

PALM BEACH SCHOOL FOR AUTISM, INC.
FINANCIAL STATEMENTS, FEDERAL SINGLE AUDIT AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

PALM BEACH SCHOOL FOR AUTISM, INC.
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

INDEPENDENT AUDITOR'S 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, 2019, 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 opinions 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 opinions.

Opinions

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, 2019, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2019, 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 solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Lanter, Leonardo & DiCrescenzo, LLC

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Boca Raton, Florida
September 16, 2019

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, 2019. 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 \$3,439,367 (net position) for the fiscal year reported. This compared to the previous year when assets exceeded liabilities by \$2,873,012. The net position of the School increased by \$566,355.

Total net position is comprised of the following:

- \$971,807 net investment in capital assets.
- \$2,467,560 in unrestricted funds.

At year-end, the School had current assets on hand of \$2,639,491.

Enrollment continues to increase at the School, with FTE totaling 341 at June 30, 2019. The maximum projected enrollment for the fiscal year 2019-2020 is anticipated to be 361 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, 2019

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, 2019, the School has one proprietary fund, 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.

Notes to Financial Statements

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

PALM BEACH SCHOOL FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

Condensed Statement of Net Position
Governmental Activities
June 30, 2019 and 2018

	2019	2018	Change
Current and Other Assets	\$ 2,644,440	\$ 2,381,365	\$ 263,075
Capital Assets	971,807	506,809	464,998
Total Assets	3,616,247	2,888,174	728,073
Total Deferred Outflows of Resources	74,552	130,043	(55,491)
Total Assets and Deferred Outflows of Resources	3,690,799	3,018,217	672,582
Total Liabilities	251,432	145,205	106,227
Net Position	\$ 3,439,367	\$ 2,873,012	\$ 566,355
Net Investment in Capital Assets	\$ 971,807	\$ 506,809	\$ 464,998
Restricted for Project Next Transportation	-	90,200	(90,200)
Unrestricted	2,467,560	2,276,003	191,557
Total Net Position	\$ 3,439,367	\$ 2,873,012	\$ 566,355

The assets of the School primarily consist of cash and cash equivalents, amounts due from other agencies, deposits and capital assets. Liabilities consist of accounts payable and accrued expenses and salaries and wages payable.

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 \$3,439,367 at June 30, 2019. A portion of the School's net position (28%) 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 (72%) 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, 2019

Condensed Statement of Activities
For the years 2019 and 2018

	<u>2019</u>	<u>2018</u> (As Reclassified)	<u>Change</u>
Program Revenue:			
Operating Grants and Contributions	\$ 1,026,262	\$ 848,012	\$ 178,250
Capital Grants and Contributions	257,374	88,176	169,198
Charges for Services	141,483	147,664	(6,181)
General Revenue:			
FEFP	8,184,154	7,503,988	680,166
Other State and Local	-	171,292	(171,292)
Private Donations	205,280	63,739	141,541
Fundraising	204,720	253,038	(48,318)
Investment Earnings	10,776	5,056	5,720
Miscellaneous	<u>17,392</u>	<u>23,362</u>	<u>(5,970)</u>
Total Revenues	<u>10,047,441</u>	<u>9,104,327</u>	<u>943,114</u>
Program Expenses:			
Instruction	6,538,900	6,000,587	538,313
Student Support Services	20,200	14,440	5,760
Pupil Personnel Services	392,786	193,010	199,776
Instructional Staff Training Services	16,547	7,642	8,905
Board	19,064	11,485	7,579
School Administration	1,192,518	1,177,238	15,280
Fiscal Services	74,716	54,895	19,821
Transportation	22,563	11,346	11,217
Operation of Plant	1,128,122	957,640	170,482
Maintenance of Plant	44,037	34,589	9,448
Community Services	<u>31,633</u>	<u>41,531</u>	<u>(9,898)</u>
Total Expenses	<u>9,481,086</u>	<u>8,504,403</u>	<u>976,683</u>
Change in Net Position	566,355	599,924	(33,569)
Net position - Beginning	<u>2,873,012</u>	<u>2,273,088</u>	<u>599,924</u>
Net position - Ending	<u>\$ 3,439,367</u>	<u>\$ 2,873,012</u>	<u>\$ 566,355</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 School had a positive change in net position of \$566,355. The large concentration of expenses were for instruction related functions (69%), which primarily consisted of teacher salaries and facility related functions, school administration cost (13%) and (12%), which primarily consisted of the School's facility lease payments and operation costs.

