



Franklin Academy Sunrise
(A charter school under Franklin Academy Foundation, Inc.)
WL# 5010
**(A Charter School and Component Unit
of the School Board of Broward County, Florida)**

Sunrise, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2021

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Franklin Academy Sunrise
(A charter school under Franklin Academy Foundation, Inc. and Subsidiary)

W/L #5010

4500 NW 103 Ave
Sunrise, FL 33351

2020-2021

BOARD OF DIRECTORS

Dr. David Thomas, Chair
Alexandra Kruse
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Debbie Orshefsky
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SCHOOL ADMINISTRATION

Sergio Delgado, Principal

OTHER CORPORATE OFFICERS

Scott E. Sznitken, Executive Director



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Franklin Academy Sunrise
Sunrise, Florida

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, which is a component unit of the District School Board of Broward County, as of, and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021 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.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Franklin Academy Sunrise as of June 30, 2021, and the respective changes in financial position for 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, 2021 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 on pages 4 through 8 and 25 through 26 be presented to supplement the basic financial statements. Such information, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, 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, 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 the 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2021

Management's Discussion and Analysis
Franklin Academy Sunrise
(A Charter school under Franklin Academy Foundation, Inc. and Subsidiary)
June 30, 2021

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, 2021.

Financial Highlights

1. The net position of the School as of June 30, 2021 was \$2,680,947.
2. At year-end, the School had current assets on hand of \$2,365,665.
3. The net position of the School increased by \$911,311 during the year.
4. The unassigned fund balance at year end was \$1,543,311.

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, 2021 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 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 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 9 - 10 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 requirement.

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 11 - 14 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 15-24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position was \$2,680,947 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, 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash | \$ 2,079,298 | \$ 1,277,207 |
| Due from other agencies | 286,367 | 56,750 |
| Due from Franklin Academy Foundation, Inc. | 462,183 | 457,116 |
| Deposit | 91,311 | 91,311 |
| Capital Assets, net | 584,142 | 513,680 |
| Total Assets | 3,503,301 | 2,396,064 |
| Deferred outflows of resources | - | - |
| Salaries and wages payable | 723,239 | 561,480 |
| Accounts payable and accrued expenses | 99,115 | 64,948 |
| Total Liabilities | 822,354 | 626,428 |
| Deferred inflows of resources | - | - |
| Net Position: | | |
| Net investment in capital assets, deposits and long term receivable | 1,137,636 | 1,062,107 |
| Unrestricted | 1,543,311 | 707,529 |
| Total Net Position | \$ 2,680,947 | \$ 1,769,636 |

At the end of both school years, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2021 and 2020 is as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Program Revenues | | |
| Capital grants and contributions | \$ 911,344 | \$ 918,736 |
| State passed through local | 54,600 | 54,600 |
| Federal sources | 980,618 | 594,498 |
| Lunch program | 2,179 | 135,862 |
| Charges for Services | 5,232 | 134,934 |
| General Revenues | | |
| Local sources(FTE and other non specific) | 10,050,220 | 9,972,257 |
| Other revenues | 12,914 | 78,986 |
| Total Revenues | <u>\$ 12,017,107</u> | <u>\$ 11,889,873</u> |
| EXPENSES | | |
| Component Unit Activities: | | |
| Instruction | \$ 5,747,891 | \$ 5,949,467 |
| Student support services | 106,584 | 94,989 |
| Curriculum development | 47,894 | 130,873 |
| General administration | 12,393 | 15,044 |
| School administration | 875,654 | 978,167 |
| Fiscal services | 881,751 | 878,824 |
| Food services | 281,599 | 444,801 |
| Pupil transportation | 168 | 176,441 |
| Operation of plant | 2,727,212 | 2,648,416 |
| Maintenance of plant | 93,181 | - |
| Unallocated depreciation | 331,469 | 398,419 |
| Total Expenses | <u>11,105,796</u> | <u>11,715,441</u> |
| Increase in Net Position | 911,311 | 174,432 |
| Net Position at Beginning of Year | <u>1,769,636</u> | <u>1,595,204</u> |

The School's revenues increased by \$127,234 and expenses decreased by \$609,645. In the current year, the School had an increase in its net position of \$911,311 for the year.

