

PALM BEACH SCHOOL FOR AUTISM, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

PALM BEACH SCHOOL FOR AUTISM, INC.

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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The Board of Directors
Palm Beach School for Autism, Inc.
Lake Worth, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Palm Beach School for Autism, Inc. ("the School"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, changes in financial position of the governmental activities and each major fund, of the School at June 30, 2017, 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.

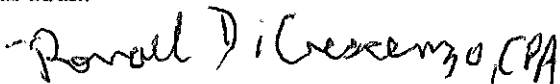
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2017 on our consideration of the School's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. 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.

Handwritten signature of Ronald DiCrescenzo, CPA.

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Deerfield Beach, Florida
September 22, 2017

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The Palm Beach School for Autism ("the School") is a public charter school operated in Palm Beach County, Florida, under the sponsorship of the School District of Palm Beach County.

Within this section of Palm Beach School for Autism Inc.'s annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2017. The School's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

Net position is an indicator of the fiscal health of the School. Assets and deferred outflows of resources exceeded its liabilities by \$2,273,088 (net position) for the fiscal year reported. This compared to the previous year when assets exceeded liabilities by \$1,885,502.

Total net position is comprised of the following:

- \$606,812 net investment in capital assets.
- \$1,666,276 in unrestricted funds.

Enrollment continues to increase at the School, with FTE totaling 307 at June 30, 2017. The maximum projected enrollment for the fiscal year 2017-2018 is anticipated to be 332 students.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the School'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 School also includes in this report additional information to supplement the basic financial statements.

Financial Analysis of School

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

All of the School's revenue is received through private sources and the sponsor. The revenue per student each year is determined by the State of Florida and paid to the School based upon the number of full time equivalent (FTE) students and related data to the District. Under the provisions 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 (FEFP).

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-Wide Financial Statements

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

The second government-wide statement is the *Statement of Activities*, which reports how the School's net position 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 School'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 School 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 that have been segregated for specific activities or objectives. The School uses funds to ensure and demonstrate compliance with finance-related laws and regulation. Within the basic financial statements, fund financial statements focus on the School's most significant funds.

Governmental Funds

Governmental 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 School's governmental funds. These are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental funds financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the School charges a fee. For fiscal year ended June 30, 2017, the School has one proprietary fund which is the enterprise fund which is a non major fund that has been combined with the general fund. It is used to record the School's aftercare and other business-type activities.

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The summary of the School's government-wide statement of net position is as follows:

Condensed Statement of Net Position
Governmental Activities
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current and Other Assets	\$ 1,885,854	\$ 1,520,294	\$ 365,560
Capital Assets	<u>606,812</u>	<u>637,661</u>	<u>(30,849)</u>
Total Assets	<u>2,492,666</u>	<u>2,157,955</u>	<u>334,711</u>
Total Deferred Outflows of Resources	<u>129,065</u>	<u>54,270</u>	<u>74,795</u>
Total Assets and Deferred Outflows of Resources	<u>2,621,731</u>	<u>2,212,225</u>	<u>(409,506)</u>
Total Liabilities	<u>348,643</u>	<u>326,723</u>	<u>21,920</u>
Net Position	<u>\$ 2,273,088</u>	<u>\$ 1,885,502</u>	<u>\$ 387,586</u>
Net Investment in Capital Assets	<u>\$ 606,812</u>	<u>\$ 637,661</u>	<u>\$ (30,849)</u>
Unrestricted	<u>1,666,276</u>	<u>1,247,841</u>	<u>418,435</u>
Total Net Position	<u>\$ 2,273,088</u>	<u>\$ 1,885,502</u>	<u>\$ 387,586</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$2,273,088 at June 30, 2017. A portion of the School's net position (27%) reflects its net investment in capital assets. The School uses these capital assets to provide educational services; consequently, these assets are not available for future spending. An additional portion of the School's net position (73%) represents an unrestricted net position that is available to meet the financial obligations of the School. At the end of the current fiscal year, the School is able to report positive balances in both categories of net position.

