

FRANKLIN ACADEMY F

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

W/L# 5046

(A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BROWARD COUNTY,
FLORIDA)

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

JUNE 30, 2022

FRANKLIN ACADEMY F
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2022

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 Statement:</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	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	26
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Revenue Fund.....	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 F CHARTER SCHOOL
(A charter school under Franklin Academy Foundation, Inc. and
Subsidiary) W/L# 5046

5000 SW 207th Terrace
Pembroke Pines, FL 33332

2021-2022

BOARD OF DIRECTORS

Dr. David Thomas, Chair
Ms. Alexandra Kruse
Ms. Catherine Arcabascio
Mrs. Debbie Orshefsky
Dr. Jaqueline Greenberg

SCHOOL ADMINISTRATION

Ms. Jennifer Nadal, Principal

OTHER CORPORATE OFFICERS

Mr. Scott E. Sznitken, Executive Director



INDEPENDENT AUDITOR’S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Academy F Charter School (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, 2022, 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 F Charter School, as of June 30, 2022, 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, 2022, 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, 2022 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 30, 2022 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022

Management’s Discussion and Analysis
Franklin Academy F
(A charter school Under Franklin Academy Foundation, Inc. and Subsidiary)
June 30, 2022

The corporate officers of Franklin Academy F have prepared this narrative overview and analysis of the school’s financial activities for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

1. The school’s net position as of June 30, 2022 was \$6,834.
2. At year-end, the School had current assets on hand of \$1,339,164.
3. The fund balance of the School increased by \$132,064 during the year.
4. The unassigned fund balance at year end was \$1,081,185.

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, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

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

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

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

The basic governmental fund financial statements can be found on pages 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

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$6,834 at the close of the fiscal year. A summary of the School's net position as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,054,469	\$ 1,288,366
Due from other agencies	282,655	62,958
Prepaid expenses	2,040	-
Due from Eritude Properties, LLC	-	152,729
Due from Franklin Academy Foundation, Inc.	13,919	-
Capital assets, net	328,979	459,748
Right-of-use assets, net	47,477,851	-
Total Assets	<u>\$ 49,159,913</u>	<u>\$ 1,963,801</u>
Salaries and wages payable	\$ 246,104	\$ 352,618
Account payable	11,875	49,585
Due to Franklin Academy Foundation, Inc.	-	315,960
Right-of-use liability	48,895,100	-
Total Liabilities	<u>49,153,079</u>	<u>718,163</u>
Net Position:		
Net investment in capital and right-of-use assets	(1,088,270)	-
Unrestricted	1,095,104	1,245,638
Total Net Position	<u>\$ 6,834</u>	<u>\$ 1,245,638</u>
Total Liabilities and Net Position	<u>\$ 49,159,913</u>	<u>\$ 1,963,801</u>

At the end of the year, the School reported a positive balance in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2022 and 2021 is as follows:

REVENUES	<u>2022</u>	<u>2021</u>
Program Revenues		
Capital Grants and Contributions	\$ 594,744	\$ 948,453
Federal sources	571,195	526,537
Lunch Program fees	1,214	20
Charges and other revenue	120,724	2,619
General Revenues		
Local Sources (FTE and other non specific revenues)	<u>8,244,550</u>	<u>8,211,960</u>
Total Revenues	<u>\$ 9,532,427</u>	<u>\$ 9,689,589</u>
 EXPENSES		
Instruction	\$ 4,490,537	\$ 4,506,415
Instructional staff training	2,323	10,860
Instructional and student support services	291,981	117,803
Curriculum development	36,650	100,705
General administration	155,579	143,143
School administration	613,860	455,683
Fiscal services	780,014	719,617
Food services	11,161	26,097
Pupil transportation	406,555	168
Operation of plant	2,231,603	2,175,283
Maintenance of plant	98,639	181,465
Interest expense, right-of-use liability	<u>1,652,329</u>	<u>-</u>
Total Expenses	<u>\$ 10,771,231</u>	<u>\$ 8,437,239</u>
(Decrease) Increase in Net Position	(1,238,804)	1,252,350
 Net Position (Deficit) at Beginning of Year	<u>1,245,638</u>	<u>(6,712)</u>
Net Position at End of Year	<u><u>\$ 6,834</u></u>	<u><u>\$ 1,245,638</u></u>

