
HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.

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HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
21 W. 22ND STREET
RIVIERA BEACH, FL 33404-5509

September 24, 2010

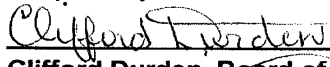
The Hope Learning Community of Riviera Beach, Inc.'s Board of Directors and Administration are responsible for the contents of this report. The management of Hope Learning Community of Riviera Beach, Inc. d/b/a Noah's Ark International Charter School (NAI) is committed to quality education for all students. NAI is a 95% free lunch school and serves students with an economically challenging background. NAI started the school year with 40 students and ended the school year with 44 students. NAI is confident that the student numbers will increase for the upcoming school year. Additional students will increase state funding, which will result in securing a successful tenth year of operation.

The staff, students, and the parents of our school are partners in the community and share the International Baccalaureate (I.B.) philosophy that the nature and future of education should be a focus on international studies. The heart and soul of their approach is that our students study the peoples of the world. The first step in that exploration is for students to learn a language other than his or her native language. Thus, exploration of cultures throughout the world will begin through the mastering of foreign languages. We believe that an attempt to define the ideal of internationalism is attainable. We pursue that goal through a challenging program that will evolve from the level of competence in conversation. We believe that the nature and future of education should be a focus on international studies. Our students progress through our program and gain an appreciation and respect for other cultures by learning systems of politics, economics, language, customs, and socialization. This new perspective is the ability to relate the experiences of the classroom to the realities of the global community. An emphasis is placed on the ideals of international understanding and responsible citizenship, resulting in our students becoming critical and compassionate thinkers and informed participants in local and world affairs.

Academically, this year has born great success as Hope Learning Community was among the 13% of Palm Beach County Schools that achieved AYP. We endeavor to continue our standards of excellence in educating and serving our greatest commodity – children.

We have provided additional information in the Management Discussion & Analysis for your review.

Respectfully Submitted:



Clifford Durden, Board of Directors



Ericka Hadden, Principal

Michael C. Becker & Co.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope Learning Community of Riviera Beach, Inc.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Hope Learning Community of Riviera Beach, Inc., a component unit of The School District of Palm Beach County, as of and for the year ended June 30, 2010, which collectively comprise Hope Learning Community of Riviera Beach, Inc.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hope Learning Community of Riviera Beach, Inc.'s management. Our responsibility is to express an opinion on these basic 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, the business-type activities, and each major fund of Hope Learning Community of Riviera Beach, Inc. as of June 30, 2010, 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 24, 2010, on our consideration of Hope Learning Community of Riviera Beach, 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, 4 and 17, respectively, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hope Learning Community of Riviera Beach, Inc.'s basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Michael C. Becker & Co.

West Palm Beach, FL
September 24, 2010

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
d/b/a NOAH'S ARK INTERNATIONAL CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is an overview of the Annual Financial Report.

This section of the annual financial report for Noah's Ark International Charter School (NAI) presents our discussion and analysis of NAI's financial performance during the fiscal year that ended June 30, 2010. Please read in conjunction with the Annual Financial Report for NIA.

Financial Highlights

We continue to monitor NAI's financial status. The available funds from projects and contributions from our parents were very instrumental in helping to assist us financially.

- Revenues exceeded expenses by \$3,173.
- Overall revenues were \$ 349,900.
- FTE funds accounted for most of the budgeted revenue.
- Total cost for our basic programs was less than our revenue.
- 95% of our students receive free lunch, which qualified us for about \$26,144 in Title I Funds.
- Capital Outlay funds for the 2009-2010 school year were \$21,587.
- IDEA funds were \$9,038.00.

NAI's assets exceeded its liabilities by \$47,196 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$44,023.

Total net assets are comprised of the following:

- Capital assets net of depreciation were \$45,374 which include property and equipment.
- Unrestricted net assets were \$1,822.

The statement of activities shows an increase in net assets of \$3,173 compared to an increase of \$31,197 in the previous year.

Overview of the Financial Statements

The financial statements include government-wide financial statements and notes to the financial statements. NAI also includes in this report additional information to supplement the financial statements.

Government-wide Financial Statements

NAI's annual report includes two government-wide financial statements. The Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents NAI's assets and liabilities with the difference being net assets. Increases or decreases in net assets are an indication of whether the financial position of NAI is improving or deteriorating.

