

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A
THE PALM BEACH ACADEMY FOR LEARNING

COMPONENT UNIT
FINANCIAL STATEMENTS

JUNE 30, 2008

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A
THE PALM BEACH ACADEMY FOR LEARNING
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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The Board of Directors
Palm Beach School for Autism, Inc. d/b/a
The Palm Beach Academy for Learning
Lantana, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying component unit basic financial statements of governmental activities, each major fund and the aggregate remaining fund information of Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning ("Academy") a component unit of The School District of Palm Beach County, Florida as of and for the year ended June 30, 2008, which collectively comprise the Academy's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit 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 the Academy at June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budget comparison information on pages 2 through 4 and 11, are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2008 on our consideration of Academy's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DiCrescenzo and Company, P.A.

DiCrescenzo and Company, P.A.
Certified Public Accountants
Deerfield Beach, Florida
September 8, 2008

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

The Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning ("Academy") is a public charter school operated in Palm Beach County, FL, under the sponsorship of the School District of Palm Beach County.

Within this section of Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning's annual financial report, the Academy's management provides narrative discussion and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2008. The Academy's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Academy's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Academy also includes in this report additional information to supplement the basic financial statements.

Financial Highlights

The Academy's liabilities exceed its assets by (\$176,788) (net assets) for the fiscal year reported. This compared to the previous year when liabilities exceeded assets by (\$14,544).

Total net assets are comprised of the following:

- (\$176,788) in unrestricted funds

Financial Analysis of School

Government funds are reported in the fund financial statements and encompass essentially the same functions reported as government activities in the government wide financial statements.

Primary, all of the Academy's revenue is received through the sponsor and generally was provided by the State of Florida. The revenue per student each year is determined by the State of Florida and paid to the Academy based upon the student counts on certain dates in October and February of the fiscal year.

Government-Wide Financial Statements

The Academy's annual report includes two government wide financial statements. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting. This includes financial statements prepared on a full accrual accounting.

The first of these government-wide statements is the *Statement of Net Assets*. This is the Academy-wide statement of position presenting information that includes all the of the Academy's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator whether the financial position of the Academy as a whole is improving or deteriorating. Evaluation of the overall health of the Academy would extend to other nonfinancial factors such as student education, progress and improvements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2008

Government-Wide Financial Statements (Continued)

The second government-wide statement is the *Statement of Activities*, which reports how the Academy's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Academy's distinct activities or functions on revenues provided by the school district and other private grants.

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Both government-wide financial statements distinguish governmental activities of the Academy that are principally supported by intergovernmental revenues, and other grants.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Academy uses funds to ensure and demonstrate compliance with finance-related laws and regulation. Within the basic financial statements, fund financial statements focus on the Academy's most significant funds.

Government Funds

Government funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with funds statements providing a distinctive view of the Academy's government funds. These are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

The summary of the Academy government-wide statement of net assets is as follow:

	Condensed Statement of Net Assets Governmental Activities June 30, 2008 and 2007		
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Current and Other Assets	\$ 122,775	\$ 62,833	\$ 59,942
Current Liabilities	<u>299,563</u>	<u>77,387</u>	<u>222,176</u>
Net Assets	<u>\$ (176,788)</u>	<u>\$ (14,554)</u>	<u>\$ (162,234)</u>
Unrestricted	<u>\$ (176,788)</u>	<u>\$ (14,554)</u>	<u>\$ (162,234)</u>

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2008

Condensed Statement of Activities
For the years 2008 and 2007

	2008	2007	Change
Program Revenue:			
Charge for services	\$ 11,087	\$ 6,840	\$ 4,247
Operating grant	55,345	18,760	36,585
General Revenue:			
FEFP fees	594,133	380,618	213,515
IDEA income	24,530	21,147	3,383
Lead Teacher	512	504	8
Contributions	5,000	22,082	(17,082)
Interest	213	45	168
Other	1,520	290	1,230
Total Revenue	692,340	450,286	242,054
Functions/Program Expenses:			
Instruction services	435,594	240,863	194,731
Instructional Support services	78,366	34,779	43,587
School administration	112,467	88,834	23,633
Fiscal services	24,925	12,646	12,279
Operation	143,582	85,436	58,146
Maintenance services	59,640	2,282	57,358
Total expense	854,574	464,840	389,734
Change in net assets	\$ (162,234)	\$ (14,554)	\$ (147,680)