The School had a decrease in its net position of \$1,238,804 for the year. Due to the implementation of GASB No. 87, *Leases*, the School recorded an additional expense of \$1,417,249, which was the excess of amortization and interest expense over the actual lease payments made during the year. Adding back this excess would have put the School's change in net position to a positive \$178,445.

SCHOOL LOCATION AND LEASE OF FACILITY

The School leases a facility located at 5000 SW 207th Terrace, Pembroke Pines, FL 33332.

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 1,124 students enrolled in grades kindergarten through eighth.

ACCOMPLISHMENTS

Franklin Academy K-12 (K-8) earned a “B”-rating from the FLDOE for the 2021-2022 school year.

A variety of parent and community events were hosted on our Pembroke Pines K-12 (K-8) campus including Career Day, NJHS Induction Ceremony, Fall and Spring Festivals, Literacy events, Title 1 Parent Involvement trainings, Parent Academies, ELO tutoring and our first Kindergarten Experience event.

Our middle school band program received recognition for the 2021-2022 solo performances during district competitions. Students brought home a total of 13 “Superiors” and 2 “Excellents”; our best score to date.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

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

GOVERNMENTAL FUNDS

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

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

At the end of the fiscal year, the School’s governmental general fund reported an ending fund balance of \$1,081,185. The fund balance unassigned and available for spending at the School’s discretion is \$1,079,145.

CAPITAL AND RIGHT-OF-USE ASSETS

The School’s investment in capital assets as of June 30, 2022 amounts to \$328,979 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture, fixtures, textbooks 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 \$47,477,851 as of June 30, 2022 (net of accumulated amortization). The related right-of-use liability totaled \$48,895,100 at June 30, 2022.

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.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 586,245	\$ 594,744	\$ 594,744
State passed through local	8,728,314	8,244,550	8,244,550
Federal Sources	322,035	571,195	571,195
Lunch program fees	-	1,214	1,214
Charges and other revenues	-	120,724	120,724
Total Revenues	\$ 9,636,594	\$ 9,532,427	\$ 9,532,427
CURRENT EXPENDITURES			
Instruction	\$ 5,002,694	\$ 4,392,148	\$ 4,392,148
Instructional staff training	1,500	2,323	2,323
Instructional and student support services	218,702	291,981	291,981
Curriculum development	22,949	36,650	36,650
General administration	182,615	155,579	155,579
School administration	597,917	478,302	478,302
Fiscal services	777,381	780,014	780,014
Food services	-	11,161	11,161
Pupil transportation	381,240	406,555	406,555
Operation of plant	2,225,579	814,354	814,354
Maintenance of plant	88,235	98,639	98,639
Other capital outlay	-	103,178	103,178
Interest expense- right-of-use liability	-	1,652,329	1,652,329
TOTAL CURRENT EXPENDITURES	9,498,812	9,223,213	9,223,213
Excess of Revenues Over Expenditures	137,782	309,214	309,214
Other financing sources (uses):			
L/T amounts due from Erudite Properties, LLC	-	152,729	152,729
L/T amounts due to (from) Franklin Academy Foundation, Inc.	-	(329,879)	(329,879)
	-	(177,150)	(177,150)
Net change in fund balance	\$ 137,782	\$ 132,064	\$ 132,064

Most variances between the initial budget and actual results 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 Diane Showalter, 5000 SW 207th Terrace, Pembroke Pines, FL 33332.