The Statement of Activities reports how the NAI's net assets changed during the current fiscal year. It lists expenses and revenues and breaks down to specific activities and sources.

The government-wide financial statements are presented on pages five through seven of the financial report.

Fund Financial Statements

NAI uses funds to account for activities. One fund used is the general fund for all financial resources not designated to any other specific fund. NAI also uses a special revenue fund for all financial resources that are restricted.

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
d/b/a NOAH'S ARK INTERNATIONAL CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

The general fund shows expenditures exceeding revenues, however, as a result of loan proceeds there was an increase in the unreserved fund balance of \$1,498 for the fiscal year ended June 30, 2010.

The fund financial statements are presented on pages eight through 11 and include a reconciliation of the difference between the government-wide financial statements and the fund financial statements.

Budget Analysis

Actual revenues did not exceed budget expectations. Expenditures did not exceed budgeted amounts. See page 17 for a detailed comparison of budget to actual revenues and expenditures.

The Title I funds and IDEA funds are released upon reimbursement through paid invoices of allocated expenditures. The FTE funds are based upon a projected student count, which occurs twice a year, once in October and again in February. The facility where NAI is located inhibits significant growth. Therefore, an important consideration is to secure a new location to expand our operation.

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Capital assets:			
Cash	\$ 510	\$ 0	\$ 510
Prepaid expenses	2,000	0	2,000
Grants receivable	512	0	512
Furniture, fixtures, and equipment	71,692	0	71,692
Less accumulated depreciation	<u>(26,318)</u>	<u>0</u>	<u>(26,318)</u>
Total capital assets net of depreciation	<u>45,374</u>	<u>0</u>	<u>45,374</u>
Total Assets	<u>\$ 48,396</u>	<u>\$ 0</u>	<u>\$ 48,396</u>
 Liabilities			
Accounts payable and other current liabilities	<u>\$ 1,200</u>	<u>\$ 0</u>	<u>\$ 1,200</u>
Total Liabilities	<u>\$ 1,200</u>	<u>\$ 0</u>	<u>\$ 1,200</u>
 Net Assets			
Invested in capital assets, net of related debt	\$ 45,374	\$ 0	\$ 45,374
Unrestricted	<u>1,822</u>	<u>0</u>	<u>1,822</u>
Total Net Assets	<u>\$ 47,196</u>	<u>\$ 0</u>	<u>\$ 47,196</u>

See accompanying notes to financial statements

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Statement of Activities
For the Year Ended June 30, 2010

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental Activities:							
Instruction and instructional related services	\$ 143,528	\$ -	\$ 35,182	\$ -	\$ (108,346)	\$ -	\$ (108,346)
Instructional support services	17,629	-	-	-	(17,629)	-	(17,629)
Board	5,768	-	-	-	(5,768)	-	(5,768)
General administration	13,982	-	-	-	(13,982)	-	(13,982)
School administration	109,182	-	-	-	(109,182)	-	(109,182)
Plant, facilities, and maintenance	47,281	-	-	21,587	(25,694)	-	(25,694)
Fiscal services	6,282	-	-	-	(6,282)	-	(6,282)
Food services	2,275	-	-	-	(2,275)	-	(2,275)
Community services	800	-	-	-	(800)	-	(800)
Total Governmental Activities	346,727	-	35,182	21,587	(289,958)	-	(289,958)
Business -Type Activities	-	-	-	-	-	-	-
Total Business-Type Activities:	-	-	-	-	-	-	-

See accompanying notes to financial statements

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Statement of Activities (Continued)
For the Year Ended June 30, 2010

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Totals	\$ 346,727	\$ -	\$ 35,182	\$ 21,587	\$ (289,958)	\$ -	\$ (289,958)
General Revenues							
Grants and revenues not restricted to specific programs					293,131	-	293,131
Investment earnings					-	-	-
Total General Revenues and Special Items					293,131	-	293,131
Change in Net Assets					3,173	-	3,173
Net Assets-Beginning of Year					44,023	-	44,023
Net Assets-End of Year					\$ 47,196	\$ -	\$ 47,196

