



PALM BEACH
SCHOOL *for* AUTISM

Changing lives of children with autism one piece at a time.

PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
LANTANA, FLORIDA
JUNE 30, 2009

**Financial Statements,
Independent Auditor's Report Thereon,
Independent Auditor's Report on
Compliance and Internal Controls, and
Management Letter**

HCT

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Palm Beach School for Autism, Inc., d/b/a The Palm Beach Academy for Learning, as of and for the year ended June 30, 2009, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Palm Beach School for Autism, Inc.'s management. Our responsibility is to an express opinion on the 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Palm Beach School for Autism, Inc. as of June 30, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2009, on our consideration of the Palm Beach School for Autism, Inc.'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 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 considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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.

Marney Livingston Thomas, CPA
Hollywood, Florida
September 23, 2009

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

This discussion and analysis of the Palm Beach School for Autism, Inc.'s (the "School") financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2009:

- ❖ Total ending unrestricted net assets were approximately \$ (211,000).
- ❖ The School had total expenditures for the year of about \$1,285,000 compared to revenue of approximately \$1,074,000.

The School did not exceed the budget set by the Board of Directors for the fiscal year ended June 30, 2009. With a positive variance for revenues, and a negative variance for expenditures (expenditures were less than budgeted), the School exceeded expectations for actual cash inflows.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The Statement of Net Assets includes all of the School's asset and liabilities using the accrual basis of accounting. Accrual based accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the School's financial position.

The Statement of Activities is also shown using the accrual basis of accounting. It shows the increase and/or decrease in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in State funding, must also be considered when assessing the overall financial health of the School.

In the government-wide financial statements, all of the School's activities are considered to be governmental. The School has no business type activities, which are generally financed in whole or in part by fees charged to external parties for goods and services.

PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Fund Financial Statements

The Governmental Funds financial statements provide more detailed information about the School's individual fund activity. A detailed description of governmental funds is provided below:

- ❖ **Governmental Funds** – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can be readily converted to cash. This provides a short-term view of the School's financial position, to help determine whether there are more or fewer financial resources that can be spent in the near term to finance the School's programs. Given that this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided within the fund statements. This information helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains one major fund which is the General fund.

General Fund – All financial resources except those required to be reported in another fund.

Special Revenue Fund – The proceeds of specific revenue sources (other than major capital projects), which are restricted to expenditures for specified purposes.



**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

CONDENSED FINANCIAL INFORMATION

The following tables present condensed financial information derived from the government-wide financial statements comparing the current year to the prior year.

	Total Governmental Activities		Percentage Change
	2009	2008	
<u>Assets</u>			
Non-capital assets	\$ 99,113	\$ 122,775	
Total assets	\$ 99,113	\$ 122,775	(19%)
<u>Liabilities</u>			
Current Liabilities	\$ 310,421	\$ 299,563	
Total liabilities	310,421	299,563	4%
<u>Net assets</u>			
Unrestricted	(211,308)	(176,788)	
Total net assets	(211,308)	(176,788)	(20%)
Total net assets and Liabilities	\$ 99,113	\$ 122,775	

The School's net asset deficit will be eliminated on July 1, 2009, when the School's operations are combined with the Palm Beach School for Autism, a separate Charter School but organized within the School Palm Beach School for Autism, Inc.



**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

	<u>Total Governmental Activities</u>		<u>Percentage Change</u>
	<u>2009</u>	<u>2008</u>	
<u>Revenues</u>			
Florida Educational Finance Program	\$ 927,079	\$ 594,133	56 %
Capital grant and contribution	90,746	66,432	37 %
IDEA grant	54,589	24,530	123 %
Other unrestricted income	1,899	7,245	(74 %)
Total Revenues	<u>1,074,313</u>	<u>692,340</u>	55 %
<u>Expenses</u>			
Instruction	940,496	\$ 513,960	83 %
General Support	345,125	340,614	1 %
Total Expenses	<u>1,285,621</u>	<u>854,574</u>	50 %
<u>Net Assets</u>			
Changes in Net Assets	(211,308)	(162,234)	(30 %)
Beginning Net Assets	(176,788)	(14,554)	(115 %)
Prior Period Adjustment	176,788	-	100 %
Ending Net Assets	<u>\$ (211,308)</u>	<u>\$ (176,788)</u>	(20 %)

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated approximately \$954,000 in general revenues and approximately \$120,000 in special revenues, and incurred approximately \$1,285,000 in expenditures, resulting in an excess of expenditures over revenues of approximately and a \$211,000 decrease in net assets.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance was approximately \$ (211,000). The School recognized \$1,074,000 in total revenues and \$1,285,000 in expenditures. Revenues and expenditures increased overall from the previous year by 55 percent and 50 percent, respectively.

