

**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, 2025

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2025

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	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements:</i>	
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
<i>Notes to Basic Financial Statements</i>	16-25
Required Supplemental Information	
Budgetary Comparison Schedules.....	26-27
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 <i>Government Auditing Standards</i>	28-29
Management Letter.....	30-31

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

18800 Pines Boulevard
Pembroke Pines, FL 33029

2024-2025

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Elena Diaz, Principal

OTHER CORPORATE OFFICERS

Scott E. Sznitken, Executive Director



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, 2025, 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, 2025, 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, 2025, 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, 2025 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 19, 2025 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 19, 2025

Management’s Discussion and Analysis
Franklin Academy Pembroke Pines School
(A Charter School Under Franklin Academy Foundation, Inc. and Subsidiary)
June 30, 2025

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, 2025.

FINANCIAL HIGHLIGHTS

1. The net position of the School as of June 30, 2025 was \$5,442,632.
2. At year-end, the School had current assets on hand of \$1,605,467.

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, 2025 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 and liabilities. The difference between the two is reported as *net position*. 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 as soon as the underlying event resulting in the change 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. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental 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 12 - 15 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 16 - 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position was \$5,442,632 at the close of the fiscal year. As noted earlier, net position assets may serve over time as a useful indicator of a charter school's financial position. A summary of the School's net position as of June 30, 2025 and 2024 is as follows:

Assets	2025	2024
Cash	\$ 377,349	\$ 850,419
Due from other agencies	1,228,118	1,967,857
Prepaid expense	-	-
Receivables from Franklin Academy Foundation, Inc.	1,452,898	2,016,563
Capital and right-of-use assets, net	21,283,070	19,101,306
Total Assets	\$ 24,341,435	\$ 23,936,145
Liabilities and Net Position		
Salaries and wages payable	\$ 795,950	\$ 866,723
Accounts payable and accrued expenses	719,944	137,042
Right-of-use liability	17,382,909	18,370,446
Total Liabilities	18,898,803	19,374,211
Net Position:		
Net investments in capital assets and long-term receivables	3,900,161	730,860
Restricted - lunch program	-	6
Unrestricted	1,542,471	3,831,068
Total Net Position	5,442,632	4,561,934
Total Liabilities and Net Position	\$ 24,341,435	\$ 23,936,145

At the end of the year, the School reported positive balances in total net position. A summary and analysis of the School's revenues and expenses for the years ended June 30, 2025 and 2024 is as follows:

REVENUES	2025	2024
Program Revenues		
Capital Grants and Contributions	\$ 1,251,443	\$ 992,571
Federal sources	1,966,654	1,967,645
Lunch Program fees	37,842	259,864
General Revenues		
Local Sources (FTE and other non specific)	14,330,688	14,003,705
Other Revenues	587,261	643,285
Total Revenues	\$ 18,173,888	\$ 17,867,070
 EXPENSES		
Instruction	\$ 8,363,604	\$ 7,886,330
Instructional and student support services	533,282	487,900
General administration	155,641	101,124
School administration	1,785,514	1,628,273
Fiscal services	1,084,801	1,100,304
Food services	671,774	554,015
Pupil transportation	554,045	527,817
Operation of plant	2,743,756	2,575,321
Maintenance of plant	125,803	113,393
Extracurricular activities	468,503	468,953
Interest expense	806,467	848,999
Total Expenses	\$ 17,293,190	\$ 16,292,429
Increase In Net Position	880,698	1,574,641
Net Position at Beginning of Year	4,561,934	2,987,293
Net Position at End of Year	\$ 5,442,632	\$ 4,561,934

The School's revenues increased by \$306,818. The School's expenses increased by \$1,000,761. The School had an increase in its net position of \$880,698 for the year. Due to the implementation of GASB No. 87, Leases, the School recorded an additional expense of \$1,397,418, which was the excess of amortization and interest expense over the actual lease payment made during the year. Adding back the excess would have put the School's change in net position to a positive \$2,278,116.

SCHOOL LOCATION AND LEASE OF FACILITY

The School leases a facility located at 18800 Pines Boulevard, Pembroke Pines, FL 33029.

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 1,365 students enrolled in kindergarten through eighth grade.

ACCOMPLISHMENTS

During the 2024–2025 school year, Franklin Academy Pembroke Pines K-8 proudly served 1,367 students in grades K–8. Our campus once again earned an A rating from the Florida Department of Education, maintaining our designation as both a School of Excellence and a High-Performing Charter School. These distinctions reflect our unwavering commitment to academic rigor, excellence in instruction, and consistent student achievement.