See accompanying notes to financial statements

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
 Balance Sheet
 Governmental Funds
 June 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash	\$ 510	\$ -	\$ 510
Grants receivable	512	-	512
Prepaid insurance	2,000	-	2,000
Total Assets	\$ 3,022	\$ -	\$ 3,022
 Liabilities:			
Accounts payable	\$ 1,200	\$ -	\$ 1,200
Total Liabilities	\$ 1,200	\$ -	\$ 1,200
 Fund Balances			
Unreserved:			
Undesignated	\$ 1,822	\$ -	\$ 1,822
Total Fund Balances	\$ 1,822	\$ -	\$ 1,822
 Total Liabilities and Fund	 \$ 3,022	 \$ -	 \$ 3,022

See accompanying notes to financial statements

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

Total fund balance--governmental funds	\$	1,822
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$71,692 and the accumulated depreciation is (\$26,318).	45,374
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Total net assets--governmental activities	\$	<u><u>47,196</u></u>
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See accompanying notes to financial statements

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal passed through school district	\$ -	\$ 35,182	\$ 35,182
State passed through school district	300,685	-	300,685
Gifts, grants, and local sources	14,033	-	14,033
Total Revenues	<u>314,718</u>	<u>35,182</u>	<u>349,900</u>
Expenditures:			
Current:			
Instruction/instructional related services	109,952	33,576	143,528
Instructional support services	16,229	1,400	17,629
Board	5,768	-	5,768
General administration	13,982	-	13,982
School administration	108,925	206	109,131
Plant, facilities, and maintenance	44,007	-	44,007
Fiscal services	6,282	-	6,282
Food services	2,275	-	2,275
Community services	800	-	800
Capital outlays	-	-	-
Debt service	11,148	-	11,148
Total Expenditures	<u>319,368</u>	<u>35,182</u>	<u>354,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,650)</u>	<u>-</u>	<u>(4,650)</u>
Other Financing Sources:			
Loan proceeds	6,148	-	6,148
Total Other Financing Sources	<u>6,148</u>	<u>-</u>	<u>6,148</u>
Net change in fund balance	1,498	-	1,498
Fund balance - July 1, 2009	324	-	324
Fund balance - June 30, 2010	<u>\$ 1,822</u>	<u>\$ -</u>	<u>\$ 1,822</u>

See accompanying notes to financial statements

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Notes to Financial Statements
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hope Learning Community of Riviera Beach, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of Hope Learning Community of Riviera Beach, Inc. are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of Hope Learning Community of Riviera Beach, Inc.'s overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of Hope Learning Community of Riviera Beach, Inc.'s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements) as of June 30, 2010. Hope Learning Community of Riviera Beach, Inc. has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, nonexchange transactions, and certain liabilities and expenditures.

Organization--Hope Learning Community of Riviera Beach, Inc., d/b/a Noah's Ark International Charter School (the Organization) was organized in Palm Beach County, Florida in the year 2001. The Organization operates as a charter school under the sponsorship of and by agreement with the School District of Palm Beach County, Florida as provided by Florida Statutes. The agreement between the Organization and the School District provides for teaching grades K thru 5. The current charter school contract is effective for the five-year period commencing July 1, 2006 and ending June 30, 2011. The Organization has registered the fictitious name (d/b/a) Noah's Ark International Charter School.

Reporting Entity--The Organization is a component unit of the Palm Beach County School District. The Organization is financially accountable to the Palm Beach County School District. There are no component units of Hope Learning Community of Riviera Beach, Inc. The Organization is subject to being reported as a component unit of the Palm Beach County School District (the primary government) as a result of government accounting standards and the financially accountable relationship between the two organizations.

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Notes to Financial Statements (*Continued*)
June 30, 2010

Government-wide and fund financial statements--The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Organization. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Organization did not have proprietary or fiduciary funds during this reporting period.

Measurement focus, basis of accounting, and financial statement presentation--The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues, when applicable, of the current fiscal period. All other revenue items are considered to be measurable and available only when the Organization receives cash.

The Organization reports the following major governmental funds:

- The *general fund* is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund.
- The *special revenue fund* accounts for resources accumulated and payments made for specific programs for providing educational programs for students within the Organization.