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Special Revenue Fund

The Special Revenue funds reported revenue of approximately \$120,000 and incurred the same in expenditures.

BUDGETARY HIGHLIGHTS

General and Special Revenue Funds

Revenues received in the General fund were those funded through the Palm Beach County School District for the fiscal year. In the Special Revenue fund, the School also received monies through gifts and donations from the School's Patrons.

Total Governmental fund expenditures were less than total budgeted amounts. See the required supplementary information on Page 17 for detail.

Proprietary Fund

Proprietary funds are reported in the fund financial statements and generally report services for which a fee is charged. For the year ended June 30, 2009, the School did not have any proprietary funds.

ECONOMIC FACTORS

Economic factors that could affect the School's operations may include operational changes, limited classroom space, and the State's base student allocation. We did not identify any conditions that have or are expected to have, a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional information, contact the President of the Board of Directors, Palm Beach School for Autism Inc., 1199 West Lantana Road, Lantana, Florida 33462.

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 44,079	\$ 44,079
Grant Receivables	55,034	55,034
	99,113	99,113
Total Current Assets	99,113	99,113
Total Assets	\$ 99,113	\$ 99,113
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 70,251	\$ 70,251
Accrued Compensated Absences	7,298	7,298
Due to related entity	232,872	232,872
	310,421	310,421
Total Current Liabilities	310,421	310,421
Total Liabilities	310,421	310,421
NET ASSETS		
	-	-
Unrestricted	(211,308)	(211,308)
	(211,308)	(211,308)
Total Net Assets	\$ (211,308)	\$ (211,308)

See Accompanying Notes to the Financial Statements

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Total
Primary Government:					
Governmental Activities:					
Basic Instruction	\$ 787,300	\$ 25,153	\$ 65,593	\$ (696,554)	\$ (696,554)
Instructional Staff Training Services	153,196	-	-	(153,196)	(153,196)
School Administration	178,914	-	-	(178,914)	(178,914)
Fiscal Services	18,190	-	-	(18,190)	(18,190)
Public Transportation Services	14,104	-	-	(14,104)	(14,104)
Operation of Plant	125,336	-	-	(125,336)	(125,336)
Maintenance	8,581	-	-	(8,581)	(8,581)
Total governmental activities	\$ 1,285,621	\$ 25,153	\$ 65,593	(1,194,875)	(1,194,875)
General Revenues:					
				54,589	54,589
				927,079	927,079
				1,899	1,899
				983,567	983,567
				(211,308)	(211,308)
				(176,788)	(176,788)
				176,788	176,788
				\$ (211,308)	\$ (211,308)

See Accompanying Notes to the Financial Statements

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash	\$ 44,079	\$ -	44,079
Grants receivable	55,034	-	55,034
TOTAL ASSETS	<u>99,113</u>	<u>-</u>	<u>99,113</u>
LIABILITIES			
Accounts payable	70,251	-	70,251
Due to corporation	232,872	-	232,872
Accrued Compensated Absences	7,298	-	7,298
TOTAL LIABILITIES	<u>310,421</u>	<u>-</u>	<u>310,421</u>
Fund Balances:			
Unrestricted	(211,308)	-	(211,308)
TOTAL FUND EQUITY	<u>(211,308)</u>	<u>-</u>	<u>(211,308)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 99,113</u>	<u>\$ -</u>	<u>\$ 99,113</u>

Reconciliation of the governmental funds Balance Sheet to the Statement of
Net Assets for the year ended June 30, 2009

Total fund balances - governmental funds	<u>(211,308)</u>
Net Assets of Governmental Activities	<u>\$ (211,308)</u>

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
IDEA Grant	\$ -	\$ 54,589	\$ 54,589
State Source FTE	927,079	-	927,079
Implementation Grant	-	65,593	65,593
Earnings on Investments	301	-	301
Miscellaneous Income	26,751	-	26,751
TOTAL REVENUES	<u>954,131</u>	<u>120,182</u>	<u>1,074,313</u>
EXPENDITURES			
Basic Instruction	721,250	66,050	787,300
Instructional Staff Training Services	99,064	54,132	153,196
School Administration	178,914	-	178,914
Fiscal Services	18,190	-	18,190
Public Transportation Services	14,104	-	14,104
Operation of Plant	125,336	-	125,336
Maintenance	8,581	-	8,581
TOTAL EXPENDITURES	<u>1,165,439</u>	<u>120,182</u>	<u>1,285,621</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(211,308)</u>	<u>-</u>	<u>(211,308)</u>
TOTAL OTHER FINANCING SOURCES			-
NET CHANGE IN FUND BALANCES	(211,308)	-	(211,308)
FUND BALANCE, July 1, 2008	(176,788)	-	(176,788)
Prior Year Adjustment	<u>176,788</u>	<u>-</u>	<u>176,788</u>
FUND BALANCE, June 30, 2009	<u>\$ (211,308)</u>	<u>\$ -</u>	<u>\$ (211,308)</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities

Total net change in fund balances - governmental funds	<u>\$ (211,308)</u>
Change in net assets of governmental activities	<u>\$ (211,308)</u>

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – IDENTIFICATION AND OPERATIONS

Palm Beach School for Autism, Inc., d/b/a The Palm Beach Academy for Learning (the “School”) was established as a nonprofit corporation in May 2006 pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The School provides education to children of elementary school age in Palm Beach County, Florida who are diagnosed with autism. The governing body of the School is the Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Palm Beach County, Florida (the “District”). The Charter requires the District to provide the primary funding for the School based upon the number of full-time equivalent students registered. The current charter is effective until July 1, 2009 and is renewable every 10 years, provided that a program review demonstrates that certain criteria addressed in section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8) (e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential components units of the School that should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included with the reporting entity of the School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The School follows GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. The financial transactions of the School are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenditures. The various funds are reported by generic classification within the financial statements.

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND TYPES

The measurement focus of the Governmental Funds is upon determination of financial position and changes in financial position rather than upon net income. The following is a description of the Governmental Funds of the School:

General Fund – to account for all financial resources not required to be accounted for in another fund. The General fund serves as the primary operating unit of the School.

Special Revenue Fund – to account for financial resources associated with grants that are restricted for specific uses.

In the accompanying fund financial statements, the General fund and Special Revenue fund are considered to be significant funds and are therefore separately stated. There are no non-major funds for the School.

NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Government-wide Financial Statements are presented on an accrual basis of accounting. The Fund financial statements are presented on a modified accrual basis.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available and expenditures when the related liability is incurred.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting, consistent with generally accepted accounting principles.

PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions. At June 30, 2009, deposits did not exceed Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000.

Capital Assets and Depreciation

Expenditures for capital assets acquired for utilization at the School are reported in the governmental fund type that financed the acquisition. Donated Assets are recorded at fair value at the date of donation. The school's capitalization threshold is \$2,500 for tangible personal property with an estimated useful life of greater than one year. Depreciation on all assets is provided on the straight-line basis over the estimated useful life and is reported in the Government-wide financial statements. The school's assets typically consist of Furniture, fixtures and equipment, which is depreciated over a period of five years.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full time equivalent (FTE) students and related data to the District. Under the provision of Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program.

Funding for the School is adjusted during the year to reflect the revised calculation by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School received a Federal award for the enhancement of various education programs. This assistance is generally received based on applications submitted to, and approved by, the granting agency.

Compensated Absences

The School does not pay employees for unused vacation time. Unused sick hours at the end of the school year are accrued and shown as a liability in the statement of financial position and the related change in liability is reflected as an expenditure for the year in which the change occurs.

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The School is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

Estimates and Assumptions

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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 - RELATED ENTITY

The Palm Beach School for Autism, Inc. operates as two schools: The Palm Beach School for Autism, Inc., operating as the Preschool, and The Palm Beach Academy for Learning, operating as the Elementary School. These two entities are organized as a single legal entity at both the State and Federal levels. After the fiscal year ending June 30, 2009, the School expects to operate under a single Charter.

NOTE 4 – PRIOR YEAR ADJUSTMENT

During the year ended June 30, 2008, the available resources for both Schools mentioned in **Note 3** was accounted for in such a manner that a deficit balance of \$176,788 was reported on the financial statements of Palm Beach Academy for Learning (the Elementary School). During the year ended June 30, 2009, the School changed the way funds were recorded for both Schools, thereby eliminating the Elementary School's deficit balance.

NOTE 5 – CONTINGENCIES AND COMMITMENTS

The School has entered into lease agreements with the State of Florida, Department of Health for the rental of two cottages (A. G. Holly State Hospital) in Lantana, Florida. The School also leases photocopiers and telephone equipment. These agreements will expire during the years ending 2010, 2012 and 2013 respectively. The lease agreements for the two cottages from the State of Florida are renewable annually after 2010.