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 high school. 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. The "Project Next" program, for students 18-22 years old, is underway to develop an 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, 2019

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 capital additions totaling \$594,258 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 \$8,899,714 in total revenues offset with \$8,125,621 in expenditures. This resulted in an excess of revenues over expenditures of \$774,093. Fund balance at the beginning of the year was \$2,276,003. The beginning balance of \$2,276,003, combined with the current year activity, resulted in an end of year fund balance of \$2,467,560. A transfer to capital outlay funds of \$582,536 was allocated from general funds.

CAPITAL OUTLAY FUND

The capital outlay fund recognized \$257,374 in total revenues with offsetting expenditures of \$839,910 related to the capital campaign project. A transfer from general funds of \$582,536 was allocated to the capital outlay fund.

CAPITAL ASSETS

As of June 30, 2019 and 2018, the School had invested in capital assets, as reflected below.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Furniture, Fixtures and Equipment	\$ 131,324	\$ 127,889	\$ 3,435
Capital Furniture, Fixtures and Equipment	65,454	29,577	35,877
School Bus	131,468	-	131,468
Building Improvements	1,168,683	745,205	423,478
Other Leasehold Improvements	<u>58,295</u>	<u>58,295</u>	<u>-</u>
	1,555,224	960,966	594,258
Less: Accumulated depreciation	<u>(583,417)</u>	<u>(454,157)</u>	<u>(129,260)</u>
Capital Assets	<u>\$ 971,807</u>	<u>\$ 506,809</u>	<u>\$ (464,998)</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 to accommodate the additional enrollment of new high school students and participants in the Project Next program.

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, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,616,532
Cash and Cash Equivalents - Capital Campaign	2,565
Due from Other Agency	20,394
Total Current Assets	2,639,491
Non-Current Assets	
Deposits	4,949
Capital Assets (Total cost of \$1,555,224 net of accumulated depreciation of \$583,417)	971,807
Total Non-Current Assets	976,756
Total Assets	3,616,247
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid Expenses	74,552
Total Assets and Deferred Outflows of Resources	\$ 3,690,799
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 139,184
Salaries and Wages Payable	112,248
Total Liabilities	251,432
NET POSITION	
Net Investment in Capital Assets	971,807
Unrestricted	2,467,560
Total Net Position	\$ 3,439,367

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, 2019

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,538,900	\$ 141,483	\$ 882,147	\$ -	\$ (5,515,270)
Student Support Services	20,200	-	-	-	(20,200)
Pupil Personnel Services	392,786	-	144,115	-	(248,671)
Instructional Staff Training Services	16,547	-	-	-	(16,547)
Board	19,064	-	-	-	(19,064)
School Administration	1,192,518	-	-	-	(1,192,518)
Fiscal Services	74,716	-	-	-	(74,716)
Transportation	22,563	-	-	-	(22,563)
Operation of Plant	1,128,122	-	-	257,374	(870,748)
Maintenance of Plant	44,037	-	-	-	(44,037)
Community Services	31,633	-	-	-	(31,633)
Total Government Activities	\$ 9,481,086	\$ 141,483	\$ 1,026,262	\$ 257,374	\$ (8,055,967)
General Revenues					
FEFP					8,184,154
Private Donations					205,280
Fundraising					204,720
Investment Earnings					10,776
Miscellaneous					<u>17,392</u>
Total General Revenues					<u>8,622,322</u>
Change in Net Position					566,355
Net Position - Beginning					<u>2,873,012</u>
Net Position - Ending					<u>\$ 3,439,367</u>