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,054,469
Due from other agencies	282,655
Prepaid expenses and other assets	2,040
TOTAL CURRENT ASSETS	<u>1,339,164</u>
Due from Franklin Academy Foundation, Inc.	13,919
Capital assets, net	328,979
Right-of-use assets, net	47,477,851
TOTAL ASSETS	<u><u>\$ 49,159,913</u></u>
LIABILITIES	
CURRENT LIABILITIES:	
Salaries and wages payable	\$ 246,104
Account payable	11,875
TOTAL CURRENT LIABILITIES	<u>257,979</u>
Right-of-use liability	48,895,100
TOTAL LIABILITIES	<u>49,153,079</u>
NET POSITION	
Net investment in capital and right-of-use assets	(1,088,270)
Unrestricted	1,095,104
TOTAL NET POSITION	<u>6,834</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 49,159,913</u></u>

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

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 4,490,537	\$ -	\$ 502,445	\$ -	\$ (3,988,092)
Instructional staff training	2,323	-	-	-	(2,323)
Instructional and student support services	291,981	91,598	39,103	-	(161,280)
Curriculum development	36,650	-	11,950	-	(24,700)
General administration	155,579	-	-	-	(155,579)
School administration	613,860	-	-	-	(613,860)
Fiscal services	780,014	-	-	-	(780,014)
Food services	11,161	1,214	-	-	(9,947)
Pupil transportation	406,555	965	-	-	(405,590)
Operation of plant	2,231,603	-	17,697	594,744	(1,619,162)
Maintenance of plant	98,639	-	-	-	(98,639)
Interest expense, right-of-use liability	1,652,329	-	-	-	(1,652,329)
Total Governmental Activities	\$ 10,771,231	\$ 93,777	\$ 571,195	\$ 594,744	\$ (9,511,515)
General revenues:					
FTE and other nonspecific revenues					\$ 8,244,550
Local and other revenue					28,161
Total general revenues					<u>8,272,711</u>
Change in Net Position					(1,238,804)
Net position, beginning					1,245,638
Net position, ending					<u>\$ 6,834</u>

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

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,054,469	\$ -	\$ 1,054,469
Due from other agencies	-	282,655	282,655
Prepaid expenses and other assets	2,040	-	2,040
Due from fund	282,655	-	282,655
TOTAL ASSETS	<u><u>\$ 1,339,164</u></u>	<u><u>\$ 282,655</u></u>	<u><u>\$ 1,621,819</u></u>
LIABILITIES			
Salaries and wages payable	\$ 246,104	\$ -	\$ 246,104
Account payable	11,875	-	11,875
Due to fund	-	282,655	282,655
TOTAL LIABILITIES	<u>257,979</u>	<u>282,655</u>	<u>540,634</u>
FUND BALANCE			
Nonspendable	2,040	-	2,040
Unassigned	1,079,145	-	1,079,145
TOTAL LIABILITIES	<u>1,081,185</u>	<u>-</u>	<u>1,081,185</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,339,164</u></u>	 <u><u>\$ 282,655</u></u>	 <u><u>\$ 1,621,819</u></u>

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

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND
SUBSIDIARY)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balance - Governmental Funds	\$	1,081,185
---	----	-----------

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	853,384
Accumulated depreciation	(524,405)

Long-term receivables used in governmental activities are financial obligations but are not reported in the governmental funds.

Long-term receivable	13,919
----------------------	--------

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	47,477,851
Right-of-use liability	<u>(48,895,100)</u>

Total Net Position - Governmental Activities	\$	<u><u>6,834</u></u>
--	----	---------------------

