

**FRANKLIN ACADEMY PALM BEACH
GARDENS CHARTER SCHOOL**
W/L# 4061
PALM BEACH GARDENS, FLORIDA
(A CHARTER SCHOOL UNDER FRANKLIN
ACADEMY FOUNDATION, INC. AND
SUBSIDIARY)

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

JUNE 30, 2022

FRANKLIN ACADEMY PALM BEACH GARDENS CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
 JUNE 30, 2022

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FRANKLIN ACADEMY PALM BEACH GARDENS CHARTER SCHOOL
(A Charter School Under Franklin Academy Foundation, Inc. and Subsidiary)

5651 Hood Road
Palm Beach Gardens, FL 33416
(561) 348-2525
2021-2022

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Jason Ratner, Principal

OTHER CORPORATE OFFICERS

Scott E. Sznitken, Executive Director



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Franklin Academy Palm Beach Gardens
Palm Beach Gardens, 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 Palm Beach Gardens (the "School"), a charter School under Franklin Academy Foundation, Inc. and Subsidiary, 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 Palm Beach Gardens, 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. These financial statements do not purport to and do not present fairly the financial position of Franklin Academy Foundation, Inc. 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 Academy’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Verdy-De Amari-Trujillo. Always". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022

Management’s Discussion and Analysis
Franklin Academy Palm Beach Gardens
(A Charter School Under Franklin Academy Foundation, Inc. and Subsidiary)
June 30, 2022

The corporate officers of Franklin Academy Palm Beach Gardens (the “School”) 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 net position of the School as of June 30, 2022 was \$1,040,638.
2. At year-end, the School had current assets on hand of \$2,880,280.
3. The total combined fund balance at year end was \$2,282,648.

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 and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

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

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

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

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 24 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 \$1,040,638 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:

	2022	2021
Cash	\$ 2,637,694	\$ 1,855,100
Due from other agencies	223,278	149,070
Prepaid expenses	19,308	-
Capital and right-of-use assets, net	46,955,976	301,994
Total Assets	49,836,256	2,306,164
Salaries and wages payable	553,148	602,128
Accounts payable	44,484	62,804
Right-of-use liability	48,165,325	-
Long-term payable to Franklin Academy Foundation, Inc.	32,661	348,865
Total Liabilities	48,795,618	1,013,797
Net Position:		
Net investments in capital assets	(1,209,349)	301,994
Unrestricted	2,249,987	990,373
Total Net Position	1,040,638	1,292,367
Total Liabilities and Net Position	\$ 49,836,256	\$ 2,306,164

At the end of the year, the School reported positive balances in total net position. A summary and analysis of the School's revenues and expenses for the years ended June 30, 2022 and 2021 is as follows:

REVENUES	<u>2022</u>	<u>2021</u>
Program Revenues		
Capital Grants and Contributions	\$ 569,530	\$ 649,387
Federal sources	1,134,854	627,178
Lunch Program fees	17,418	9,516
General Revenues		
Local Sources (FTE and other non specific)	9,466,992	8,197,177
Other Revenues	246,846	20,712
Total Revenues	<u>\$ 11,435,640</u>	<u>\$ 9,503,970</u>
 EXPENSES		
Instruction	\$ 4,822,823	\$ 4,416,788
Instruction and student support services	343,528	245,166
General administration	33,053	379
School administration	909,488	674,958
Fiscal services	762,686	699,171
Food services	685,264	430,822
Pupil transportation	96,350	168
Operation of plant	2,203,349	2,094,656
Maintenance of plant	194,475	161,690
Community services	8,686	28,068
Interest expense	1,627,667	140,996
Total Expenses	<u>\$ 11,687,369</u>	<u>\$ 8,892,862</u>
(Decrease) Increase in Net Position	(251,729)	611,108
 Net Position at Beginning of Year	<u>1,292,367</u>	<u>681,259</u>
Net Position at End of Year	<u>\$ 1,040,638</u>	<u>\$ 1,292,367</u>

The School's revenues increased by \$1,931,670. The School's expenses increased by \$2,794,507. The School had a decrease in its net position of \$251,729 for the year. Due to the implementation of GASB No. 87, Leases, the School recorded an additional expense of \$1,396,096, 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 \$1,144,367.

SCHOOL LOCATION AND LEASE OF FACILITY

The School leases a facility located at 5651 Hood Road, Palm Beach Gardens, FL 33418.

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 1,075 students enrolled from kindergarten through eighth grade.

ACCOMPLISHMENTS

Franklin Academy in Palm Beach Gardens completed its eighth successful year in 2021-2022.