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Condensed Statement of Activities
For the years 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Program Revenue:			
Operating Grants and Contributions	\$ 861,831	\$ 288,245	\$ 573,586
Capital Grants and Contributions	127,262	43,680	83,582
Charges for Services	156,613	171,687	(15,074)
General Revenue:			
FEFP	6,868,934	6,278,259	590,675
Lead Teacher	-	3,712	(3,712)
Private Donations	89,298	49,567	39,731
Fundraising Income	199,428	72,422	127,006
Investment Earnings	1,761	1,497	264
Miscellaneous	<u>12,668</u>	<u>5,177</u>	<u>7,491</u>
Total Revenues	<u>8,317,795</u>	<u>6,914,246</u>	<u>1,403,549</u>
Program Expenses:			
Instruction	5,417,302	4,656,016	761,286
Pupil Personnel Services	211,462	201,031	10,431
Instructional Staff Training Services	4,033	2,599	1,434
Board	2,552	14,562	(12,010)
School Administration	1,162,960	1,133,835	29,125
Facilities Acquisition and Construction	-	184	(184)
Fiscal Services	54,452	47,393	7,059
Transportation	7,503	4,446	3,057
Operation of Plant	944,470	922,119	22,351
Unallocated Depreciation	93,072	83,561	9,511
Maintenance of Plant	<u>32,403</u>	<u>19,115</u>	<u>13,288</u>
Total Expenses	<u>7,930,209</u>	<u>7,084,861</u>	<u>845,348</u>
Change in Net Position	387,586	(170,615)	558,201
Net position - Beginning	<u>1,885,502</u>	<u>2,056,117</u>	<u>(170,615)</u>
Net position - Ending	<u>\$ 2,273,088</u>	<u>\$ 1,885,502</u>	<u>\$ 387,586</u>

The School relies primarily on general revenues (i.e. FEFP dollars) to fund the expenses of the governmental activities. General revenues comprise 86% of total revenues. The change in net position of \$387,586 was reduced due to a penalty the School is required to refund in the amount of \$206,940 for prior year FEFP, which is shown as a reduction of income on the Statement of Activities. Without this refund the net position would have had a positive change of \$594,526.

The School continues to grow as the demands from the community for high quality educational services for individuals with autism spectrum disorder increases. The School educates children with autism from preschool through middle school. In the 2015-2016 school year, the School officially rolled out its high school program educating students 14 through 21 years of age. The primary focus for the high school is to instruct the students on how to be safe, productive and independent adults fully immersed in the community. The School believes in staying on the cutting edge fully immersed in evidence based curriculums and vocational training programs so all of the students may reach their full potential. Future plans are underway to develop a fully operational adult job training campus which will support a broad range of initiatives to help individuals with autism enter or transition to employment through training, job placement, social entrepreneurship and other programs.

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

GOVERNMENTAL FUNDS

For governmental funds, capital additions are shown as expenditures. These expenditures are funded by accumulated fund balances rather than current operating funds. There were \$62,223 in capital additions in the current fiscal year.

GENERAL FUND

The general fund is the operating fund used to account for all financial resources not required to be accounted for in another fund. It recognized \$7,662,904 in total revenues offset with \$7,037,529 in expenditures. This resulted in an excess of revenues over expenditures of \$625,375. Fund balance at the beginning of the year was \$1,247,841. The beginning balance of \$1,247,841, combined with the \$206,940 penalty adjustment and the current year activity, resulted in an end of year fund balance of \$1,666,276.

CAPITAL OUTLAY FUND

The capital outlay fund recognized \$127,262 in total revenues with offsetting expenditures related to the capital campaign project.

CAPITAL ASSETS

As of June 30, 2017, the School had invested in capital assets, as reflected below.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Furniture, Fixtures and Equipment	\$ 127,889	\$ 127,889	\$ -
Capital Furniture, Fixtures and Equipment	29,577	29,577	-
Building Improvements	745,205	682,982	62,223
Other Leasehold Improvements	58,295	58,295	-
Less: Accumulated depreciation	<u>(354,154)</u>	<u>(261,082)</u>	<u>(93,072)</u>
Capital Assets	<u>\$ 606,812</u>	<u>\$ 637,661</u>	<u>\$ (30,849)</u>

ECONOMIC FACTORS

The following key economic indicator reflects the growth and prosperity of the School:

- The School estimates growth in enrollment to continue at a 10-15 percent increase each year for the next several years and will need continued increases in classroom space, teachers, and equipment.
- Additional grant funding, private donations and fundraising activities.
- The School has completed the expansion of its existing facilities and now accommodates the additional enrollment of new high school students in the fiscal 2017-2018 school year.