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

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
State capital outlay funding	\$ -	\$ -	\$ 594,744	\$ 594,744
State passed through local	8,244,550	-	-	8,244,550
Federal Sources	-	571,195	-	571,195
Lunch program fees	-	1,214	-	1,214
Charges and other revenues	-	120,724	-	120,724
TOTAL REVENUES	\$ 8,244,550	\$ 693,133	\$ 594,744	\$ 9,532,427
EXPENDITURES				
Current:				
Instruction	\$ 3,889,703	\$ 502,445	\$ -	\$ 4,392,148
Instructional staff training	2,323	-	-	2,323
Instructional and student support services	128,620	163,361	-	291,981
Curriculum development	24,700	11,950	-	36,650
General administration	155,579	-	-	155,579
School administration	478,302	-	-	478,302
Fiscal services	780,014	-	-	780,014
Food services	-	11,161	-	11,161
Pupil transportation	385,141	21,414	-	406,555
Operation of plant	796,657	17,697	-	814,354
Maintenance of plant	98,639	-	-	98,639
Capital Outlay:				
Other capital outlay	103,178	-	-	103,178
Right-of-use asset	-	-	48,895,100	48,895,100
Debt service:				
Interest expense- right-of-use liability	1,057,585	-	594,744	1,652,329
TOTAL EXPENDITURES	7,900,441	728,028	49,489,844	58,118,313
Excess (deficit) of revenues over expenditures	344,109	(34,895)	(48,895,100)	(48,585,886)
OTHER FINANCING SOURCES (USES)				
Increase in right-of-use liability	-	-	48,895,100	48,895,100
Transfers in (out)	(34,895)	34,895	-	-
Collection on L/T amounts due from Erudite Properties, LLC	152,729	-	-	152,729
Change in L/T amounts due to (from) Franklin Academy Foundation, Inc.	(329,879)	-	-	(329,879)
	(212,045)	34,895	48,895,100	48,717,950
NET CHANGE IN FUND BALANCE	132,064	-	-	132,064
Fund Balance at beginning of year	949,121	-	-	949,121
Fund Balance at end of year	\$ 1,081,185	\$ -	\$ -	\$ 1,081,185

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

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
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, 2022**

Change in Fund Balance - Governmental Funds \$ 132,064

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	103,178
Depreciation expense	(233,947)

Proceeds from collections of long-term receivables are reported as an other financing source in the governmental funds. However, in the statement of net position, the amount of funds collected is reported as an decrease in receivables.

Collection of long-term receivables	(152,729)
-------------------------------------	-----------

Decreases in long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.

Decreases in long-term payables	329,879
---------------------------------	---------

In the statement of activities, amortization of the right-to-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense.

Amortization expense	(1,417,249)
----------------------	-------------

Change in Net Position of Governmental Activities	\$ (1,238,804)
---	----------------

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

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Franklin Academy F (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 unit exists that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Broward County, Florida. The current charter expires on June 30, 2032 and is renewable for an additional term pursuant to law and/or by a mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charters expiration. During the term of the charter, the District may terminate the charter if good cause is shown.

The School's location is in Pembroke Pines, Florida for children from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2022, when approximately 1,124 students were enrolled for the school year.

Basis of presentation

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

Deferred Outflows/Inflows of Resources

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

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

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 F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

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

Capital Projects Fund - accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes mainly for capital outlay and maintenance 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.

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 F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Budgets and Budgetary Accounting

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

Cash

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

Inter-fund Transfers

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

Due from Other Governments or Agencies

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

Long –Term Receivable and Debt

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

Capital Assets

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

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Capital Assets

Estimated useful lives, in years, for depreciable assets are as follows:

Building Improvements	5 Years
Furniture, Equipment and Software	5 Years
Textbooks	3 Years

Compensated Absences

For all full-time, regular, 10-month employees (meaning employees whose position requires them to work only during the academic school year, approximately 10 months of the year), PTO is accrued at the rate of 8 hours per month. Each fiscal year (July 1 through June 30), 10-month employees are eligible to earn up to a maximum of 80 hours of PTO. At the end of a fiscal year, exempt 10-month employees are eligible for PTO buyback for up to five (5) days of accrued but unused PTO. PTO buyback is at the substitute teacher rate in effect at the time of the buyback.