School Location and Lease of Facility

The School leases a facility located at 4500 NW 103 Ave., Sunrise, FL 33351

Capital Improvement Requirements

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

School Enrollment

This past year, the School had approximately 1,393 students enrolled in kindergarten through eighth.

Accomplishments

Franklin Academy Sunrise Campus opened its doors to 1390 students in grades Kindergarten through 8th grade in its sixth year of existence. During the 2020-2021 school year, we offered distance, in-person and hybrid educational models.

Our teachers have continued to receive professional development throughout our sixth year to ensure the academic needs of our students are met, especially in terms of technology and distance learning. The PD's most attended by our educators have been focused on Google classroom, but also on differentiated instruction and data analysis in order to ensure that all our students receive the best education possible. Even though it has been challenging, we continued our traditional monthly parent workshops, this year in a virtual environment via Zoom. These workshops supported our parents and provided them with ways to help their children education within their educational journey. Topics covered included: technology usage, bullying and cyberbullying, self-esteem, and academic honesty.

We continue joining the Broward County Schools MSAA League to compete with other neighbor schools, but on a limited basis based on our transportation limitations and low participation.

We continue to grow our relationship with the City of Sunrise. Franklin Academy has ensured that we are present in the city's monthly meetings, this year offered virtually, recognizing our PTO, Safety Patrols, and students with perfect attendance.

Franklin Academy's Sunrise campus continues being an IB World school since June 2019, providing our 6th through 8th grade students with a rigorous program that focused on global discussions, compassionate, and lifelong learning skills and being a school that values international-mindedness and diversity.

Since less than 90% of our students completed the state standardized tests, this past school year we were not eligible for a school grade, and we kept an "A" grade as measured by the Florida department of Education. We are still the only school (elementary, middle, charter or public) that is listed as an "A" grade in the City of Sunrise. We will continue to offer students advanced high school level courses in the areas of mathematics, science, and Spanish.

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 ending fund balance of \$1,543,311. The fund balance unassigned and available for spending at the School's discretion is of \$1,543,311.

Capital Assets

The School's investment in capital assets as of June 30, 2021 amounts to \$584,142 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture, fixtures and computer equipment. The School had no long-term debt related to capital assets

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 | | | |
| Capital grants and contributions | \$ 708,900 | \$ 911,344 | \$ 911,344 |
| State passed through local | 55,000 | 54,600 | 54,600 |
| Federal sources | 1,215,441 | 980,618 | 980,618 |
| Lunch program fees | - | 2,179 | 2,179 |
| General Revenues | | | |
| FTE and other nonspecific revenues | 10,154,094 | 10,050,220 | 10,050,220 |
| Charges and other revenues | 246,500 | 18,146 | 18,146 |
| Total Revenues | <u>12,379,935</u> | <u>12,017,107</u> | <u>12,017,107</u> |
| CURRENT EXPENDITURES | | | |
| Component Unit Activities | | | |
| Instruction | 5,938,624 | 5,747,891 | 5,747,891 |
| Student support services | 489,253 | 106,584 | 106,584 |
| Curriculum development | 11,000 | 47,894 | 47,894 |
| General administration | 38,981 | 12,393 | 12,393 |
| School administration | 731,890 | 875,654 | 875,654 |
| Fiscal services | 841,500 | 881,751 | 881,751 |
| Food services | 605,000 | 281,599 | 281,599 |
| Pupil transportation | 267,560 | 168 | 168 |
| Operation of plant | 3,150,714 | 2,727,212 | 2,727,212 |
| Maintenance of plant | 107,946 | 93,181 | 93,181 |
| Total Current Expenditures | <u>\$ 12,182,468</u> | <u>\$ 10,774,327</u> | <u>\$ 10,774,327</u> |

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 103 Ave, Sunrise, FL 33351.

Franklin Academy Sunrise
(A charter school under Franklin Academy Foundation, Inc.)