REQUEST FOR INFORMATION

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. Questions concerning the information found in this report or requests for additional information should be directed to Ann Levene-Eisenberg, Executive Director, Palm Beach School for Autism, Inc., 8480 Lantana Road, Lake Worth, Florida 33467.

PALM BEACH SCHOOL FOR AUTISM, INC.
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,626,732
Cash and Cash Equivalents - Capital Campaign	2,538
Due from Other Agency	222,860
Total Current Assets	1,852,130
Non-Current Assets	
Deposits	33,724
Capital Assets (Total cost of \$960,966 net of accumulated depreciation of \$354,154)	606,812
Total Non-Current Assets	640,536
Total Assets	2,492,666
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid Expenses	129,065
Total Assets and Deferred Outflows of Resources	\$ 2,621,731
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 46,310
Salaries and Wages Payable	95,393
Due to Other Agencies	206,940
Total Liabilities	348,643
NET POSITION	
Net Investment in Capital Assets	606,812
Unrestricted	1,666,276
Total Net Position	\$ 2,273,088

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

PALM BEACH SCHOOL FOR AUTISM, INC.
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2017

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 5,417,302	\$ 156,613	\$ 861,831	\$ -	\$ (4,398,858)
Pupil Personnel Services	211,462	-	-	-	(211,462)
Instructional Staff Training Services	4,033	-	-	-	(4,033)
Board	2,552	-	-	-	(2,552)
School Administration	1,162,960	-	-	-	(1,162,960)
Fiscal Services	54,452	-	-	-	(54,452)
Transportation	7,503	-	-	-	(7,503)
Operation of Plant	944,470	-	-	127,262	(817,208)
Unallocated Depreciation	93,072	-	-	-	(93,072)
Maintenance of Plant	<u>32,403</u>	-	-	-	<u>(32,403)</u>
Total Government Activities	<u>\$ 7,930,209</u>	<u>\$ 156,613</u>	<u>\$ 861,831</u>	<u>\$ 127,262</u>	<u>\$ (6,784,503)</u>

General Revenues	
FEFP	6,868,934
Private Donations	89,298
Fundraising	199,428
Investment Earnings	1,761
Miscellaneous	<u>12,668</u>
Total General Revenues	<u>7,172,089</u>
Change in Net Position	387,586
Net Position - Beginning	<u>1,885,502</u>
Net Position - Ending	<u>\$ 2,273,088</u>

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

PALM BEACH SCHOOL FOR AUTISM, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,626,732	\$ -	\$ 1,626,732
Cash and Cash Equivalents - Capital Campaign	2,538	-	2,538
Deposits	33,724	-	33,724
Due from Other Agency	222,860	-	222,860
TOTAL ASSETS	1,885,854	-	1,885,854
DEFERRED OUTFLOWS OF RESOURCES			
Prepaid Expenses	129,065	-	129,065
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,014,919	\$ -	\$ 2,014,919
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 46,310	\$ -	\$ 46,310
Salaries and Wages Payable	95,393	-	95,393
Due to Other Agencies	206,940	-	206,940
Total Liabilities	348,643	-	348,643
FUND BALANCES			
Nonspendable - Deposits	33,724	-	33,724
Restricted - Capital Outlay	606,812	-	606,812
Unassigned	1,025,740	-	1,025,740
Total Fund Balance	1,666,276	-	1,666,276
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,014,919	\$ -	\$ 2,014,919

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

PALM BEACH SCHOOL FOR AUTISM, INC.
 RECONCILIATION OF THE BALANCE SHEET
 OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF NET POSITION
 For the Fiscal Year Ended June 30, 2017

Total Fund Balance - Governmental Fund		\$ 1,666,276
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 960,966		
Less accumulated depreciation	<u>(354,154)</u>	<u>606,812</u>	

Net Position of Governmental Activities		\$ <u>2,273,088</u>
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The accompanying notes are an integral part of these financial statements.