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

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

Revenue Sources

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

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

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Revenue Sources (Continued)

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

Net position and Fund balance classifications

Government-wide financial statements

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

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

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

Fund financial statements

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

- Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, and prepaid expenses, which totaled \$2,040 at June 30, 2022.
- Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of the School relates to reserves required by the landlord for property maintenance and repairs. There are no restricted balances 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. There are no assigned fund balances at year end.
- Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Fund financial statements (Continued)

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

Effective July 1, 2021, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board (“GASB”): Statement No. 87 *Leases*.

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 30, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CAPITAL AND RIGHT-OF-USE ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2022:

	Balance			Balance
	July 1, 2021	Additions	Retirements	June 30, 2022
Capital Assets				
Buildings and improvements	\$ 29,051	\$ 15,755	\$ -	\$ 44,806
Computer equipment and software	241,498	70,100	-	311,598
Furniture, equipment and textbooks	479,657	17,323	-	496,980
Total Capital Assets	<u>\$ 750,206</u>	<u>\$ 103,178</u>	<u>\$ -</u>	<u>\$ 853,384</u>
Less Accumulated Depreciation				
Buildings and improvements	\$ (10,894)	\$ (6,210)	\$ -	\$ (17,104)
Computer equipment and software	(31,672)	(99,219)	-	(130,891)
Furniture, equipment and textbooks	(247,892)	(128,518)	-	(376,410)
Total Accumulated Depreciation	<u>\$ (290,458)</u>	<u>\$ (233,947)</u>	<u>\$ -</u>	<u>\$ (524,405)</u>
Capital Assets, net	<u>\$ 459,748</u>	<u>\$ (130,769)</u>	<u>\$ -</u>	<u>\$ 328,979</u>

Depreciation expense for the year ended June 30, 2022 was \$233,947, of which \$135,558 was allocated to school administration and \$98,389 was allocated to instruction.

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Changes in right-of-use assets, related to the School facility were as follows for the period ended June 30, 2022:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Right-of-use Asset	\$ -	\$ 48,895,100	\$ -	\$ 48,895,100
Total Capital Assets	-	48,895,100	-	48,895,100
Less Accumulated Amortization:				
Right-of-use Asset	-	(1,417,249)	-	(1,417,249)
Total Accumulated Amortization	-	(1,417,249)	-	(1,417,249)
Right-of-use asset, net	<u>\$ -</u>	<u>\$ 47,477,851</u>	<u>\$ -</u>	<u>\$ 47,477,851</u>

Amortization expense for the year ended June 30, 2022 totaled \$1,417,249 and was allocated to operation of plant.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The School’s policy is to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2022, the carrying amount of the School’s deposits was \$1,054,469 and the respective bank balances totaled \$1,054,469.

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, 2022, bank balances in potential excess of FDIC coverage totaled \$1,054,469.

NOTE 4 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consist of amounts due from the District under the Elementary and Secondary School Emergency Relief fund (“ESSER”), which total \$282,655. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is recorded.

NOTE 5 –MANAGEMENT

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

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 5 –MANAGEMENT (Continued)

Based on the School’s Administrative Services agreement with Franklin Academy Foundation, Inc., the School was charged \$620 per student during the year ended June 30, 2022 and will be charged \$665 per student in 2022-2023 and \$740 per student in 2023-2024. During the year, the School made payments totaling \$696,713.

In addition, Building Hope Services, LLC., a professional charter school management company, provides accounting and human resources management services to the School including, but not limited to, regulatory compliance, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$50 per full time equivalent (FTE) student per year up to 1,500 students with a reduction of \$10 per student for every additional 500 students. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2022, the School incurred approximately \$56,201 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 shared its campus with Franklin Academy Pembroke Pines High School, another charter school under Franklin Academy Foundation, Inc. and Subsidiary. Certain funding provided to the School was shared by the two schools. In addition, certain costs are allocated to each school using a logical basis such as the ratio of FTE for each school. In addition, the School had a long-term payable to Franklin Academy Foundation, Inc. in the prior year that was paid in the current year, resulting in a long-term receivable from Franklin Academy Foundation, Inc. as follows:

	Balance July 1, 2021	Payable Increases	Payments/ Decreases	Balance June 30, 2022
Franklin Academy Foundation, Inc.	\$ (315,960)	\$ -	\$ 329,879	\$ 13,919
Total Long Term (Payable) Receivable	<u>\$ (315,960)</u>	<u>\$ -</u>	<u>\$ 329,879</u>	<u>\$ 13,919</u>

During the year ended June 30, 2019, Franklin Academy Foundation, Inc. assumed \$850,000 of the School’s payable to Franklin Academy 3 as a recoverable grant. In addition, during the year ended June 30, 2015, Franklin Academy Foundation, Inc. assumed \$250,000 of the School’s payable to Franklin Academy Cooper City as a recoverable grant. Repayment of these grants is contingent on the school subsequently meeting certain financial conditions. To date, management has determined that the school has not met the requirements for repayment under the grant terms. The maximum amount the School may be required to pay in the future should the meet the requirements for repayments is \$1,100,000.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of up to 5% of the qualifying revenues of the School and up to and including 250 students. For the year ended June 30, 2022, administrative fees totaled withheld by the School District totaled of \$88,922.

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

On January 30, 2020 the School began sharing in a lease with Erudite Properties, LLC, a Florida limited liability company, the sole member of which is Franklin Academy Foundation, Inc. This lease was executed pursuant to an Educational Facilities Lease Revenue Bond and covers an initial term expiring on December 31, 2055, with an option to renew for two additional periods of five years. Initial fixed annual payments under this agreement are specified in the agreement to cover the debt service of the bond. Lease payments were allocated between the two schools. The allocation used for 2022, was approximately 50% for the School and 50% for Franklin Academy Pembroke Pines High School. For 2022, rent expense for the School under this lease totaled \$1,652,329.

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 Franklin Academy Foundation, Inc. to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was \$1,652,329 and the amortization of the right-to-use asset was \$1,417,249 for the year ended June 30, 2022.

Future minimum payments for the lease to be shared with Franklin Academy Pembroke Pines High School are as follows:

Fiscal Year End,	Principal	Interest	Total	
2023	\$ -	\$ 2,220,650	\$ 2,220,650	
2024	\$27,851	2,221,581	2,249,432	
2025	75,059	2,219,362	2,294,421	
2026	125,354	2,214,955	2,340,309	
2027	178,896	2,208,219	2,387,115	
2028-2032	1,823,499	10,847,596	12,671,095	(Total for 5 Year Period)
2033-2037	3,755,906	10,234,008	13,989,914	(Total for 5 Year Period)
2038-2042	6,328,222	9,117,773	15,445,995	(Total for 5 Year Period)
2043-2047	9,717,534	7,336,092	17,053,626	(Total for 5 Year Period)
2048-2052	14,147,179	4,681,402	18,828,581	(Total for 5 Year Period)
2053-2055	12,715,600	1,152,135	13,867,735	(Total for 3 Year Period)
	<u>\$ 48,895,100</u>	<u>\$ 54,453,773</u>	<u>\$ 103,348,873</u>	

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

	Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022
Right-of-use liability - Facilities	\$ -	\$ 48,895,100	\$ -	\$ 48,895,100
	<u>\$ -</u>	<u>\$ 48,895,100</u>	<u>\$ -</u>	<u>\$ 48,895,100</u>

**FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)

Contingencies and Concentrations

On January 30, 2020, Capital Trust Agency (the “issuer”) issued Educational Facilities Lease Revenue Bonds, Series 2020, in aggregate principal amount \$88,665,000. The bond was used to fund a loan by the issuer to Erudite Properties LLC, a Florida limited liability company, the sole member of which is Franklin Academy Foundation, Inc. Loan proceeds were used to (i) finance or refinance the acquisition, construction, rehabilitation, improvement and equipping of the Facilities for the School and for Franklin Academy Pembroke Pines High School in Pembroke Pines, Florida (Pembroke Pines Project) (ii) the funding of capitalized interest on the Bond; (iii) the funding of a debt service reserve fund for the Bond; and (iv) certain cost of issuance of the Series 2020 Bonds. The School’s and Franklin Academy Pembroke Pines High School’s lease payment are used by Erudite Properties, LLC to service the debt on the bond.