Statement of Net Position
June 30, 2021

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>Assets</u> | |
| Current assets: | |
| Cash | \$ 2,079,298 |
| Due from other agencies | 286,367 |
| Total Current Assets | <u>2,365,665</u> |
| Capital assets, depreciable | 2,583,092 |
| Less: accumulated depreciation | <u>(1,998,950)</u> |
| | <u>584,142</u> |
| Deposits | 91,311 |
| Due from Franklin Academy Foundation, Inc. | 462,183 |
| Total Assets | <u>3,503,301</u> |
| <u>Deferred Outflows of Resources</u> | <u>-</u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Salaries and wages payable | 723,239 |
| Accounts payable and accrued expenses | 99,115 |
| Total Current Liabilities | <u>822,354</u> |
| <u>Deferred Inflows of Resources</u> | <u>-</u> |
| <u>Net Position</u> | |
| Net investment in capital assets, deposits and long term receivable | 1,137,636 |
| Unrestricted | 1,543,311 |
| Total Net Position | <u>\$ 2,680,947</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, 2021

| 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 | \$ 5,747,891 | \$ - | \$ 701,196 | \$ - | \$ (5,046,695) |
| Student support services | 106,584 | - | - | - | (106,584) |
| Curriculum development | 47,894 | 5,232 | - | - | (42,662) |
| General administration | 12,393 | - | - | - | (12,393) |
| School administration | 875,654 | - | - | - | (875,654) |
| Fiscal services | 881,751 | - | - | - | (881,751) |
| Food services | 281,599 | 2,179 | 279,422 | - | 2 |
| Pupil transportation | 168 | - | - | - | (168) |
| Operation of plant | 2,727,212 | - | 54,600 | 911,344 | (1,761,268) |
| Maintenance of plant | 93,181 | - | - | - | (93,181) |
| Unallocated depreciation | 331,469 | - | - | - | (331,469) |
| Total governmental activities | 11,105,796 | 7,411 | 1,035,218 | 911,344 | (9,151,823) |
| General revenues: | | | | | |
| FTE and other nonspecific revenues | | | | | 10,050,220 |
| Interest and other revenue | | | | | 12,914 |
| Change in net position | | | | | 911,311 |
| Net position, beginning | | | | | 1,769,636 |
| Net position, ending | | | | | <u>\$ 2,680,947</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, 2021

| | General Fund | Special Revenue Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|--------------|-------------------------|------------------------------------|--------------------------------|
| <u>Assets</u> | | | | |
| Cash | \$ 2,079,298 | \$ - | \$ - | \$ 2,079,298 |
| Due from other agencies | - | 286,367 | - | 286,367 |
| Due from fund | 286,367 | - | - | 286,367 |
| Total Assets | 2,365,665 | 286,367 | - | 2,652,032 |
| <u>Deferred Outflows of Resources</u> | - | - | - | - |
| <u>Liabilities</u> | | | | |
| Salaries and wages payable | 723,239 | - | - | 723,239 |
| Accounts payable and accrued expenses | 99,115 | - | - | 99,115 |
| Due to fund | - | 286,367 | - | 286,367 |
| Total Liabilities | 822,354 | 286,367 | - | 1,108,721 |
| <u>Deferred Inflows of Resources</u> | - | - | - | - |
| <u>Fund balance</u> | | | | |
| Unassigned | 1,543,311 | - | - | 1,543,311 |
| | 1,543,311 | - | - | 1,543,311 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 2,365,665 | \$ 286,367 | \$ - | \$ 2,652,032 |

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 Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 1,543,311

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$2,583,092 net of accumulated depreciation of \$1,998,950 used in governmental activities are not financial resources and therefore are not reported in the fund. 584,142

Long-term receivables is an expenditure in the governmental funds, but long term assets in the statement of net position. This is the amount of long-term receivables. 462,183

Long term deposits used in governmental activities are not financial resources and therefore are not reported in the fund. 91,311