PALM BEACH SCHOOL FOR AUTISM, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
REVENUES			
FEFP	\$ 7,075,874	\$ -	\$ 7,075,874
IDEA	-	861,831	861,831
Capital Outlay Fund	127,262	-	127,262
Private Donations	89,298	-	89,298
Other Local Revenue	156,613	-	156,613
Fundraising Income	199,428	-	199,428
Investment Earnings	1,761	-	1,761
Miscellaneous	12,668	-	12,668
TOTAL REVENUES	7,662,904	861,831	8,524,735
 EXPENDITURES			
Instruction	4,555,471	861,831	5,417,302
Pupil Personnel Services	211,462	-	211,462
Instructional Staff Training Services	4,033	-	4,033
Board	2,552	-	2,552
School Administration	1,162,960	-	1,162,960
Fiscal Services	54,452	-	54,452
Transportation	7,503	-	7,503
Operation of Plant	944,470	-	944,470
Capital Outlay	62,223	-	62,223
Maintenance of Plant	32,403	-	32,403
TOTAL EXPENDITURES	7,037,529	861,831	7,899,360
Excess of Revenues Over Expenses	625,375	-	625,375
Fund Balance - Beginning of Year	1,247,841	-	1,247,841
Adjustment to Fund Balance	(206,940)	-	(206,940)
Fund Balance - End of Year	\$ 1,666,276	\$ -	\$ 1,666,276

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

PALM BEACH SCHOOL FOR AUTISM, INC.
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGE IN FUND BALANCE OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balance - Governmental Funds	\$	625,375
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$62,223 differed from depreciation expense of \$93,072 in the current period.</p>		
Expenditures for capital assets	\$	62,223
Less current year depreciation		<u>(93,072)</u>
		(30,849)
Revenues reported in the governmental funds that were reported as revenue in the statement of activities in the prior year under full accrual.		<u>(206,940)</u>
Change in Net Position of Governmental Activities	\$	<u>387,586</u>

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

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Palm Beach School for Autism (“the School”) was established as a non-profit organization in May 2003 under the laws of the State of Florida. The School was organized as a single legal entity at both the State and Federal levels and operated as two schools prior to fiscal year 2010. As of July 1, 2009, the School operates under a single charter with its second charter, The Palm Beach Academy for Learning, which operated as the Elementary School.

The School operates under Florida Statutes Section 1002 as a Charter Contract with the School Board of Palm Beach County, Florida (“the District”). Under the Charter the School provides education to children that live in Palm Beach County, Florida who are diagnosed with autism. Education is provided to those of pre-school age and children from kindergarten through high school. The School is governed by a Board of Directors.

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

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. On July 25, 2013, the School was approved by its Sponsor to provide educational services in accordance with the terms of a charter school agreement dated July 1, 2008 for grades nine through twelve. Accordingly, it has amended its charter to include the additional grades. The term shall cover five (5) years commencing on the first day of school in the first year of the contract school year July 1, 2013 and ending on June 30, 2018 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is not considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within 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 provides 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 within the reporting entity of the School.

2. Reporting Entity

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

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The government-wide financials statements include the statement of net position and the statement of activities. These statements report financial information for the School 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 with composite columns for non-major funds.

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

The financial statements of the School 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.

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 School 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, as under accrual accounting.

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

4. Major Fund

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 School.

Special Revenue Fund is used to account for certain Federal grant program resources and food service.

Capital Outlay Fund is used to account for the resources segregated for the acquisition or construction of designated capital facilities and other capital assets.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Total (Memorandum Only)

The total data is the aggregate of the fund type and account group. No consolidation or eliminations were made in arriving at the total; thus, this does not present consolidated information. This column is presented for analytical purposes only.

6. Encumbrances

Encumbrances accounting, under which purchase orders and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed.

7. 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.

8. Cash and Cash Equivalents

For purposes of the statement of cash flows the School considers demand deposits and short-term investments with original maturities of 90 days or less to be cash equivalents.

9. Capital Assets and Depreciation

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

The School generally capitalizes assets with cost of \$2,500 or more as outlay occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extends the useful lives are expensed. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, fixtures and equipment	5 years
Leasehold improvements	10 years

10. Budget

Budget to actual comparison are reflected in the accompanying financial statements for general fund type which the School has adopted for its operations. The School adopts its budget on a basis consistent with generally accepted accounting principles.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2013-2016 are still open to audit for federal purposes. Contributions to the School are tax deductible to donors under Section 170 of the IRC. The School is not classified as a private foundation.