Beyond academics, our students and staff made significant contributions that extended well beyond our local community. In partnership with Water for South Sudan, Inc., and led by our National Junior Honor Society and IB Ambassadors, Franklin Academy Pembroke Pines K-8 funded the construction of a clean water well in South Sudan. This life-changing initiative will provide access to safe water for an entire community, a powerful example of our students’ ability to make a global impact. In addition, our campus organized a school supply drive to benefit students in the Dominican Republic, ensuring children abroad have the resources they need to succeed in their education. These service projects highlight our students’ leadership and empathy while embodying our mission to nurture responsible global citizens.

Our school also celebrated outstanding student achievements across multiple academic and enrichment programs during the 2024–2025 school year. A sixth grade student proudly represented Franklin Academy at the Scripps National Spelling Bee, advancing through grueling rounds of competition and earning a top national placement. Our MYP Gifted students excelled in regional Speech & Debate tournaments, sweeping the podium in several categories and securing state-level qualifications. In the arts, three of our students had their work selected for inclusion in the 2025–2026 Superintendent’s Art Gallery Showcase, while additional students earned recognition in the City of Pembroke Pines Arbor Day Poster Contest. In the performing arts, our Instrumental Ensemble took home 1st Place with an Excellent rating and our Mixed Choir earned 2nd Place at the Music USA competition in Orlando, representing Franklin with professionalism and heart. These accomplishments reflect the breadth of our students’ talent, dedication, and resilience across academics, the arts, and enrichment programs.

We are proud of the excellence, leadership, and global responsibility demonstrated by our students and staff. Franklin Academy Pembroke Pines K-8 remains committed to ensuring that our school continues to thrive as a model of academic achievement and community impact.

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 useful 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 \$89,573. The fund balance unassigned and available for spending at the School’s discretion is a balance of \$89,573.

CAPITAL AND RIGHT-OF-USE ASSETS

The School’s investment in capital assets as of June 30, 2025 amounts to \$5,911,474 (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 \$15,371,596 as of June 30, 2025 (net of accumulated amortization). The related right-of-use liability totaled \$16,313,375 at June 30, 2025.

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 Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay finding	\$ 1,648,957	\$ 1,251,443	\$ 1,251,443
Federal Sources	583,384	1,956,597	1,956,597
Lunch program fees	-	37,842	37,842
General Revenues			
FTE and other nonspecific revenues	12,211,954	14,340,745	14,340,745
Charges and other revenues	180,276	587,261	587,261
Total Revenues	<u>\$ 14,624,571</u>	<u>\$ 18,173,888</u>	<u>\$ 18,173,888</u>
EXPENDITURES			
Current			
Instruction	\$ 7,217,941	\$ 8,111,229	\$ 8,111,229
Instructional and student support services	497,955	533,282	533,282
Central services	126,577	155,641	155,641
School administration	992,460	1,358,736	1,358,736
Fiscal services	1,145,395	1,084,801	1,084,801
Food services	583,384	671,774	671,774
Pupil transportation	528,390	554,045	554,045
Operation of plant	1,328,441	1,346,338	1,346,338
Maintenance of plant	125,300	125,803	125,803
Extracurricular activities	-	468,503	468,503
Administrative technical services	249,745	-	-
Capital Outlay:			
Other capital outlay	-	4,258,335	4,258,335
Debt service:			
Principal payments- right-of-use liability	987,537	987,537	987,537
Interest expense- right-of-use liability	806,467	806,467	806,467
TOTAL EXPENDITURES	<u>\$ 14,589,592</u>	<u>\$ 20,462,491</u>	<u>\$ 20,462,491</u>
Other Financing Sources (uses)			
Collections of L/T receivable	-	563,665	563,665
Net change in fund balance	<u>\$ 34,979</u>	<u>\$ (1,724,938)</u>	<u>\$ (1,724,938)</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

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, 18800 Pines Boulevard, Pembroke Pines, FL 33029.