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Notes to Financial Statements (*Continued*)
June 30, 2010

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to students for tuition, fees, rental, material, supplies, or services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Data--Budget information is presented on the *modified accrual basis of accounting* for all government funds. The board of directors adopts the budget. Once adopted, the board can amend the budget. There were no amendments to the adopted budget. Therefore, the budgetary comparisons do not contain an original vs final variance.

Capital Assets--Capital assets, which include buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial, individual cost of more than \$500 for furniture and equipment and \$3,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Donated Assets--The Organization did not received donated assets during the year.

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture, fixtures, and equipment	\$ 82,100	\$ -	\$ (10,408)	\$ 71,692
Less accumulated depreciation	(33,401)	(3,274)	10,357	(26,318)
Government activities, net capital assets	<u>\$ 48,699</u>	<u>\$ (3,274)</u>	<u>\$ (51)</u>	<u>\$ 45,374</u>

Depreciation expense was charged to governmental activities " instructional services and plant, facilities, and maintenance".

Buildings, improvements, furniture, and equipment of the Organization are depreciated using the straight-line method over the following lives:

Assets	Years
Furniture	10
Office equipment	10
Athletic equipment	8
Audio visual equipment	6
Computer equipment	3

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Notes to Financial Statements (*Continued*)
June 30, 2010

Compensated Absences--Under terms of agreements, employees earn vacation and sick leave. No reimbursement or accrual is made for unused sick leave. The school employees had no unused sick or vacation time at the end of the school year.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. ACCOUNTS RECEIVABLE

The Organization receives funding primarily from government agencies. Management believes that all receivables are collectible. Therefore, no allowance for doubtful accounts is reflected in these financial statements.

D. CONTINGENCIES

The Organization receives funding from the Palm Beach County School District. The disbursement of funds received under the contract generally requires compliance with terms and conditions specified in the contract and is subject to audit by the District, the District's independent auditors, and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the Organization believes such disallowance, if any, would be immaterial.

E. COMMITMENT

The Organization leases its facility from Saint George Episcopal Church, Inc. The lease provides for monthly rent payments of \$3,400 until August 2009. The lease was renewed for one year until August, 2011 at the rate of \$3,000 per month.

F. CASH

The organization deposits its funds in banks that are qualified public depositories as provided for in Florida Statutes. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized by Florida's Multiple Institution Collateral Pool as provided for in Florida Statutes and administrative regulations.

G. RISK MANAGEMENT PROGRAMS

Insurance is being provided through purchased commercial insurance as per the minimum requirements provided by the District. Settled claims resulting from these risks have not exceeded commercial coverage.

HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
Notes to Financial Statements (*Continued*)
June 30, 2010

H. RELATED PARTY TRANSACTIONS

The Organization owed a member of the Board of Directors \$5,000 at the beginning of the year. The loan was interest free. A repayment of \$5,000 was made during the year ended June 30, 2010. Additional loans were made by board members totalling \$6,148 during the year. These loans were repaid within the year ended June 30, 2010. All additional loans were made interest free.

As discussed above, the Organization is a component unit of the Palm Beach County School District. The general operating authority of the Organization is contained in Section 228.056, Florida Statutes. The Organization operates under a charter of the sponsoring school district, the Palm Beach County District School Board (the District). The current charter is effective until June 30, 2011. 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 Organization in writing at least 90 days prior to the charter's expiration. Pursuant to Section 228.056(10)(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 Organization is considered a component unit of the District.

The Palm Beach County School District holds back a 5% administrative fee from certain funds. The revenues reported in these financial statements are net of that fee. The hold back fee for the year ended June 30, 2010 was \$13,982.

I. GOING CONCERN

Although the school is not in a state of financial emergency as defined in section 218-501(1) Florida Statutes and referenced in the Rules of the Florida Auditor General 10.857(1), the school continued to rely upon loans from Board Members to finance cash shortfalls. During the fiscal year ended June 30, 2010.

The Organization's ability to continue is dependent on securing other sources of funding and/or the ability and willingness of the Board Members' to continue their practice of financing cash shortfalls and/or making contributions to the Organization.

J. INCOME TAX STATUS

The Organization qualifies as a I.R.C. Section 501(c)(3) non profit organization, which is generally exempt from Federal and State income taxes.