Total Net Position - Governmental Activities \$ 2,680,947

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, 2021

| | General Fund | Special Revenue Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|--------------|-------------------------|------------------------------------|--------------------------------|
| Revenues: | | | | |
| State capital outlay funding | \$ - | \$ - | \$ 911,344 | \$ 911,344 |
| State passed through and other local sources | 10,050,220 | 54,600 | - | 10,104,820 |
| Federal sources | - | 980,618 | - | 980,618 |
| Lunch program fees | - | 2,179 | - | 2,179 |
| Charges and other revenue | 18,146 | - | - | 18,146 |
| Total Revenues | 10,068,366 | 1,037,397 | 911,344 | 12,017,107 |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 5,354,692 | 393,199 | - | 5,747,891 |
| Student support services | 106,584 | - | - | 106,584 |
| Curriculum development | 47,894 | - | - | 47,894 |
| General administration | 12,393 | - | - | 12,393 |
| School administration | 875,654 | - | - | 875,654 |
| Fiscal services | 881,751 | - | - | 881,751 |
| Food services | - | 281,599 | - | 281,599 |
| Pupil transportation | 168 | - | - | 168 |
| Operation of plant | 1,761,268 | 54,600 | 911,344 | 2,727,212 |
| Maintenance of plant | 93,181 | - | - | 93,181 |
| Capital Outlay: | | | | |
| Other capital outlay | 93,934 | 307,997 | - | 401,931 |
| Total Expenditures | 9,227,519 | 1,037,395 | 911,344 | 11,176,258 |
| Excess (deficit) of revenues over expenditures | 840,847 | 2 | - | 840,849 |
| Other financing sources (uses) | | | | |
| Transfers in (out)-lunch program | 2 | (2) | - | - |
| Advances to Franklin Academy Foundation, Inc. | (5,067) | - | - | (5,067) |
| Net change in fund balance | 835,782 | - | - | 835,782 |
| Fund Balance at beginning of year | 707,529 | - | - | 707,529 |
| Fund Balance at end of year | \$ 1,543,311 | \$ - | \$ - | \$ 1,543,311 |

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, 2021

| | |
|---|------------|
| Net Change in Fund Balance - Governmental Funds | \$ 835,782 |
|---|------------|

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. This is the amount by which capital outlays of \$401,931 differs from depreciation expense of \$331,469. | 70,462 |
|---|--------|

| | |
|--|-------|
| Increase in long-term receivables is a expenditure in the governmental funds, but increase long term assets in the statement of net position. This is the amount by which long-term receivables increased. | 5,067 |
|--|-------|

| | |
|---|------------------------|
| Change in Net Position of Governmental Activities | <hr/> \$ 911,311 <hr/> |
|---|------------------------|

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Franklin Academy Sunrise (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The Schools 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 units exist 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, 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 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 Sunrise, Florida for student from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2021, when a total of approximately 1,393 students were enrolled for the school year.

Basis of presentation

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

Deferred Outflows/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.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, 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 funding that are legally restricted to expenditure for particular purposes.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 statements. Proceeds received from the sale or disposal of capital assets are recorded as others financing sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|-----------------------------------|-----------|
| Building and Improvements | 15 Years |
| Furniture, Equipment and Software | 5-6 Years |
| Textbooks | 3 Years |

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.

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

Note 1 – Summary of Significant Accounting Policies (continued)

and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Revenue Sources

Revenues for current operations are received primarily from the State through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

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

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

Net position and Fund balance classifications

Government-wide financial statements

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

- a) Net investment in capital assets - consists of and capital assets net of accumulated depreciation, deposits and long-term receivables and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) 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.

Note 1 – Summary of Significant Accounting Policies (continued)

- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets, deposits 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:

- a) 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.
- b) 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. There are no restricted fund balances at year end.
- c) 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.
- d) 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. There are no assigned fund balances at year end.
- e) 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

New Accounting Standard Adopted

In fiscal year 2021, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 *Fiduciary Activities*.