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 377,349
Due from other agencies	1,228,118
TOTAL CURRENT ASSETS	<u>1,605,467</u>
Capital assets, net	5,911,474
Right-of-use assets, net	15,371,596
Receivables from Franklin Academy Foundation, Inc.	1,452,898
TOTAL ASSETS	<u>\$ 24,341,435</u>
LIABILITIES	
CURRENT LIABILITIES	
Salaries and wages payable	\$ 795,950
Accounts payable and accrued expenses	719,944
Right-of-use liability, current portion	1,069,534
TOTAL CURRENT LIABILITIES	<u>2,585,428</u>
Right-of-use liability	16,313,375
TOTAL LIABILITIES	<u>18,898,803</u>
NET POSITION	
Net investments in capital assets and long term receivables	3,900,161
Unrestricted	1,542,471
TOTAL NET POSITION	<u>5,442,632</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 24,341,435</u>

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, 2025

Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instruction	\$ 8,363,604	\$ -	1,407,218	\$ -	\$ (6,956,386)
Instructional and student support services	533,282	-	138,800	-	(394,482)
Central services	155,641	-	-	-	(155,641)
School administration	1,785,514	-	-	-	(1,785,514)
Fiscal services	1,084,801	-	-	-	(1,084,801)
Food services	671,774	37,842	410,579	-	(223,353)
Pupil transportation	554,045	-	-	-	(554,045)
Operation of plant	2,743,756	-	-	1,251,443	(1,492,313)
Maintenance of plant	125,803	-	10,057	-	(115,746)
Extracurricular activities	468,503	-	-	-	(468,503)
Interest expense	806,467	-	-	-	(806,467)
Total Governmental Activities	\$ 17,293,190	\$ 37,842	\$ 1,966,654	\$ 1,251,443	\$ (14,037,251)
GENERAL REVENUES:					
FTE and other nonspecific revenues					\$ 14,330,688
Interest and other local revenue sources					587,261
Change in Net Position					880,698
NET POSITION - BEGINNING					4,561,934
NET POSITION - ENDING					\$ 5,442,632

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, 2025

	General Fund	Non-major Governmental Funds	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash	\$ 377,349	\$ -	\$ -	\$ 377,349
Due from other agencies	1,159,046	66,361	2,711	1,228,118
Due from fund	69,072	-	-	69,072
TOTAL ASSETS	\$ 1,605,467	\$ 66,361	\$ 2,711	\$ 1,674,539
LIABILITIES				
Salaries and wages payable	\$ 795,950	\$ -	\$ -	\$ 795,950
Accounts payable and accrued expenses	719,944	-	-	719,944
Due to fund	-	66,361	2,711	69,072
TOTAL LIABILITIES	1,515,894	66,361	2,711	1,584,966
FUND BALANCE				
Unassigned	89,573	-	-	89,573
TOTAL FUND BALANCE	89,573	-	-	89,573
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,605,467	\$ 66,361	\$ 2,711	\$ 1,674,539

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, 2025**

Total Fund Balance - Governmental Funds		\$ 89,573
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	10,185,210
	Accumulated depreciation	(4,273,736)
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	15,371,596
	Right-of-use liability	(17,382,909)
Long-term assets are not due and receivable in the current period and, therefore, are not reported in the funds.	Long term receivable	1,452,898
Total Net Position - Governmental Activities		<u>\$ 5,442,632</u>

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, 2025

	General Fund	Non-major Governmental Funds	Special Revenue Fund	Total Governmental Funds
REVENUES				
State capital outlay funding	\$ -	\$ 1,251,443	\$ -	\$ 1,251,443
State passed through local	14,330,688	-	10,057	14,340,745
Federal Sources	-	-	1,956,597	1,956,597
Lunch program fees	-	-	37,842	37,842
Charges and other services	587,261	-	-	587,261
TOTAL REVENUES	\$ 14,917,949	\$ 1,251,443	\$ 2,004,496	\$18,173,888
EXPENDITURES				
Current				
Instruction	\$ 6,704,011	\$ -	\$ 1,407,218	\$ 8,111,229
Instructional and student support services	394,482	-	138,800	533,282
Central services	155,641	-	-	155,641
School administration	1,358,736	-	-	1,358,736
Fiscal services	1,084,801	-	-	1,084,801
Food services	223,347	-	448,427	671,774
Pupil transportation	554,045	-	-	554,045
Operation of plant	1,346,338	-	-	1,346,338
Maintenance of plant	115,746	-	10,057	125,803
Extracurricular activities	468,503	-	-	468,503
Capital Outlay:				
Other capital outlay	4,258,335	-	-	4,258,335
Debt service:				
Principal payments- right-of-use liability	476,200	511,337	-	987,537
Interest expense- right-of-use liability	-	806,467	-	806,467
TOTAL EXPENDITURES	\$ 17,140,185	\$ 1,317,804	\$ 2,004,502	\$20,462,491
Excess (deficit) of revenues over expenditures	(2,222,236)	(66,361)	(6)	(2,288,603)
Other Financing Sources (uses)				
Collections of L/T receivable from FAF	563,665	-	-	563,665
Transfers in (out)	(66,361)	66,361	-	-
	497,304	66,361	-	563,665
Net change in fund balance	(1,724,932)	-	(6)	(1,724,938)
Fund balance at beginning of year	1,814,505	-	6	1,814,511
Fund balance at end of year	\$ 89,573	\$ -	\$ -	\$ 89,573