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

Future minimum lease payments are as follows:

Fiscal Year Ending	Amount
2010	\$ 65,195
2011	8,424
2012	8,424
2013	<u>4,800</u>
Total future minimum lease payments	<u>\$ 86,843</u>

NOTE 6 – RISK MANAGEMENT PROGRAMS

Workers’ compensation and general liability coverage are provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims have not exceeded commercial coverage limits.

NOTE 7 – NET ASSET BALANCE

As discussed in **NOTE 3**, the Palm Beach School for Autism, Inc. operates two schools: The Palm Beach School for Autism, Inc., operating as the Preschool, and The Palm Beach Academy for Learning. Both schools are operated under a single Corporate Federal Employer Identification Number (“FEIN”) and are managed as a single entity. For the fiscal year ended June 30, 2009, the schools operated under separate charters, but were organized as a single legal entity. In fiscal year ending 2010, the School will operate under a single charter, therefore eliminating transactional-related deficits. For the fiscal year ending 2009, the Palm Beach Academy for Learning reported an unrestricted deficit fund balance of approximately \$211,000. The deficit was a result of the operational structure and methods of recording transactions and will be netted against the positive unrestricted net asset balance of the “Preschool” of approximately \$420,000, for a consolidated positive balance of about \$209,000.

NOTE 8 – BUDGETARY COMPARISON SCHEDULE

The following budgetary information is presented as part of the required supplementary information as mandated by GASB Statement No. 34.

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	GENERAL FUND		SPECIAL REVENUE FUND	
	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
REVENUES				
IDEA Grant	\$ -	\$ -	\$ 17,100	\$ 54,589
State Source FTE	618,671	927,079	-	-
Implementation Grant	-	-	-	65,593
Gifts, Grants & Bequests	-	-	-	-
Interest Income	-	301	-	-
Miscellaneous Income	10,000	26,751	-	-
TOTAL REVENUES	628,671	954,131	17,100	120,182
EXPENDITURES				
Basic Instruction	460,431	721,250	17,100	66,050
Instructional Staff Training Services	125,481	99,064	-	54,132
School Administration	116,195	178,914	-	-
Fiscal Services	21,000	18,190	-	-
Public Transportation Services	-	14,104	-	-
Operation of Plant	117,049	125,336	-	-
Maintenance	3,500	8,581	-	-
TOTAL EXPENDITURES	843,656	1,165,439	17,100	120,182
EXCESS OF REVENUES OVER EXPENDITURES	\$ (214,985)	\$ (211,308)	\$ -	\$ -



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

To the Board of Directors and Management
Palm Beach School for Autism, Inc.
D/B/A The Palm Beach Academy for Learning
Lantana, Florida

We have audited the financial statements of the 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, as of and for the year ended June 30, 2009, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 23, 2009. 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 the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not

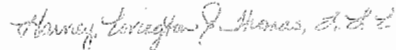
necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 have issued a separate report to management of the Palm Beach School for Autism, Inc. in a separate letter dated September 23, 2009.

This report is intended solely for the information and use of Palm Beach School for Autism Inc., d/b/a The Palm Beach Academy for Learning, the management, Board of Directors, federal awarding agencies and pass-through entities and is not intended to be, and should not be used by, anyone other than these specified parties



Hollywood, Florida
September 23, 2009



Costa Rica Public Accountants & Consultants

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MANAGEMENT LETTER

September 23, 2009

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

We have audited the basic financial statements of Palm Beach School for Autism, Inc., d/b/a the Palm Beach Academy for Learning, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 23, 2009.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*, dated September 23, 2009, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the audits for charter schools and similar entity performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports and/or schedule:

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 on the prior year annual financial audit report

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than

inconsequential. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors:

- (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse,
- (2) control deficiencies that are not significant deficiencies.


In connection with our audit, we did not have any such findings.

Section 10.854(1) (e) 6, Rules of the Auditor General, requires the name or official title of the School. The official title of the school is Palm Beach School for Autism, Inc., d/b/a The Palm Beach Academy for Learning.

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Palm Beach School for Autism, Inc. did meet any of the conditions described in Section 218.503(1), Florida Statutes, relating to the reporting of an unrestricted deficit balance as reported on the Statement of Net Assets.

Sections 10.854(1) (3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Florida Auditor General, the School Board of Palm Beach County, Florida and grantor agencies, and is not intended to be, and should not be used by, anyone other than these specified parties.


Harvey Livingston Thomas, Esq.
Hollywood, Florida
September 23, 2009

**PALM BEACH SCHOOL FOR AUTISM, INC.
D/B/A THE PALM BEACH ACADEMY FOR LEARNING
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

There were no prior year findings which required a status nor current year findings required to be reported pursuant to auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, or the Rules of the Auditor General of the State of Florida.