A variety of scholar, parent and community events are hosted on our Palm Beach Gardens campus including dances; food truck events; a harvest festival; chess tournaments; various athletic games; parent academy nights; coffee with administration; and the Franklin Feast, which brings all scholars, faculty, and staff together to eat a traditional Thanksgiving meal as a Franklin Family. Our drama department has presented Tom Sawyer, The Lion King, Jr., Beauty and the Beast, A Midsummer Night's Dream.

Franklin Academy's Palm Beach Gardens campus completed its second year as an authorized IB World School and is currently seeking IB Middle Years Programme authorization.

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 funds reported a combined ending fund balance of \$2,282,648. The fund balance unassigned and available for spending at the School's discretion is \$2,215,792.

CAPITAL AND RIGHT-OF-USE ASSETS

The School's investment in capital assets as of June 30, 2022 amounts to \$186,747 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment. The School has no outstanding debt associated to Capital Assets. The School's investment in right-of-use assets relate to facility usage and totaled \$46,769,229 as of June 30, 2022 (net of accumulated amortization). The related right-of-use liability totaled \$48,165,325 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.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 545,263	\$ 569,530	\$ 569,530
Federal Sources	268,000	1,134,854	1,134,854
Lunch program fees	-	17,418	17,418
General Revenues			
FTE and other nonspecific revenues	8,444,156	9,466,992	9,466,992
Charges and other revenues	-	246,846	246,846
Total Revenues	<u>\$ 9,257,419</u>	<u>\$ 11,435,640</u>	<u>\$ 11,435,640</u>
CURRENT EXPENDITURES			
Instruction	\$ 4,465,039	\$ 4,758,140	\$ 4,758,140
Student support services	299,287	343,528	343,528
Central services	37,500	33,053	33,053
School administration	793,820	830,109	830,109
Fiscal services	771,354	762,686	762,686
Food services	268,000	685,264	685,264
Pupil transportation	190,620	96,350	96,350
Operation of plant	2,454,646	807,252	807,252
Maintenance of plant	15,000	194,475	194,475
Community services	-	8,686	8,686
Other capital outlay	-	28,816	28,816
Interest expense- right-of-use liability	-	1,627,667	1,627,667
Total Current Expenditures	<u>\$ 9,295,266</u>	<u>\$ 10,176,026</u>	<u>\$ 10,176,026</u>
Other Financing Sources (uses)			
Decreases payable L/T payable to FAF	-	(316,204)	(316,204)
	-	(316,204)	(316,204)
Net change in fund balance	<u>\$ (37,847)</u>	<u>\$ 943,410</u>	<u>\$ 943,410</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year. In addition, referendum funding was received during the year totaling \$1,193,619 and the School adjusted its budget at year-end based on final amounts accordingly.

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 Jason Ratner, 5651 Hood Road, Palm Beach Gardens.

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 2,637,694
Due from other agencies	223,278
Prepaid expenses	19,308
TOTAL CURRENT ASSETS	<u>2,880,280</u>
Capital assets, net	186,747
Right-of-use assets, net	46,769,229
TOTAL ASSETS	<u>\$ 49,836,256</u>
LIABILITIES	
CURRENT LIABILITIES	
Salaries and wages payable	\$ 553,148
Accounts payable	44,484
TOTAL CURRENT LIABILITIES	<u>597,632</u>
Long-term debt:	
Long-term payables to Frankline Academy Foundation, Inc.	32,661
Right-of-use liability	48,165,325
TOTAL LIABILITIES	<u>48,795,618</u>
NET POSITION	
Net investments in capital and right-of-use assets	(1,209,349)
Unrestricted	2,249,987
TOTAL NET POSITION	<u>1,040,638</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 49,836,256</u>

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 4,822,823	\$ -	355,337	\$ -	\$ (4,467,486)
Instructional and student support services	343,528	187,723	-	-	(155,805)
Central services	33,053	-	-	-	(33,053)
School administration	909,488	-	-	-	(909,488)
Fiscal services	762,686	-	-	-	(762,686)
Food services	685,264	17,418	779,517	-	111,671
Pupil transportation	96,350	5,320	-	-	(91,030)
Operation of plant	2,203,349	-	-	569,530	(1,633,819)
Maintenance of plant	194,475	-	-	-	(194,475)
Community services	8,686	-	-	-	(8,686)
Interest expense	1,627,667	-	-	-	(1,627,667)
Total Governmental Activities	\$ 11,687,369	\$ 210,461	\$ 1,134,854	\$ 569,530	\$ (9,772,524)
GENERAL REVENUES:					
FTE and other nonspecific revenues					9,466,992
Other revenues					53,803
Change in Net Position					(251,729)
NET POSITION - BEGINNING					1,292,367
NET POSITION - ENDING					<u>\$ 1,040,638</u>