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

PALM BEACH SCHOOL FOR AUTISM, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 2,616,532	\$ -	\$ -	\$ 2,616,532
Cash and Cash Equivalents - Capital Campaign	2,565	-	-	2,565
Deposits	4,949	-	-	4,949
Due from Other Agency	-	-	20,394	20,394
Due from Other Funds	20,394	-	-	20,394
TOTAL ASSETS	2,644,440	-	20,394	2,664,834
DEFERRED OUTFLOWS OF RESOURCES				
Prepaid Expenses	74,552	-	-	74,552
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,718,992	\$ -	\$ 20,394	\$ 2,739,386
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 139,184	\$ -	\$ -	\$ 139,184
Salaries and Wages Payable	112,248	-	-	112,248
Due to Other Funds	-	-	20,394	20,394
Total Liabilities	251,432	-	20,394	271,826
FUND BALANCES				
Nonspendable - Deposits	4,949	-	-	4,949
Restricted - Capital Outlay	971,807	-	-	971,807
Unassigned	1,490,804	-	-	1,490,804
Total Fund Balances	2,467,560	-	-	2,467,560
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,718,992	\$ -	\$ 20,394	\$ 2,739,386

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, 2019

Total Fund Balance - Governmental Fund		\$ 2,467,560
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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	\$ 1,555,224		
Less accumulated depreciation	<u>(583,417)</u>		971,807

Revenues that have been deferred or unearned in the governmental funds but are recognized as revenue in the governmental-wide financial statements		<u>-</u>
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Net Position of Governmental Activities		<u>\$ 3,439,367</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, 2019

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total
REVENUES				
FEFP	\$ 8,184,154	\$ -	\$ -	\$ 8,184,154
Other State Revenue	43,909	-	-	43,909
Title I	-	135,120	-	135,120
IDEA	-	847,233	-	847,233
Capital Outlay Fund	-	-	257,374	257,374
Private Donations	297,280	-	-	297,280
Other Local Revenue	141,483	-	-	141,483
Fundraising Income	204,720	-	-	204,720
Investment Earnings	10,776	-	-	10,776
Miscellaneous	<u>17,392</u>	<u>-</u>	<u>-</u>	<u>17,392</u>
TOTAL REVENUES	<u>8,899,714</u>	<u>982,353</u>	<u>257,374</u>	<u>10,139,441</u>
EXPENDITURES				
Instruction	5,584,328	838,238	-	6,422,566
Student Support Services	20,200	-	-	20,200
Pupil Personnel Services	248,671	144,115	-	392,786
Instructional Staff Training Services	18,347	-	-	18,347
Board	19,064	-	-	19,064
School Administration	1,179,592	-	-	1,179,592
Fiscal Services	74,716	-	-	74,716
Transportation	22,563	-	-	22,563
Operation of Plant	882,470	-	245,652	1,128,122
Maintenance of Plant	44,037	-	-	44,037
Community Services	31,633	-	-	31,633
Capital Outlay:				
Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>594,258</u>	<u>594,258</u>
TOTAL EXPENDITURES	<u>8,125,621</u>	<u>982,353</u>	<u>839,910</u>	<u>9,947,884</u>
Excess (Deficiency) of Revenues Over Expenses	<u>774,093</u>	<u>-</u>	<u>(582,536)</u>	<u>191,557</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	582,536	582,536
Transfer Out	<u>(582,536)</u>	<u>-</u>	<u>-</u>	<u>(582,536)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(582,536)</u>	<u>-</u>	<u>582,536</u>	<u>-</u>
Net Change in Fund Balances	191,557	-	-	191,557
Fund Balance - Beginning of Year	<u>2,276,003</u>	<u>-</u>	<u>-</u>	<u>2,276,003</u>
Fund Balance - End of Year	<u>\$ 2,467,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,467,560</u>

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, 2019

Net Change in Fund Balance - Governmental Funds	\$	191,557
<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 \$594,258 differed from depreciation expense of \$129,260 in the current period.</p>		
Expenditures for capital assets	\$	594,258
Less current year depreciation		<u>(129,260)</u>
		464,998
Revenues reported in the governmental funds that were reported as revenue in the statement of activities in prior year under full accrual		<u>(90,200)</u>
Change in Net Position of Governmental Activities	\$	<u><u>566,355</u></u>

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

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. Its mission is to provide innovative education and behavioral support to empower individuals with autism so that they will lead fulfilling lives.

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 current term shall cover fifteen (15) years commencing on the first day of school in the first year of the contract school year July 1, 2019 and ending on June 30, 2034, 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, 2019

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. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements report using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. 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, 2019

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	10.5 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.