Hope Learning Community of Riviera Beach Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual, Governmental Funds
For the Year ended June 30, 2010

	Governmental Funds						Totals				
	Original and Final	General Fund	Variance	Original and Final	Special Revenue Fund	Variance	Original and Final	Governmental Funds	Variance		
Revenues:											
Federal pass through district	\$			\$	41,190.00	35,182.00	(6,008.00)	\$	41,190.00	35,182.00	(6,008.00)
State pass through district		422,150.00	300,685.00	(121,465.00)					422,150.00	300,685.00	(121,465.00)
Gifts, grants		55,000.00	14,033.00	(40,967.00)					55,000.00	14,033.00	(40,967.00)
Total Revenues		<u>477,150.00</u>	<u>314,718.00</u>	<u>(162,432.00)</u>	<u>41,190.00</u>	<u>35,182.00</u>	<u>(6,008.00)</u>		<u>518,340.00</u>	<u>349,900.00</u>	<u>(168,440.00)</u>
Expenditures:											
Current:											
Instruction and related services		202,499.00	109,952.00	92,547.00	33,576.00	33,576.00	-		236,075.00	143,528.00	92,547.00
Instructional support services			16,229.00	(16,229.00)		1,400.00	(1,400.00)			17,629.00	(17,629.00)
Board		6,000.00	5,768.00	232.00			-		6,000.00	5,768.00	232.00
General administration			13,982.00	(13,982.00)						13,982.00	(13,982.00)
School administration		143,944.00	108,925.00	35,019.00	206.00	206.00	-		144,150.00	109,131.00	35,019.00
Plant, facilities and maintenance		50,400.00	44,007.00	6,393.00					50,400.00	44,007.00	6,393.00
Fiscal services		6,100.00	6,282.00	(182.00)			-		6,100.00	6,282.00	(182.00)
Food services			2,275.00	(2,275.00)						2,275.00	(2,275.00)
Community Services			800.00	(800.00)						800.00	(800.00)
Capital outlay			-				-			-	
Debt Service			11,148.00	(11,148.00)						11,148.00	(11,148.00)
Total Expenditures		<u>408,943.00</u>	<u>319,368.00</u>	<u>89,575.00</u>	<u>33,782.00</u>	<u>35,182.00</u>	<u>(1,400.00)</u>		<u>442,725.00</u>	<u>354,550.00</u>	<u>88,175.00</u>
Excess (deficiency) of revenues over (under) expenditures		<u>68,207.00</u>	<u>(4,650.00)</u>	<u>(72,857.00)</u>	<u>7,408.00</u>	<u>-</u>	<u>(7,408.00)</u>		<u>75,615.00</u>	<u>(4,650.00)</u>	<u>(80,265.00)</u>
Other Financing Sources:											
Loan proceeds		-	6,148.00	6,148.00	-	-	-		-	6,148.00	6,148.00
Total other financing sources:			<u>6,148.00</u>	<u>6,148.00</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>6,148.00</u>	<u>6,148.00</u>
Net change in fund balance		<u>68,207.00</u>	<u>1,498.00</u>	<u>(66,709.00)</u>	<u>7,408.00</u>	<u>-</u>	<u>(7,408.00)</u>		<u>75,615.00</u>	<u>1,498.00</u>	<u>(74,117.00)</u>
Fund balance – July 1, 2009		324.00	324.00	-	-	-	-		324.00	324.00	-
Fund balance – June 30, 2010	\$	<u>68,531.00</u>	<u>1,822.00</u>	<u>(66,709.00)</u>	<u>7,408.00</u>	<u>-</u>	<u>(7,408.00)</u>	\$	<u>75,939.00</u>	<u>1,822.00</u>	<u>(74,117.00)</u>

See accompanying notes to financial statements

Michael C. Becker & Co.

Certified Public Accountants

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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
Hope Learning Community of Riviera Beach, Inc.

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Hope Learning Community of Riviera Beach, Inc., as of and for the year ended June 30, 2010, which collectively comprise Hope Learning Community of Riviera Beach, Inc.'s basic financial statements and have issued our report thereon dated September 24, 2010. 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 Hope Learning Community of Riviera Beach, Inc.'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hope Learning Community of Riviera Beach, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hope Learning Community of Riviera Beach, Inc.'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 Hope Learning Community of Riviera Beach, Inc.'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 Hope Learning Community of Riviera Beach, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Hope Learning Community of Riviera Beach, Inc.'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 Hope Learning Community of Riviera Beach, Inc.'s internal control.