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 2,637,694	\$ -	\$ 2,637,694
Due from other agencies	171,000	52,278	223,278
Prepaid expenses	19,308	-	19,308
Due from fund	52,278	-	52,278
TOTAL ASSETS	<u>\$ 2,880,280</u>	<u>\$ 52,278</u>	<u>\$ 2,932,558</u>
LIABILITIES			
Salaries and wages payable	\$ 553,148	\$ -	\$ 553,148
Accounts payable	44,484	-	44,484
Due to fund	-	52,278	52,278
TOTAL LIABILITIES	<u>597,632</u>	<u>52,278</u>	<u>649,910</u>
FUND BALANCE			
Assigned	-	-	-
Unassigned	2,282,648	-	2,282,648
TOTAL FUND BALANCE	<u>2,282,648</u>	<u>-</u>	<u>2,282,648</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,880,280</u>	<u>\$ 52,278</u>	<u>\$ 2,932,558</u>

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

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2022**

Total Fund Balance - Governmental Funds \$ 2,282,648

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

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

Capital assets, net	1,968,563
Accumulated depreciation	(1,781,816)

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	46,769,229
Right-of-use liability	(48,165,325)

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

Long term payable	(32,661)
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Total Net Position - Governmental Activities

\$ 1,040,638

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

FRANKLIN ACADEMY PALM BEACH GARDENS
(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, 2022

	General Fund	Non-major Governmental Funds	Special Revenue Fund	Total Governmental Funds
REVENUES				
State capital outlay funding	\$ -	\$ 569,530	\$ -	\$ 569,530
State passed through local	9,466,992	-	-	9,466,992
Federal Sources	-	-	1,134,854	1,134,854
Lunch program fees	-	-	17,418	17,418
Charges and other services	-	-	246,846	246,846
TOTAL REVENUES	\$ 9,466,992	\$ 569,530	\$ 1,399,118	\$ 11,435,640
EXPENDITURES				
Current				
Instruction	\$ 4,402,803	\$ -	\$ 355,337	\$ 4,758,140
Instructional and student support services	102,003	-	241,525	343,528
Central services	33,053	-	-	33,053
School administration	830,109	-	-	830,109
Fiscal services	762,686	-	-	762,686
Food services	-	-	685,264	685,264
Pupil transportation	91,030	-	5,320	96,350
Operation of plant	807,252	-	-	807,252
Maintenance of plant	194,475	-	-	194,475
Community services	8,686	-	-	8,686
Capital Outlay:				
Other capital outlay	28,816	-	-	28,816
Right-of-use asset	-	48,165,325	-	48,165,325
Debt service:				
Interest expense- right-of-use liability	946,465	569,530	111,672	1,627,667
TOTAL EXPENDITURES	\$ 8,207,378	\$ 48,734,855	\$ 1,399,118	\$ 58,341,351
Excess (deficit) of revenues over expenditures	1,259,614	(48,165,325)	-	(46,905,711)
Other Financing Sources (uses)				
Increase in right-of-use liability	-	48,165,325	-	48,165,325
Decreases payable L/T payable to FAF	(316,204)	-	-	(316,204)
	(316,204)	48,165,325	-	47,849,121
Net change in fund balance	943,410	-	-	943,410
Fund balance at beginning of year	1,339,238	-	-	1,339,238
Fund balance at end of year	<u>\$ 2,282,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,282,648</u>

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

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance - Governmental Funds \$ 943,410

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	28,816
Depreciation expense	(144,063)

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	(1,396,096)
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Decreases in long term payables is an expenditures in the
governmental funds, but decreases long term liabilities in the
statement of net position. This is the amount by which long term
payables decreased in the current cut off period.

316,204

Change in Net Position of Governmental Activities	\$ (251,729)
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The accompanying notes are an integral part of this financial statement.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Franklin Academy Palm Beach Gardens (the "School"), is a charter school sponsored by the School Board of Palm Beach County, Florida (the "District"). The School's charter is held by Franklin Academy Foundation, Inc. and Subsidiary, a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Franklin Academy Foundation, Inc., 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 financial statement.

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 Palm Beach County, Florida. The current charter expires June 30, 2034 and can be further renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the chapter and Section 1002.33 of the Florida Statutes.