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 2015-2018 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.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Net Position and Fund Balances

Net position in the government-wide statements is classified as net investment in capital assets, restricted 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. Due to low employee participation, the plan was terminated as of December 31, 2018.

14. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period and will not be recognized as an outflow of resources (expense/expenditure) until later. The School has \$74,552, which qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period and will not be recognized as an inflow of resources (revenue) until later. The School does not have any items that qualify for reporting in this category.

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 - DUE FROM OTHER AGENCY

The amount Due from Other Agency included in the accompanying statement of Net Position and the Balance Sheet – governmental funds consists of amounts due from the School District of Palm Beach County Capital Outlay funds. This receivable is considered to be fully collectible and as such, no allowance for uncollectible is accrued.

NOTE D - 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 new charter agreement began on July 1, 2019, and will end on June 30, 2034.

PALM BEACH SCHOOL FOR AUTISM, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

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 dependent upon an agreement with the School District of Palm Beach County, Florida.

NOTE F - CAPITAL ASSETS

The changes in capital assets during the year ended June 30, 2019 were as follows:

	Balance <u>06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/19</u>
Equipment and Fixtures	\$ 157,466	\$ 39,313	\$ -	\$ 196,779
School Bus	-	131,468	-	131,468
Leasehold Improvements	<u>803,500</u>	<u>423,477</u>	-	<u>1,226,977</u>
	960,966	594,258	-	1,555,224
Less: Accumulated depreciation	<u>(454,157)</u>	<u>(129,260)</u>	-	<u>(583,417)</u>
Net capital assets	<u>\$ 506,809</u>	<u>\$ 464,998</u>	<u>\$ -</u>	<u>\$ 971,807</u>

The depreciation expense for the year ended June 30, 2019 was \$129,260 and the school has allocated 10% to administration and 90% to instructional program activities.

NOTE G - 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.

On November 16, 2017, the School entered into a Fourth Amendment to the commercial lease agreement with Lantana Charter LLC to reflect the additional square footage of 10,450 square feet for a total of 42,050 square feet of leased premises. The leasehold improvement allowance for the expansion space will be \$627,000 (\$60 per square foot) of which, the School will be responsible for a maximum of \$125,000. The School’s leasehold contribution is payable before June 30, 2019 and upon payment the Landlord will refund the existing security deposit of \$29,000. The Fourth Amendment extends the lease term to seventeen (17) years to September 30, 2029 which extension shall modify the rent that begins in lease year six (6). The Fourth Amendment also extends the purchase option of the leased premises through the remaining term of the lease as set forth in the Option Agreement. The rent shall increase on the Delivery Date of the completed expansion space, which is effective July 1, 2018 with a monthly base rent of \$18,288 until lease year eight (8). The base rent shall increase at a rate of 3% each year, thereafter.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - COMMERCIAL LEASE (Continued)

The future minimum lease payments are as follows:

<u>Lease Year</u>	<u>Period</u>	<u>Total Monthly Base Rent</u>
6	10/1/17-6/30/18	\$ 47,927
	7/1/18-9/30/18	66,214
7	10/1/18-9/30/19	67,652
8	10/1/19-9/30/20	69,133
9	10/1/20-9/30/21	71,207
10	10/1/21-9/30/22	73,343
11	10/1/22-9/30/23	75,544
12	10/1/23-9/30/24	77,810
13	10/1/24-9/30/25	80,144
14	10/1/25-9/30/26	82,549
15	10/1/26-9/30/27	85,025
16	10/1/27-9/30/28	87,576
17	10/1/28-9/30/29	<u>90,203</u>
Total Minimum Lease Payments		<u>\$ 974,327</u>

NOTE H - 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. The lease agreement continued on a month to month basis through August 27, 2019.

NOTE I - 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.

NOTE J - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 16, 2019, the date that the financial statements were available to be issued.

NOTE K - SUBSEQUENT EVENT

On August 27, 2019, the School entered into a new sixty-three (63) month lease agreement with Toshiba Business Solutions for five copier machines. Payments in the amount of \$4,350 plus applicable taxes are due monthly during the term of the agreement.