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

GOVERNMENTAL FUNDS

GENERAL FUND

The general fund is the operating fund. It recognized \$692,340 in total revenues offset with \$854,574 in expenditures. This resulted in a current year deficiency of revenues over expenditures of (\$162,234). Fund Balance at the beginning of the year was (\$14,554). The beginning balance of (\$14,554), combined with the current year activity, resulted in an end of year fund balance (deficit) of (\$176,788).

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Academy charges a fee. For fiscal year ended June 30, 2008, the Academy did not have any proprietary funds.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
 STATEMENT OF NET ASSETS
 June 30, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 98,245
Accounts Receivable	24,530
TOTAL ASSETS	122,775
LIABILITIES	
Accrued expenses	299,563
TOTAL LIABILITIES	299,563
NET ASSETS	
Unrestricted	(176,788)
TOTAL NET ASSETS	\$ (176,788)

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2008

Program Activities	Program Revenue		Net Revenue and Change in Net Assets		
	Expenses	Charge for Services	Operating Grant and Contributions	Governmental Activities	Total
Governmental Activities:					
Instruction services	\$ 435,594	\$ 11,087	\$ 55,345	\$ (369,162)	\$ (369,162)
Instruction support services	78,366	-	-	(78,366)	(78,366)
School administration	112,467	-	-	(112,467)	(112,467)
Fiscal services	24,925	-	-	(24,925)	(24,925)
Operation	143,582	-	-	(143,582)	(143,582)
Maintenance services	59,640	-	-	(59,640)	(59,640)
Total Governmental Activities	\$ 854,574	\$ 11,087	\$ 55,345	(788,142)	(788,142)
General Revenue					
FEFP fees				594,133	594,133
IDEA income				24,530	24,530
Lead Teacher				512	512
Contributions				5,000	5,000
Interest				213	213
Other				1,520	1,520
Total General Revenue				625,908	625,908
Change in Net Assets				(162,234)	(162,234)
Net Assets-Beginning				(14,554)	(14,554)
Net Assets-Ending				\$ (176,788)	\$ (176,788)

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
For the Fiscal Year Ended June 30, 2007

Total Fund Balance (Deficit) - Total Governmental Fund	\$ <u>(176,788)</u>
Net Assets of Governmental Activities	\$ <u>(176,788)</u>

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2008

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 98,245
Accounts Receivable	<u>24,530</u>
TOTAL ASSETS	<u><u>\$ 122,775</u></u>
LIABILITIES	
Accrued expenses	<u>\$ 299,563</u>
TOTAL LIABILITIES	<u>299,563</u>
FUND EQUITY	
Unreserved	<u>(176,788)</u>
TOTAL FUND EQUITY	<u>(176,788)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 122,775</u></u>

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	<u>General Fund</u>
Revenues:	
FEFP fees	\$ 594,133
IDEA income	24,530
Lead Teacher	512
Contributions	5,000
Implementation Grant	55,345
Interest	213
Aftercare fees	11,087
Other	<u>1,520</u>
Total revenues	<u>692,340</u>
Expenditures:	
Instruction services	435,594
Instruction support services	78,366
School administration	112,467
Fiscal services	24,925
Operations	143,582
Maintenance services	<u>59,640</u>
Total expenditures	<u>854,574</u>
(Deficiency) of revenues over expenditures	(162,234)
Fund Balance (Deficit) - July 1, 2007	<u>(14,554)</u>
Fund Balance (Deficit) - June 30, 2008	<u>\$ (176,788)</u>