The School's location is in Palm Beach Gardens, Florida for children from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ending June 30, 2022, when a total of approximately 1,075 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.

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 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.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Government-wide and Fund Financial Statements (Continued)

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, equity, revenues and expenditures. The school reports the following major governmental funds with all non-major funds aggregate in a single column:

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

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

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) Codification of Accounting and Financial Reporting Guidance.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

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.

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 the government financial statements. Proceeds received from the sale of or disposal of capital assets are recorded as other financing sources in the fund financial statements. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, Equipment and Fixture	5-7 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.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Compensated Absences (Continued)

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.

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.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

Net Position and Fund Balance Classifications (Continued)

Fund financial statements

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

- **Nonspendable** - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, and prepaid expenses.
- **Restricted** - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. 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.

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.

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.

FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

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 July 1, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets:				
Buildings and improvements	\$ 20,210	\$ -	\$ -	\$ 20,210
Computer equipments and software	468,442	-	-	468,442
Furniture, equipment and textbooks	1,451,095	28,816	-	1,479,911
Total Capital Assets	<u>1,939,747</u>	<u>28,816</u>	<u>-</u>	<u>1,968,563</u>
Less Accumulated Depreciation:				
Buildings and improvements	(20,041)	(169)	-	(20,210)
Computer equipments and software	(320,058)	(62,217)	-	(382,275)
Furniture, equipment and textbooks	(1,297,654)	(81,677)	-	(1,379,331)
Total Accumulated Depreciation	<u>(1,637,753)</u>	<u>(144,063)</u>	<u>-</u>	<u>(1,781,816)</u>
Capital Assets, net	<u>\$ 301,994</u>	<u>\$ (115,247)</u>	<u>\$ -</u>	<u>\$ 186,747</u>

Depreciation expense for the year ended June 30, 2022 was \$144,063, of which \$79,379 was allocated to school administration and \$64,684 was allocated to instruction.

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	\$ -	\$ 48,165,325	\$ -	\$ 48,165,325
Total Capital Assets	<u>-</u>	<u>48,165,325</u>	<u>-</u>	<u>48,165,325</u>
Less Accumulated Amortization:				
Right-of-use Asset	-	(1,396,096)	-	(1,396,096)
Total Accumulated Amortization	<u>-</u>	<u>(1,396,096)</u>	<u>-</u>	<u>(1,396,096)</u>
Right-of-use asset, net	<u>\$ -</u>	<u>\$ 46,769,229</u>	<u>\$ -</u>	<u>\$ 46,769,229</u>

Amortization expense for the year ended June 30, 2022 totaled \$1,396,096 and was allocated to operation of plant.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$2,637,694 and the respective bank balances totaled \$2,637,694.

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 \$2,637,694.

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 \$171,000. 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.

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 \$666,977.

In addition, Building Hope Services., a professional charter school management company, provides accounting and human resources management services to the School including, but not limited to, regulatory compliance, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$50 per full time equivalent (FTE) student per year. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2022, the School incurred \$54,190 in management fees. Building Hope Services is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 - RELATED PARTY TRANSACTIONS

At June 30, 2022, the School had a payable of \$32,661 to its charter holder.

During 2018 and 2015, the School received \$228,115 and \$450,000, respectively, as a recoverable grant from Franklin Academy Foundation, Inc. Repayment of these grants are 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. In addition, on July 1, 2019, the School assumed \$575,000 of recoverable grants received by Franklin C, a charter school that merged into this School. The maximum amount the School may be required to pay in the future should the School meet the requirements for repayment is \$1,253,115.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (or 2% for high performing schools) of the qualifying revenues of the School. For the year ended June 30, 2022, net administrative fees withheld by the School District totaled \$38,162.

NOTE 7 - COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

On January 30, 2020 the School entered into a new 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. For 2022, rent expense under this lease totaled \$1,627,667.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in these financial statements for the facility lease, based on the current student count and allocation. The School used an interest rate of 4.5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was \$1,627,667 and the amortization of the right-to-use asset was \$1,396,096 for the year ended June 30, 2022.

