is a revenue in governmental funds, but increases the long term asset in the statement of net position. This is the amount by which the long term receivable increased in the current period.

Increase in L/T receivable	178,169
Collections of L/T receivable	(141,513)

Change in Net Position of Governmental Activities	\$ 2,211,868
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The accompanying notes are an integral part of this financial statement.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Franklin Academy Sunrise (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, 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 five 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's financial statements.

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, 2032 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 charters 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 children from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2024, when approximately 1,375 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 the 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.
Franklin Academy Sunrise.

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.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS (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 funds with all non-major funds aggregated in a single column:

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.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS (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/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.

Long –Term Debt

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

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 statements. Proceeds received from the sale of or disposal of capital assets are recorded as

**FRANKLIN ACADEMY SUNRISE
 (A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
 NOTES TO FINANCIAL STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Capital Assets (Continued)

other financing sources in the fund financial statements. Estimated useful lives, in years, for depreciable assets are as follows:

Building Improvements	15 Years
Furniture, Equipment and Software	5-6 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.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

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.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Revenue Sources (Continued)

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 deposits, long-term receivable, 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. At June 30, 2024, the balance of this classification of net assets was a deficit balance of \$1,526,888.
- 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."

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 relates to reserves required by the landlord for property maintenance and repairs. Restricted balances at June 30, 2024 totaled \$108,940.
- 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 assigned fund balance at year-end, if any, relates to the School's internal fund for student athletics and class and club activities.
- 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.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Revenue Sources (Continued)

Committed amounts would be reduced first, followed by assigned amounts, and then fund 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 20, 2024, which is the date the financial statements were available to be issued.

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, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Capital Assets:				
Building and improvements	\$ 12,297	\$ 140,382	\$ -	\$ 152,679
Computer equipment and software	981,214	54,286	-	1,035,500
Furniture, equipment and textbooks	2,592,298	357,780	-	2,950,078
Total Capital Assets	<u>\$ 3,585,809</u>	<u>\$ 552,448</u>	<u>\$ -</u>	<u>\$ 4,138,257</u>
Less Accumulated Depreciation:				
Building and improvements	\$ (5,704)	\$ (1,472)	\$ -	\$ (7,176)
Computer equipment and software	(563,387)	(235,998)	-	(799,385)
Furniture, equipment and textbooks	(2,228,026)	(320,134)	-	(2,548,160)
Total Accumulated Depreciation	<u>(2,797,117)</u>	<u>(557,604)</u>	<u>-</u>	<u>(3,354,721)</u>
Capital Assets, net	<u>\$ 788,692</u>	<u>\$ (5,156)</u>	<u>\$ -</u>	<u>\$ 783,536</u>

Depreciation expense for the year ended June 30, 2024 was \$557,604, of which \$244,478 was allocated to school administration and \$313,126, was allocated to instruction.

**FRANKLIN ACADEMY SUNRISE
(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 STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Right-of-use asset	\$ 36,909,326	\$ -	\$ -	\$ 36,909,326
Total capital assets	<u>36,909,326</u>	<u>-</u>	<u>-</u>	<u>36,909,326</u>
Less: accumulated amortization:				
Right-of-use asset	<u>(3,209,506)</u>	<u>(1,604,753)</u>	<u>-</u>	<u>(4,814,259)</u>
Total accumulated amortization	<u>(3,209,506)</u>	<u>(1,604,753)</u>	<u>-</u>	<u>(4,814,259)</u>
Right-of-use asset, net	<u>\$ 33,699,820</u>	<u>\$ (1,604,753)</u>	<u>\$ -</u>	<u>\$ 32,095,067</u>

Amortization expense for the year ended June 30, 2024 totaled \$1,604,753 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, 2024, the carrying amount of the School’s deposits was \$3,021,639 and the respective bank balances totaled \$3,027,033.

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, 2024, bank balances in potential excess of FDIC coverage totaled \$2,777,033.

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 District under the Elementary and Secondary School Emergency Relief fund (“ESSER”), which total \$1,325,683, under the Referendum, which total \$34,597, under Title I, which total \$92,966, under the 2018 Referendum Settlement, which totaled \$982,033, and amounts due from State of Florida under the Capital Outlay Program, which totaled \$67,083. 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 Statutes. Under this agreement, the District will make three yearly installment payments to the Charter holder, consisting of both principal and interest.

**FRANKLIN ACADEMY SUNRISE
(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 STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 4 – DUE FROM OTHER AGENCIES (Continued)

The total outstanding amount due to the Charter holder as of June 30, 2024 is \$15,334,796, a portion of which was allocated to the School totaling \$3,335,534. Due to uncertainty regarding the collectability of the funds, management has elected to only record funds as they are collected. As such the School has recorded amounts due from other agencies in the accompanying statement of net position and balance sheet – governmental funds of \$982,033.

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.

Based on the School’s Administrative Services agreement with Franklin Academy Foundation, Inc., the School was charged \$740 per student in 2023-2024. During the year, the School made payments totaling \$1,017,522.

In addition, Building Hope Services, 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, 2024, the School incurred \$68,856 in management fees. Building Hope Services is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

NOTE 6 – RELATED PARTY TRANSACTIONS

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2024, administrative fees withheld by the School District totaled \$37,923.