Our consideration of the 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.
The Board of Directors of
Hope Learning Community of Riviera Beach, Inc.
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hope Learning Community of Riviera Beach, Inc.'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 noted a matter that we reported to management of Hope Learning Community of Riviera Beach, Inc., in a separate letter dated September 24, 2010.

This report is intended solely for the information and use of management, the audit committee, others within the Organization, Palm Beach County School District, and other awarding agencies, regulatory and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it may be considered a matter of public record by Florida Statutes and Regulations.

Michael C. Becker & Co.

West Palm Beach, FL
September 24, 2010

Michael C. Becker & Co.

Certified Public Accountants

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To the Senior Management and
The Board of Directors of
Hope Learning Community of Riviera Beach, Inc.

In planning and performing our audit of the financial statements of Hope Learning Community of Riviera Beach, Inc. for the year ended June 30, 2010, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on the Organization's internal control in our report dated September 24, 2010. This letter does not affect our report dated September 24, 2010, on the financial statements of Hope Learning Community of Riviera Beach, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Organization personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

1. Cash Flow and Budgeting—Cash flow continues to be a problem. The Organization can improve its cash flow by submitting grant applications and pursuing new sources of revenue. The Organization should seek out additional sources of revenue such as, government agencies, foundations, and other non profit organizations. Management should continue to monitor the performance of the Organization closely and regularly throughout the year. The Organization should review its budgeting process to consider other sources of potential revenues and funding. The Organization should continue to plan, organize, monitor, and make changes accordingly, based on performance throughout the year.

There were no other matters pending from the previous year's audit.

The scope of the audit included, and the auditor applied financial condition assessment procedures pursuant to the Rules of the Florida Auditor General, Section 10.855(10).

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 one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that Hope Learning Community of Riviera Beach, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes, and therefore, the Organization was not in a state of financial emergency for the year ended June 30, 2010.

We wish to thank the Principal and her department for their support and assistance during our audit.

This management letter has been prepared pursuant to Florida Statutes and Rules of the Florida Auditor General.

There were no violations of laws, regulations, and contractual provisions that were discovered within the scope of the financial audit that would have a material affect on the financial statements.

To the Senior Management and
The Board of Directors of
Hope Learning Community of Riviera Beach, Inc.
Page Two

There were no illegal or improper expenditures discovered within the scope of the financial audit which would have had a material affect on the financial statements.

One immaterial matter which did not materially affect the financial statements is discussed and summarized above as a comment.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties. However, it may be reviewed by the Palm Beach County School District, various regulatory agencies and may be a matter of public record by Florida Statutes and Regulations.

Michael C. Becker & Co.

West Palm Beach, FL
September 24, 2010

**HOPE LEARNING COMMUNITY OF RIVIERA BEACH, INC.
D/B/A NOAH'S ARK INTERNATIONAL CHARTER SCHOOL
21 West 22nd Street
Riviera Beach, FL 33404**

September 24, 2010

Michael C. Becker & Co.
1897 Palm Beach Lakes Blvd., Suite 210
West Palm Beach, FL 33409

Dear Mr. Becker:

This letter is written in response to the Annual Financial Report for Hope Learning Community of Riviera Beach, Inc. done by Mr. Michael C. Becker & Co. for the year ending June 30, 2010.

As always, we wish to commend Mr. Becker for a job well done. The audit was conducted in a very professional and informative manner.

In response to the areas of concern the following statements are submitted:

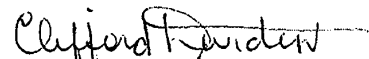
- Although we take pride in our progress, we will continue to improve our cash flow. We have made an all-out effort to organize more fundraising activities, acquire more grants, and seek more community financial support.

Again, we want to thank Mr. Michael C. Becker & Co. for conducting an excellent audit and we look forward to eliminating the areas of concern stated in the 2009-2010 audit.

Sincerely,



ERICKA HADDEN
Principal



CLIFFORD H. DURDEN
Board Chairman