Franklin Academy Sunrise
(A charter school under Franklin Academy Foundation, Inc. and Subsidiary)
Notes to Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 87 *Leases, effective fiscal year 2022*, that will affect the future financial position, results of operations, or financial presentation of the School upon implementation. The School is currently evaluating the effect that implementation of the new standard will have on its 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 28, 2021, 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 year ended June 30, 2021.

| | Balance 07/01/20 | Additions | Retirements | Balance 06/30/21 |
|------------------------------------|---------------------|-------------------|-------------|---------------------|
| Capital Assets: | | | | |
| Buildings and Improvements | \$ 12,297 | \$ - | \$ - | \$ 12,297 |
| Computer equipment and software | 184,798 | 307,997 | - | 492,795 |
| Furniture, equipment and textbooks | 1,984,066 | 93,934 | - | 2,078,000 |
| Total Capital Assets | <u>\$ 2,181,161</u> | <u>\$ 401,931</u> | <u>\$ -</u> | <u>\$ 2,583,092</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | \$ (3,245) | \$ (820) | \$ - | \$ (4,065) |
| Computer equipment and software | (158,810) | (59,275) | - | (218,085) |
| Furniture, equipment and textbooks | (1,505,426) | (271,374) | - | (1,776,800) |
| Total Accumulated Depreciation | <u>(1,667,481)</u> | <u>(331,469)</u> | <u>-</u> | <u>(1,998,950)</u> |
| Capital Assets, net | <u>\$ 513,680</u> | <u>\$ 70,462</u> | <u>\$ -</u> | <u>\$ 584,142</u> |

Depreciation expense for the year ended June 30, 2021 was \$331,469.

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, 2021, the carrying amount of the School's deposits was \$2,079,298 and the respective bank balances totaled \$2,094,421.

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, 2021, bank balances in potential excess of FDIC coverage totaled \$2,094,421.

Note 4 –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. There is no written agreement with Franklin Academy Foundation, Inc. During the year, the School made payments totaling \$766,414.

In addition, Building Hope Services, LLC, a professional charter school management company, provides accounting and human resources management services to the School including, but not limited to, regulatory compliance, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$50 per full time equivalent (FTE) student. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2021, the School incurred approximately \$69,674 in management fees. Building Hope Services, LLC is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

Note 5 –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, 2021, administrative fees withheld by the School District totaled \$35,687.

Franklin Academy Sunrise
(A charter school under Franklin Academy Foundation, Inc. and Subsidiary)
Notes to Financial Statements
June 30, 2021

Note 5 –Related Party Transactions (Continued)

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, 2021, the total note receivable from Franklin Academy Foundation, Inc. was \$462,183 with no specific repayment terms. The following summarized activity during the year:

| | Balance 07/01/20 | Additions | Deletions | Balance 06/30/21 |
|-----------------------------------|---------------------|-----------------|-------------|---------------------|
| Franklin Academy Foundation, Inc. | \$ 457,116 | \$ 5,067 | \$ - | \$ 462,183 |
| Total Long Term Receivables | <u>\$ 457,116</u> | <u>\$ 5,067</u> | <u>\$ -</u> | <u>\$ 462,183</u> |

Note 6 – Commitments and Contingencies

The School entered into a lease and development agreement with AP Properties 2019, LLC for its 81,000 square foot 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 2021, rent expense for the School totaled \$1,987,501.

Future minimum payments for the lease are as follows:

| Year | | |
|-----------|---------------|--------------------------------|
| 2022 | \$ 2,045,797 | |
| 2023 | \$ 2,086,713 | |
| 2024 | \$ 2,128,447 | |
| 2025 | \$ 2,181,658 | |
| 2026 | \$ 2,236,200 | |
| 2027-2031 | \$ 12,048,055 | (Total for five year period) |
| 2032-2036 | \$ 13,618,744 | (Total for five year period) |
| 2037-2041 | \$ 15,435,054 | (Total for five year period) |
| 2042-2044 | \$ 10,210,001 | (Total for three three period) |

Note 6 – Commitments and Contingencies (Continued)

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.

Note 7 Inter-fund Transfers

Inter-fund due from/(due to) balances in government funds as of June 30, 2021 consists of the followings:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|---------------------|---------------------------------|
| Due from/(Due to) fund balances are as follows: | | |
| Due to General Fund from Special Revenue Fund for Title I | 216,274 | (216,274) |
| Due to General Fund from Special Revenue for lunch | 70,093 | (70,093) |
| Total Due from/(Due to) | <u>\$ 286,367</u> | <u>\$ (286,367)</u> |

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 \$35,722 for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans' assets.