12. Net Position and Fund Balances

Net position in the government-wide statements is classified as net investment in capital assets and unrestricted.

GASB Statement No. 54 requires fund balances reported in governmental funds to be classified under the following classifications: nonspendable, restricted, committed, assigned, and unassigned. For the purposes of fund balance classification, expenditures are to be spent from unassigned fund balance first, followed by restricted. Accordingly, the fund balances have been presented on the governmental fund balance sheet.

13. Retirement plan

The School sponsors a retirement plan for employees with no employer match. The plan allows employees to defer a discretionary portion of their salaries into retirement accounts.

NOTE B - CONCENTRATION OF RISK

The School maintains bank accounts at a single financial institution that is a qualified public depository under Florida Law. For all accounts, including interest bearing accounts that do not qualify for the unlimited Federal Deposit Insurance Corporation insurance (FDIC), coverage is now permanently set at \$250,000 per depositor. The School's cash deposits are insured by FDIC and collateralized by Florida's Multiple Institution Collateral Pool as provided for in Florida Statutes 280.

NOTE C - SCHOOL DISTRICT OF PALM BEACH COUNTY

The School has an agreement with the School District of Palm Beach County, Florida, to operate the School. The 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 began in July 1, 2008, and will end on June 30, 2018. Thereafter, the agreement may be renewed by mutual agreement of the parties.

NOTE D - CAPITAL ASSETS

The changes in capital assets during the year ended June 30, 2017 were as follows:

	Balance <u>06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/17</u>
Equipment and Fixtures	\$ 157,466	\$ -	\$ -	\$ 157,466
Leasehold Improvements	<u>741,277</u>	<u>62,223</u>	-	<u>803,500</u>
Less: Accumulated depreciation	<u>(261,082)</u>	<u>(93,072)</u>	-	<u>(354,154)</u>
Net capital assets	<u>\$ 637,661</u>	<u>\$ (30,849)</u>	<u>\$ -</u>	<u>\$ 606,812</u>

The depreciation expense for the year ended June 30, 2017 was \$93,072.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE E - CONTINGENCIES

The School 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 a 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 School. In addition, the continued operations of the School are depended upon an agreement with the School District of Palm Beach County, Florida.

NOTE F - COMMERCIAL LEASE

On June 30, 2011, the School entered into a commercial lease agreement with Lantana Charter LLC (Landlord) to lease premises to be constructed by the Landlord. The terms of the lease commenced on October 1, 2012 the date the School officially occupied the facilities. As of June 30, 2012 the School had paid a security deposit in the amount of \$29,000 to the Landlord. The lease was amended by the First Amendment on February 28, 2012, and the Second Amendment dated May 1, 2012.

On February 4, 2014, the School entered into a Third Amendment to the commercial lease agreement with Lantana Charter LLC to reflect the additional square footage of 10,000 square feet on the 2nd floor for a total of 31,600 square feet of leased premises. The Third Amendment extends the lease term from ten (10) years to twelve (12) years which extension shall not extend or otherwise modify the rent that begins in lease year six (6). The Third Amendment also extends the purchase option of the leased premises to any time during lease years 1-5 as set forth in the Option Agreement. The rent shall increase on the Delivery Date of the completed 2nd floor which occurred in February 2015 with a monthly base rent of \$46,531 until lease year five (5). The base rent shall increase at a rate of 3% each year, thereafter.

NOTE G - COPIER LEASE WITH MAINTENANCE AGREEMENT

On June 6, 2012, the School entered into a sixty-three (63) month lease agreement with Toshiba Business Solutions for three copier machines. Payments in the amount of \$3,788 plus applicable taxes are due monthly during the term of the agreement. Toshiba Business Solutions bought-out a portion of the School's existing non-cancellable lease with Konica Minolta. As of June 30, 2017, the balance payable to Konica Minolta during the term of the lease agreement is \$1,920 per month, plus applicable taxes until paid in full.