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, 2025**

Net Change in Fund Balance - Governmental Funds \$ (1,724,938)

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	4,258,335
Depreciation expense	(679,153)

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	987,537
----------------------	---------

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	(563,665)
----------------------------	-----------

Change in Net Position of Governmental Activities

	\$ 880,698
--	------------

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

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 five 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, 2025, when approximately 1,365 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.

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 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 PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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.

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 19, 2025, which is the date the financial statements were available to be issued.

Adopted Accounting Pronouncements

During the year ended June 30, 2025, the School implemented the provisions of GASB Statement No. 101, Compensated Absences. GASB 101 establishes a single recognition and measurement model for liabilities related to compensated absences, including vacation, sick leave, and other paid time off, that is attributable to services already rendered and accumulates for use in future periods. Under GASB 101, a liability is recognized if it is more likely than not that the leave will be used for time off or otherwise paid to the employee. Implementation of GASB 101 did not have a material impact on 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, 2025:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Capital Assets:				
Computer equipment	\$ 1,597,852	\$ 203,834	\$ -	\$ 1,801,686
Building and improvements	1,156,851	597,636	-	1,754,487
Construction in Progress	567,487	3,325,799	-	3,893,286
Furniture, equipment and textbooks	2,604,685	131,066	-	2,735,751
Total Capital Assets	<u>\$ 5,926,875</u>	<u>\$ 4,258,335</u>	<u>\$ -</u>	<u>\$ 10,185,210</u>
Less Accumulated Depreciation:				
Computer equipment	\$(1,305,255)	\$ (264,332)	\$ -	\$ (1,569,587)
Buildings and improvements	(204,675)	(111,702)	-	(316,377)
Furniture, equipment and textbooks	<u>(2,084,653)</u>	<u>(303,119)</u>	<u>-</u>	<u>(2,387,772)</u>
Total Accumulated Depreciation	<u>(3,594,583)</u>	<u>(679,153)</u>	<u>-</u>	<u>(4,273,736)</u>
Capital Assets, net	<u>\$ 2,332,292</u>	<u>\$ 3,579,182</u>	<u>\$ -</u>	<u>\$ 5,911,474</u>

Depreciation expense for the year ended June 30, 2025 was \$679,153, of which \$426,778 was allocated to School administration and \$252,375 was allocated to instruction.

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Right-of-use Asset	\$ 20,961,268	\$ -	\$ -	\$ 20,961,268
Total Capital Assets	<u>\$ 20,961,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,961,268</u>
Less Accumulated Amortization:				
Right-of-use Asset	\$ (4,192,254)	\$ (1,397,418)	\$ -	\$ (5,589,672)
Total Accumulated Amortization	<u>(4,192,254)</u>	<u>(1,397,418)</u>	<u>-</u>	<u>(5,589,672)</u>
Right-of-use asset, net	<u>\$ 16,769,014</u>	<u>\$ (1,397,418)</u>	<u>\$ -</u>	<u>\$ 15,371,596</u>

Amortization expenses for the year ended June 30, 2025 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, 2025, the carrying amount of the School’s deposits was \$377,349 and the respective bank balances totaled \$618,858.

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, 2025, bank balances in potential excess of FDIC coverage totaled \$368,858.

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 \$1,159,047. 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. The total outstanding amount due to the Charter holder as of June 30, 2025 is \$10,819,993. A portion of which was allocated to the School totaling \$2,378,877. Due to uncertainty regarding the collectability of the funds, management has elected to only record funds as they are received. Subsequent to the year-end \$1,118,511 was 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 \$1,118,511.

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025 and will be charged \$740 per student thereafter until agreed otherwise by the parties. During the year, the School made payments totaling \$1,010,307.

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, 2025, the School incurred \$74,915 in management fees. Building Hope Services, LLC. is located at 1225 SE 2nd Avenue, 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, 2025, the total note receivable from Franklin Academy Foundation, Inc. was \$1,452,898 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			Balance
	July 1, 2024	Additions	Collections	June 30, 2025
Franklin Academy Foundation, Inc.	<u>\$ 2,016,563</u>	<u>\$ 226,187</u>	<u>\$ (789,852)</u>	<u>\$ 1,452,898</u>
Total Long Term Receivables	<u>\$ 2,016,563</u>	<u>\$ 226,187</u>	<u>\$ (789,852)</u>	<u>\$ 1,452,898</u>

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, 2025, administrative fees withheld by the School District totaled \$39,133.