REQUIRED SUPPLEMENTARY INFORMATION

Franklin Academy Sunrise
(A charter school under Franklin Academy Foundation, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2021

| | General Fund | | |
|---|-----------------|---------------|---------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| Local sources | \$ 10,154,094 | \$ 10,050,220 | \$ 10,050,220 |
| Charges and other revenue | 246,500 | 18,146 | 18,146 |
| Total Revenues | 10,400,594 | 10,068,366 | 10,068,366 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 5,328,183 | 5,354,692 | 5,354,692 |
| Student support services | 489,253 | 106,584 | 106,584 |
| Curriculum development | 11,000 | 47,894 | 47,894 |
| General administration | 38,981 | 12,393 | 12,393 |
| School administration | 731,890 | 875,654 | 875,654 |
| Fiscal services | 841,500 | 881,751 | 881,751 |
| Food Services | - | - | - |
| Pupil transportation | 267,560 | 168 | 168 |
| Operation of plant | 2,184,370 | 1,761,268 | 1,761,268 |
| Maintenance of Plant | 107,946 | 93,181 | 93,181 |
| Total Current Expenditures | 10,000,683 | 9,133,585 | 9,133,585 |
| Excess of Revenues Over Current Expenditures | 399,911 | 934,781 | 934,781 |
| Capital Outlay | - | 93,934 | 93,934 |
| Total Expenditures | 10,000,683 | 9,227,519 | 9,227,519 |
| Excess of Revenues Over Expenditures | 399,911 | 840,847 | 840,847 |
| Other financing sources (uses): | | | |
| Transfers in (out)-lunch program | - | 2 | 2 |
| Payment to Franklin Charter Foundation, Inc. | - | (5,067) | (5,067) |
| Net change in fund balance | 399,911 | 835,782 | 835,782 |
| Fund Balance at beginning of year | 707,529 | 707,529 | 707,529 |
| Fund Balance at end of year | \$ 1,107,440 | \$ 1,543,311 | \$ 1,543,311 |

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.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2021

| | Special Revenue Fund | | |
|--------------------------------------|----------------------|------------------|------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 55,000 | \$ 54,600 | \$ 54,600 |
| Federal sources | 1,215,441 | 980,618 | 980,618 |
| Lunch program | - | 2,179 | 2,179 |
| Total Revenues | <u>1,270,441</u> | <u>1,037,397</u> | <u>1,037,397</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 610,441 | 393,199 | 393,199 |
| Food services | 605,000 | 281,599 | 281,599 |
| Operation of Plant | <u>55,000</u> | <u>54,600</u> | <u>54,600</u> |
| Total Current Expenditures | <u>1,270,441</u> | <u>729,398</u> | <u>729,398</u> |
| Excess of Revenues | | | |
| Over Current Expenditures | <u>-</u> | <u>307,999</u> | <u>307,999</u> |
| Capital Outlay | | | |
| Other Capital Outlay | <u>-</u> | <u>307,997</u> | <u>307,997</u> |
| Total Expenditures | <u>1,270,441</u> | <u>1,037,395</u> | <u>1,037,395</u> |
| Excess of Revenues Over Expenditures | - | 2 | 2 |
| Other financing sources (uses) | | | |
| Transfers in (out) | <u>-</u> | <u>(2)</u> | <u>(2)</u> |
| Net change in fund balance | - | - | - |
| Fund Balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of 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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 28, 2021.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter dated September 28, 2021 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2021



MANAGEMENT LETTER

To The Board of Directors of
Franklin Academy Sunrise
Pembroke Pines, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin Academy Sunrise as of and for the fiscal year ended June 30, 2021 and have issued our report thereon dated September 28, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 28, 2021, 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 or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Franklin Academy Sunrise, 5010.

Financial Condition and Management

Section 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 Franklin Academy Sunrise 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 Franklin Academy Sunrise did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Franklin Academy Sunrise. It is management's responsibility to monitor Franklin Academy Sunrise 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we have no observation or 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 Franklin Academy Sunrise maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that Franklin Academy Sunrise 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Florida House of Representatives, the Florida Auditor General, School Board of Broward County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2021