NOTE H - RISK MANAGEMENT

The School 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 School carries commercial insurance.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 22, 2017, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PALM BEACH SCHOOL FOR AUTISM, INC.
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL, CAPITAL OUTLAY, AND SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended June 30, 2017

	Governmental Funds			Special Revenue Funds			Totals		
	Budget (Unaudited)	Capital Outlay Funds	Variance	Budget (Unaudited)	Special Revenue Funds	Variance	Budget (Unaudited)	Governmental Funds	Variance
REVENUES									
FEFP Income	\$ 7,226,554	\$ 7,075,874	\$ (150,680)	\$ -	\$ -	\$ -	\$ 7,226,554	\$ 7,075,874	\$ (150,680)
IDEA	-	-	-	-	861,831	861,831	594,174	861,831	267,657
Capital Outlay Fund	35,000	127,262	92,262	-	-	-	35,000	127,262	92,262
Private Donations	33,619	89,298	55,679	-	-	-	33,619	89,298	55,679
Other Local Revenue	168,300	156,613	(11,687)	-	-	-	168,300	156,613	(11,687)
Fundraising Income	65,000	199,428	134,428	-	-	-	65,000	199,428	134,428
Investment Earnings	1,200	1,761	561	-	-	-	1,200	1,761	561
Miscellaneous	4,500	12,668	8,168	-	-	-	4,500	12,668	8,168
TOTAL REVENUES	7,534,173	7,662,904	128,731	594,174	861,831	267,657	8,128,347	8,524,735	396,388
EXPENDITURES									
Instruction	4,690,076	4,555,471	134,605	594,174	861,831	(267,657)	5,284,250	5,417,302	(133,052)
Pupil Personnel Services	265,946	211,462	54,484	-	-	-	265,946	211,462	54,484
Instructional Staff Training Services	8,700	4,033	4,667	-	-	-	8,700	4,033	4,667
Board Expenses	18,000	2,552	15,448	-	-	-	18,000	2,552	15,448
School Administration	1,517,832	1,162,960	354,872	-	-	-	1,517,832	1,162,960	354,872
Fiscal Services	57,000	54,452	2,548	-	-	-	57,000	54,452	2,548
Transportation	7,000	7,503	(503)	-	-	-	7,000	7,503	(503)
Operation of Plant	952,069	944,470	7,599	-	-	-	952,069	944,470	7,599
Capital Outlay	-	62,223	(62,223)	-	-	-	-	62,223	(62,223)
Maintenance of Plant	17,550	32,403	(14,853)	-	-	-	17,550	32,403	(14,853)
TOTAL EXPENDITURES	7,534,173	7,037,529	496,644	594,174	861,831	(267,657)	8,128,347	7,899,360	228,987
Excess of Revenues Over Expenses		\$ 625,375	\$ 625,375	\$ -	\$ -	\$ -	\$ -	\$ 625,375	\$ 625,375
Fund Balance - Beginning of Year		1,247,841						1,247,841	
Adjustment to Fund Balance		(206,940)						(206,940)	
Fund Balance - End of Year		\$ 1,666,276			\$ -			\$ 1,666,276	

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



**LANTER, LEONARDO
& DICRESCENZO, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

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**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.
Lake Worth, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of Palm Beach School for Autism, Inc. (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Palm Beach School for Autism, Inc.'s basic financial statements, and have issued our report thereon dated September 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ronald DiCrescenzo, CPA

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Deerfield Beach, Florida
September 22, 2017



**LANTER, LEONARDO
& DICRESCENZO, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Palm Beach School for Autism, Inc.
Lake Worth, Florida.

Report on the Financial Statements

We have audited the financial statements of the Palm Beach School for Autism, Inc. as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 22, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 22, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, 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.

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not Palm Beach School for Autism, Inc. 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 Palm Beach School for Autism, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Palm Beach School for Autism, Inc. It is management's responsibility to monitor Palm Beach School for Autism, Inc.'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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination whether Palm Beach School for Autism, Inc. maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Palm Beach School for Autism, Inc. maintained on a website, www.pbsfa.org, the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Ronald Di Crescenzo, CPA

Lanter, Leonardo, DiCrescenzo, LLC
Certified Public Accountants
Deerfield Beach, Florida
September 22, 2017