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 2025, rent expense for the School totaled \$1,794,004.

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 \$806,467 and the amortization of the right-to-use asset was \$1,397,418 for the year ended June 30, 2025.

Fiscal Year End	Principal	Interest	Total	
2026	\$ 1,069,534	\$ 760,351	\$ 1,829,885	
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	
2031-2035	9,844,713	1,569,219	11,413,932	(Total for 5 Year Period)
2036	2,177,186	53,433	2,230,619	(Total for 1 Year Period)
	<u>\$ 18,282,909</u>	<u>\$ 4,884,435</u>	<u>\$ 23,167,344</u>	

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

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Right-of-use Liability	\$ 18,370,446	\$ -	\$ (987,537)	\$ 17,382,909
Total right-of-use liability	<u>\$ 18,370,446</u>	<u>\$ -</u>	<u>\$ (987,537)</u>	<u>\$ 17,382,909</u>

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.

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 \$71,208 for the year ended June 30, 2025. The School does not exercise any control or fiduciary responsibility over the plan’s assets.

NOTE 10 – INTER-FUND BALANCES

Inter-fund due from (due to) balances are as follows:

	General Fund	Capital Outlay Fund	Special Revenue Fund
Due to General Fund from Capital Outlay Fund for Capital Outlay program	\$ 66,361	\$ (66,361)	\$ -
Due to General Fund from Special Revenue Fund for NSLP	2,711	-	(2,711)
Total Due from (Due to)	<u>\$ 69,072</u>	<u>\$ (66,361)</u>	<u>\$ (2,711)</u>

REQUIRED SUPPLEMENTAL INFORMATION

**FRANKLIN ACADEMY PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BUDGETARY COMPARISON SCHEDULES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 12,211,954	\$ 14,330,688	\$ 14,330,688
Charges and other services	180,276	587,261	587,261
TOTAL REVENUES	\$ 12,392,230	\$ 14,917,949	\$ 14,917,949
EXPENDITURES			
Current:			
Instruction	\$ 7,217,941	\$ 6,704,011	\$ 6,704,011
Instructional and student support services	497,955	394,482	394,482
Central services	126,577	155,641	155,641
School administration	992,460	1,358,736	1,358,736
Fiscal services	1,145,395	1,084,801	1,084,801
Pupil transportation	528,390	554,045	554,045
Operation of plant	1,328,441	1,346,338	1,346,338
Maintenance of plant	125,300	115,746	115,746
Other capital outlay	-	4,258,335	4,258,335
Administrative technical services	249,745	-	-
Debt service:			
Principal payments- right-of-use liability	-	476,200	476,200
Interest expense- right-of-use liability	-	-	-
Total Expenditures	\$ 12,212,204	\$ 16,448,335	\$ 16,448,335
Excess (Deficit) of Revenues			
Over Expenditures	180,026	(1,530,386)	(1,530,386)
Other financing sources			
Collections of L/T receivable from FAF	-	563,665	563,665
Net change in fund balance	\$ 180,026	\$ (966,721)	\$ (966,721)

Notes to Budgetary Comparison Schedules

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 PEMBROKE PINES SCHOOL
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BUDGETARY COMPARISON SCHEDULES – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal Sources	\$ 583,384	\$ 1,956,597	\$ 1,956,597
Lunch program fees	-	37,842	37,842
Charges and other services	-	-	-
TOTAL REVENUES	<u>\$ 583,384</u>	<u>\$ 1,994,439</u>	<u>\$ 1,994,439</u>
EXPENDITURES			
Current			
Instruction	\$ -	\$ 1,407,218	\$ 1,407,218
Instructional and student support services	-	138,800	138,800
Food services	583,384	448,427	448,427
Pupil transportation	-	-	-
Extracurricular activities	-	-	-
Total Expenditures	<u>\$ 583,384</u>	<u>\$ 1,994,445</u>	<u>\$ 1,994,445</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (6)</u>

Notes to Budgetary Comparison Schedules

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.



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, 2025, 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 19, 2025.

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 19, 2025 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 19, 2025



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, 2025, and have issued our report thereon dated September 19, 2025.

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 19, 2025, 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 financial 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

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 19, 2025