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE (DEFICIT) OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Net change in fund balance (deficit) - total government funds	\$ <u>(162,234)</u>
Change in net assets of governmental activities	\$ <u>(162,234)</u>

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
FEFP fees	\$ 362,236	\$ 594,133	\$ 231,897
IDEA	20,000	24,530	4,530
Lead Teacher	500	512	12
Contributions	-	5,000	5,000
Implementation Grant	75,040	55,345	(19,695)
Interest	500	213	(287)
Aftercare fees	5,764	11,087	5,323
Other	<u>-</u>	<u>1,520</u>	<u>1,520</u>
Total revenues	<u>464,040</u>	<u>692,340</u>	<u>228,300</u>
Expenditures:			
Instruction services	430,000	435,594	(5,594)
Instruction support services	-	78,366	(78,366)
School administration	-	112,467	(112,467)
Fiscal services	18,500	24,925	(6,425)
Operations	141,540	143,582	(2,042)
Maintenance services	<u>-</u>	<u>59,640</u>	<u>(59,640)</u>
Total expenditures	<u>590,040</u>	<u>854,574</u>	<u>(264,534)</u>
(Deficiency) of revenues over expenditures	<u>\$ (126,000)</u>	(162,234)	<u>\$ (36,234)</u>
Fund Balance (Deficit) - July 1, 2007		<u>(14,554)</u>	
Fund Balance (Deficit) - June 30, 2008		<u>\$ (176,788)</u>	

The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning (“Academy”) was established as a non-profit organization in May 2006 under the laws of the State of Florida.

The Academy operates under Florida statutes 228.056(7) as a Charter Contract with the School District of Palm Beach County, Florida (the School Board). Under the Charter, the Academy provides education to children of elementary age that have been diagnosed with autism in Palm Beach County.

The Charter requires the School Board to provide the Academy’s primary source of funding based upon the number of full-time equivalent students registered at the Academy.

There are no component units; however, the Academy is a component unit of School District Palm Beach County, Florida.

2. Reporting Entity

The Academy's financial reporting entity consists of the following:

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Academy as a whole.

The statement of activities report 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 positions of a fund or summarize more than one fund to capture the expense and program revenues associated with a district functional activity. Program revenues include: (1) charges for services which report fees and other charges, (2) operating grants and contributions which finance annual operating activities including restricted investment income, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these programs uses.

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns.

3. Measure Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Academy are prepared in accordance with generally accepted accounting principles (GAAP). The reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinion issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measure Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

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. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Academy considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenues sources susceptible to accrual include: intergovernmental revenues and investment income.

4. Major Fund

General Fund - The General Fund is the general operating fund. It is used to account for all current financial resources except those required to be accounted for in another fund of the Academy.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. The actual results could differ from those estimates.

6. Budget

Budget to actual comparison are reflected in the accompanying financial statements for general fund type which the Academy has adopted for its operations. The Academy adopts its budget on basis consistent with generally accepted accounting principles. The budget control is total expenditures since there are no departments.

7. Capital Assets and Depreciation

The Academy's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements.

The Academy generally capitalizes assets with cost of \$5,000 or more as outlay occur. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and other cost incurred for repairs and maintenance are expensed as incurred. Depreciation of capital assets is calculated on the straight-line basis over the estimated useful life as follows:

Furniture, fixture and equipment	3 to 7 years
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PALM BEACH SCHOOL FOR AUTISM, INC. D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE B – CONCENTRATION OF RISK

The Academy maintains bank accounts at one bank. Each account is insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2008, the Academy's uninsured cash balance totaled \$9,674. The Academy has not incurred losses related to these investments.

NOTE C – SCHOOL DISTRICT OF PALM BEACH COUNTY

The Academy has an agreement with the School District of Palm Beach County, Florida, to operate a Charter School. The Charter School receives funding from the School District of Palm Beach County, Florida, based on the projected number of full time equivalent (FTE) students. The term of the agreement is for three (3) years beginning July 1, 2006, and ending June 30, 2009. Thereafter, the agreement may be renewed by mutual agreement of the parties.