The School transfers funds to/from the Franklin Academy Foundation and records such transfers as long-term payables to Franklin Academy Foundation, Inc. At June 30, 2024, the total note receivable from Franklin Academy Foundation, Inc. was \$886,546 with no specific repayment terms. The following summarized activity during the year:

	Balance July 1, 2023	Additions	Collections	Balance at June 30, 2024
Franklin Academy Foundation, Inc.	\$ 849,890	\$ 178,169	\$ (141,513)	\$ 886,546
Total long-term receivables	<u>\$ 849,890</u>	<u>\$ 178,169</u>	<u>\$ (141,513)</u>	<u>\$ 886,546</u>

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease and development agreement with AP Properties 2019, LLC for its 81,000 square feet main campus facility. Initial fixed annual payments under this agreement (based on \$12.34 per square foot) are approximately \$1,050,000 adjusted annually based on the lease schedule, plus additional property expenses including repairs, maintenance and insurance. The agreement continues through June 2044 with an option to renew for up to two additional ten year periods. For 2024, the School made rent payments which totaled \$2,128,452.

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 \$1,598,981 and the amortization of the right-to-use asset was \$529,471 for the year ended June 30, 2024.

Future minimum payments for the lease are as follows:

Fiscal Year End	Principal	Interest	Total
2025	\$ 601,719	\$ 1,579,941	\$ 2,181,660
2026	685,041	1,551,159	2,236,200
2027	773,587	1,518,521	2,292,108
2028	867,623	1,481,785	2,349,408
2029	967,448	1,440,700	2,408,148
2030-2034	6,558,907	6,415,529	12,974,436
2035-2039	10,114,183	4,565,201	14,679,384
2040-2044	14,814,840	1,793,545	16,608,385
	<u>\$ 35,383,348</u>	<u>\$ 20,346,381</u>	<u>\$ 55,729,729</u>

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

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Right-of-use liability	\$ 35,912,819	\$ -	\$ (529,471)	\$ 35,383,348
Total right-of-use liability	<u>\$ 35,912,819</u>	<u>\$ -</u>	<u>\$ (529,471)</u>	<u>\$ 35,383,348</u>

Contingencies

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 participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, 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.

**FRANKLIN ACADEMY SUNRISE
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

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 \$43,184 for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plans’ assets.

NOTE 10 – INTER-FUND BALANCES

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. Inter-fund balances in governmental funds of June 30, 2024 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>
Due to General Fund from Special Revenue for ESSER funds	\$ 952,285	\$ (952,285)	\$ -
Due to General Fund from Capital Outlay Fund for Capital Outlay	67,083	-	(67,083)
Total due from (due to)	<u>\$ 1,019,368</u>	<u>\$ (952,285)</u>	<u>\$ (67,083)</u>

REQUIRED SUPPLEMENTAL INFORMATION

**FRANKLIN ACADEMY SUNRISE
(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, 2024**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 12,422,257	\$ 13,513,977	\$ 13,513,977
Charges and other revenue	69,030	53,201	53,201
TOTAL REVENUES	\$ 12,491,287	\$ 13,567,178	\$ 13,567,178
EXPENDITURES			
Instruction	\$ 7,145,248	\$ 5,051,911	\$ 5,051,911
Instructional and student support services	321,195	196,281	196,281
General administration	121,786	21,725	21,725
School administration	916,414	1,165,689	1,165,689
Fiscal services	968,193	1,086,393	1,086,393
Pupil transportation	342,000	342,597	342,597
Operation of plant	1,360,693	671,425	671,425
Maintenance of plant	112,600	109,790	109,790
Debt service:			
Other capital outlay	-	552,448	552,448
Interest expense	1,199,722	1,148,213	1,148,213
TOTAL EXPENDITURES	12,487,851	10,346,472	10,346,472
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	3,436	3,220,706	3,220,706
OTHER FINANCING USES			
Collections of L/T receivables	-	(36,656)	(36,656)
NET CHANGE IN FUND BALANCE	\$ 3,436	\$ 3,184,050	\$ 3,184,050

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

**FRANKLIN ACADEMY SUNRISE
(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, 2024**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 1,107,948	\$ 3,174,152	\$ 3,174,152
Lunch program fees	-	204,068	204,068
Charges and other revenue	-	324,722	324,722
TOTAL REVENUES	\$ 1,107,948	\$ 3,702,942	\$ 3,702,942
EXPENDITURES			
Instruction	\$ -	\$ 2,032,432	\$ 2,032,432
Instructional and student support services	-	68,770	68,770
Food services	1,107,948	639,579	639,579
Pupil transportation	-	31,058	31,058
Operation of plant	-	637,438	637,438
Extracurricular and student activities	-	222,065	222,065
TOTAL EXPENDITURES	1,107,948	3,631,342	3,631,342
NET CHANGE IN FUND BALANCE	\$ -	\$ 71,600	\$ 71,600

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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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 of
Franklin Academy Sunrise
Sunrise, 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, each major fund and the aggregate remaining fund information of Franklin Academy Sunrise (the "School") as of and for the year ended June 30, 2024, 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 20, 2024.

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 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*.

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 20, 2024



MANAGEMENT LETTER

Board of Directors of
Franklin Academy Sunrise
Sunrise, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin Academy Sunrise (the "School"), a non-major component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 20, 2024.

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 20, 2024, 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 made in the preceding annual financial report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Franklin Academy Sunrise and #065010.

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 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, 2024 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 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 Broward 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 20, 2024