Annual requirements to amortize this lease liability and related interest are as follows:

Fiscal Year End	Principal	Interest	Total	
2023	\$ -	\$ 2,127,264	\$ 2,127,264	
2024	27,435	2,188,423	2,215,858.20	
2025	73,939	2,186,237	2,260,175.40	
2026	123,483	2,181,896	2,305,378.92	
2027	176,226	2,175,260	2,351,486.52	
2028-2032	1,796,285	10,685,693	12,481,977.60	(Total for 5 Year Period)
2033-2037	3,699,847	10,081,261	13,781,108.52	(Total for 5 Year Period)
2038-2042	6,233,771	8,981,686	15,215,457.36	(Total for 5 Year Period)
2043-2047	9,572,496	7,226,598	16,799,094.48	(Total for 5 Year Period)
2048-2052	13,936,027	4,611,531	18,547,557.72	(Total for 5 Year Period)
2053-2055	12,525,815	1,085,153	13,610,967.34	(Total for 3 Year Period)
	<u>\$ 48,165,325</u>	<u>\$ 53,531,001</u>	<u>\$ 101,696,326</u>	

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 - COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)

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

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Right-of-use Liability	\$ -	\$ 48,165,325	\$ -	\$ 48,165,325
Total right-of-use liability	\$ -	\$ 48,165,325	\$ -	\$ 48,165,325

Contingencies and Concentrations

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

NOTE 8 — RISK MANAGEMENT

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

NOTE 9 — DEFINED CONTRIBUTION RETIREMENT PLAN

The School's personnel are eligible to participate in a defined contribution 401(k) plan covering employees who meet certain age and tenure requirements. Under the Plan, the School provides a match of the employee's contribution up to 2.5% of the employee's compensation. The School contributed to the Plan \$31,619 for the year ended June 30, 2022. The School does not exercise any control or fiduciary responsibility over the Plans' assets.

NOTE 10 — INTERFUND BALANCES

Interfund balances in governmental funds as of June 30, 2022 consist of the following:

	General Fund	Non-Major Governmental Funds
Due to General Fund from Capital Projects Fund	\$ 52,278	\$ (52,278)
Total Due from (Due to)	\$ 52,278	\$ (52,278)

REQUIRED SUPPLEMENTAL INFORMATION

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 8,444,156	\$ 9,466,992	\$ 9,466,992
TOTAL REVENUES	\$ 8,444,156	\$ 9,466,992	\$ 9,466,992
EXPENDITURES			
Current:			
Instruction	\$ 4,465,039	\$ 4,402,803	\$ 4,402,803
Instructional and student support services	299,287	102,003	102,003
Central services	37,500	33,053	33,053
School administration	793,820	830,109	830,109
Fiscal services	771,354	762,686	762,686
Pupil transportation	190,620	91,030	91,030
Operation of plant	1,909,383	807,252	807,252
Maintenance of plant	15,000	194,475	194,475
Community services	-	8,686	8,686
Other capital outlay	-	28,816	28,816
Interest expense	-	946,465	946,465
Total Current Expenditures	\$ 8,482,003	\$ 8,207,378	\$ 8,207,378
Excess of Revenues			
Over Current Expenditures	(37,847)	1,259,614	1,259,614
Other financing sources (uses):			
Long term advances from FAF		(316,204)	(316,204)
Net change in fund balance	\$ (37,847)	\$ 943,410	\$ 943,410

Notes to Budgetary Comparison Schedules

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

**FRANKLIN ACADEMY PALM BEACH GARDENS
(A CHARTER SCHOOL UNDER FRANKLIN ACADEMY FOUNDATION, INC.)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal Sources	\$ 268,000	\$ 1,134,854	\$ 1,134,854
Lunch program fees	-	17,418	17,418
Charges and other services	-	246,846	246,846
TOTAL REVENUES	\$ 268,000	\$ 1,399,118	\$ 1,399,118
EXPENDITURES			
Current:			
Instruction	\$ -	\$ 355,337	\$ 355,337
Instructional and student support services	-	241,525	241,525
Food services	268,000	685,264	685,264
Pupil transportation	-	5,320	5,320
Interest expense- right-of-use liability	-	111,672	111,672
	<u>268,000</u>	<u>1,399,118</u>	<u>1,399,118</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedules

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



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

Board of Directors
Franklin Academy Palm Beach Gardens
Palm Beach Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Franklin Academy Palm Beach Gardens (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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We issued a separate management letter dated September 30, 2022 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.

A handwritten signature in black ink that reads "Verdy-DeKmar-Trujillo-Alvarez". The signature is written in a cursive style and is centered on the page.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022



MANAGEMENT LETTER

Board of Directors
Franklin Academy Palm Beach Gardens
Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of Franklin Academy Palm Beach Gardens (the “School”), 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 findings and recommendations in the preceding 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 Palm Beach Gardens, 4061

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Franklin Academy Palm Beach Gardens. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022