NOTE D – CONTINGENCIES

The Academy receives funding through the School District of Palm Beach, Florida, that is based in part on a computation of the number of full time equivalent ("FTE") students enrolled. The accuracy of data compiled supporting the FTE count is subject to audit, and if found to be in error, could result in refunds or in decrease of future funding allocations. It is the opinion of management that the amount of revenue which may be remitted back due to errors in the FTE count, if any, will not be material to the financial position of the Academy. In addition, the continued operations of the Academy are depended upon an agreement with School District of Palm Beach, Florida.

NOTE E – RENT

The Academy leases two cottages with the State of Florida Department of Health, A.G. Holley State Hospital in Lantana, Florida.

For future minimum lease payment are as follow:

<u>May 31</u>	
2009	\$ 55,141
2010	<u>18,251</u>
	<u>\$ 73,392</u>

NOTE F- RISK MANAGEMENT

The Academy is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Academy carries commercial insurance.

NOTE G – RELATED PARTY

The Palm Beach Academy for Learning is a division of the Palm Beach School for Autism, Inc. ("School") with separate charters. The School and Academy have intercompany transactions that pertain to payroll and insurance. The School pays for these expenses and then charges the Academy for their portion. The Academy and School also share the same Board of Directors.

**INDEPENDENT AUDITORS' 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**

The Board of Directors
Palm Beach School for Autism, Inc. d/b/a
The Palm Beach Academy for Learning
Lantana, Florida

We have audited the component unit basic financial statements of the governmental activities for each major fund of Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning (the "Academy") as of and for the year ended June 30, 2008, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated September 8, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the State of Florida office of the Auditor General, School District of Palm Beach County, Florida, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

DiCrescenzo and Company, P.A.

DiCrescenzo and Company, P.A.
Certified Public Accountants
Deerfield Beach, Florida
September 8, 2008

MANAGEMENT LETTER

To the Board of Directors
Palm Beach School for Autism, Inc. d/b/a
The Palm Beach Academy for Learning
Lantana, Florida

We have audited the component unit basic financial statements of Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning (“Academy”) as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated September 8, 2008.

We have 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. We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*, dated September 8, 2008, and it should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550 and 10.850, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.), require that we address in the management letter, if not already addressed in the auditor’s reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Academy complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(h)4.), require disclosure in the management letter of the following matters if not already addressed in the auditors’ reports on compliance and internal controls or schedule of findings and questions costs and are not clearly in consequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by , or that come to the attention of the auditor. There are no items requiring disclosure.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a), a statement must be included as to whether or not the local government entity has met on or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Page Two

As required by the Rules of the Auditor General (Sections 10.554(h)6.c and 10.556(7)), we applied financial assessment procedures. It is management's responsibility to monitor the entity'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 Rules of the Auditor General Section 10.856(2), state that a management letter shall include a statement as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no such matters in the preceding year.

The Rules of the Auditors General (Section 10.854(1)(d)2.), state that a management letter shall include a statement as to whether or not failure to pay short-term loans or make bond debt service or other long-term debt payments when due, failure to pay uncontested claims from creditors within 90 days, failure to transfer at the appropriate time: taxes withheld on income or employees, employer and employee contributions for federal social security or any pension, retirement, or benefit plan of an employee, and failure for one pay period to pay: wages and salaries owed to employees or retirement benefits owed to former employees due to the lack of funds. There were no such matters in the proceeding year.

The Academy complied with Florida Statutes 218.415 local government investment policies.

We have applied financial condition assessment procedures pursuant to Rule 10.556(8).

The official title of the Academy is Palm Beach School for Autism, Inc. d/b/a The Palm Beach Academy for Learning.

This management letter is intended solely for the information and use of the Board members, management, and the State of Florida Office of the Auditor General, School District of Palm Beach County, Florida, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



DiCrescenzo and Company, P.A.
Certified Public Accountants
Deerfield Beach, Florida
September 8, 2008