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

NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – INTER-FUND TRANSFERS

Inter-fund transfers in government funds as of June 30, 2022 consists of the followings:

	General Fund	Special Revenue Fund
To transfer lunch deficit	\$ (9,947)	\$ 9,947
To transfer school internal account funds	(24,948)	24,948
Total Transfers, net	\$ (34,895)	\$ 34,895
Due from (due to) fund balances are as follows:		
Due to General Fund from Special Revenue for ESSER	\$ 282,655	\$ (282,655)
Total Due from (due to)	\$ 282,655	\$ (282,655)

NOTE 10 – 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 \$23,040 for the year ended June 30, 2022. The School does not exercise any control or fiduciary responsibility over the Plan’s assets.

REQUIRED SUPPLEMENTAL INFORMATION

FRANKLIN ACADEMY F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
BUDGETARY SCHEDULES – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 8,728,314	\$ 8,244,550	\$ 8,244,550
TOTAL REVENUES	\$ 8,728,314	\$ 8,244,550	\$ 8,244,550
EXPENDITURES			
Instruction	\$ 4,680,659	\$ 3,889,703	\$ 3,889,703
Instructional staff training	1,500	2,323	2,323
Instructional and student support services	218,702	128,620	128,620
Curriculum development	22,949	24,700	24,700
General administration	182,615	155,579	155,579
School administration	597,917	478,302	478,302
Fiscal services	777,381	780,014	780,014
Pupil transportation	381,240	385,141	385,141
Operation of plant	1,639,334	796,657	796,657
Maintenance of plant	88,235	98,639	98,639
Other capital outlay	-	103,178	103,178
Interest expense- right-of-use liability	-	1,057,585	1,057,585
TOTAL CURRENT EXPENDITURES	\$ 8,590,532	\$ 7,900,441	\$ 7,900,441
Excess of Revenues Over Expenditures	137,782	344,109	344,109
Other financing sources (uses):			
Transfers in (out)	-	(34,895)	(34,895)
L/T amounts due from Erudite Properties, LLC		152,729	152,729
L/T amounts due to (from) Franklin Academy Foundation, Inc.	-	(329,879)	(329,879)
	-	(212,045)	(212,045)
Net change in fund balance	\$ -	\$ 132,064	\$ 132,064

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 F
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC. AND SUBSIDIARY)
BUDGETARY SCHEDULES – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal Sources	\$ 322,035	\$ 571,195	\$ 571,195
Charges and other revenues	-	121,938	121,938
TOTAL REVENUES	\$ 322,035	\$ 693,133	\$ 693,133
EXPENDITURES			
Instruction	\$ 322,035	\$ 502,445	\$ 502,445
Instructional and student support services	-	163,361	163,361
Curriculum development	-	11,950	11,950
Food services	-	11,161	11,161
Pupil transportation	-	21,414	21,414
Operation of plant	-	17,697	17,697
TOTAL EXPENDITURES	\$ 322,035	\$ 728,028	\$ 728,028
Change in fund balance before other financing sources	-	(34,895)	(34,895)
OTHER FINANCING SOURCES			
Transfers in	-	34,895	34,895
Net change in fund balance	<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*

Board of Directors of
Franklin Academy F
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, each major fund and the aggregate remaining fund information of Franklin Academy F (the “School”) as of and for the year ended June 30, 2022, 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 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Verdy-De Armas-Trujillo. Alvarez". The signature is written in a cursive style and is centered on a light gray rectangular background.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022



MANAGEMENT LETTER

Board of Directors of
Franklin Academy F
Pembroke Pines, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin Academy F (the “School”), a non-major component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 30, 2022.

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 30, 2022, 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 prior year findings and recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Franklin Academy F and #065046.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2022 is not deteriorating.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Broward County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022