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, 2019
(Unaudited)

	General and Capital Outlay Funds				Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
FEFP Income	\$ 8,001,196	\$ 8,184,154	\$ 8,184,154	\$ -	\$ -	\$ -	\$ -	\$ -
Other State Revenue	-	45,109	43,909	(1,200)	-	-	-	-
Title I	-	-	-	-	-	135,120	135,120	-
IDEA	-	-	-	-	883,848	847,233	847,233	-
Capital Outlay Fund	80,000	257,374	257,374	-	-	-	-	-
Private Donations	40,000	205,280	297,280	92,000	-	-	-	-
Other Local Revenue	140,000	141,483	141,483	-	-	-	-	-
Fundraising Income	250,000	204,720	204,720	-	-	-	-	-
Investment Earnings	4,000	10,776	10,776	-	-	-	-	-
Miscellaneous	11,000	17,392	17,392	-	-	-	-	-
TOTAL REVENUES	8,526,196	9,066,288	9,157,088	90,800	883,848	982,353	982,353	-
EXPENDITURES								
Instruction	5,770,530	5,525,161	5,584,328	(59,167)	800,000	838,238	838,238	-
Student Support Services	20,000	20,200	20,200	-	-	-	-	-
Pupil Personnel Services	193,353	248,671	248,671	-	83,848	144,115	144,115	-
Instructional Staff Training Services	13,800	18,347	18,347	-	-	-	-	-
Board Expenses	16,200	19,064	19,064	-	-	-	-	-
School Administration	1,215,727	1,179,592	1,179,592	-	-	-	-	-
Fiscal Services	61,500	74,716	74,716	-	-	-	-	-
Transportation	16,600	22,563	22,563	-	-	-	-	-
Operation of Plant	1,179,986	1,128,122	1,128,122	-	-	-	-	-
Maintenance of Plant	38,500	44,037	44,037	-	-	-	-	-
Community Services	-	-	31,633	(31,633)	-	-	-	-
Capital Outlay:								
Facilities Acquisition and Constructioin	-	594,258	594,258	-	-	-	-	-
TOTAL EXPENDITURES	8,526,196	8,874,731	8,965,531	(90,800)	883,848	982,353	982,353	-
Excess of Revenues Over Expenses	-	191,557	191,557	-	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfer In Capital Outlay	-	582,536	582,536	-	-	-	-	-
Transfer Out General Fund	-	(582,536)	(582,536)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
Net Change in Fund Balances			191,557					
Fund Balance - Beginning of Year			2,276,003					
Fund Balance - End of Year			<u>\$ 2,467,560</u>				<u>\$ -</u>	

SUPPLEMENTARY INFORMATION

PALM BEACH SCHOOL FOR AUTISM, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through/Program or Cluster Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass- Through Grantor Number</u>	<u>Amount of Expenditures</u>
United States Department of Education:			
Indirect:			
Title I, Part A Education of Disadvantaged Children and Youth	84.010	212	\$ <u>135,120</u>
Special Education Cluster:			
Special Education - Grants to States	84.027		
Pass-through Florida Department of Education IDEA, Part B K-12, Entitlement		262,263	\$ 829,747
Special Education - Preschool Grants			
Pass-through Florida Department of Education IDEA, Part B Pre-K, Entitlement	84.173	266, 267	<u>17,486</u>
Total Special Education Cluster			<u>847,233</u>
Total Expenditures of Federal Awards			\$ <u>982,353</u>

The accompanying notes are an integral part of this schedule.

PALM BEACH SCHOOL FOR AUTISM, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the School under programs of the Federal government for the fiscal year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The School has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.



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

To 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, 2019, 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 16, 2019, included under the heading *Independent Auditor's Report*.

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.

Lanter, Leonardo & DiCrescenzo, LLC

Lanter, Leonardo & DiCrescenzo, LLC

Certified Public Accountants

Boca Raton, Florida

September 16, 2019



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Palm Beach School for Autism, Inc.'s (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Palm Beach School for Autism, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lanter, Leonardo & DiCrescenzo, LLC

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Boca Raton, Florida
September 16, 2019

PALM BEACH SCHOOL FOR AUTISM, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2019

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a) No

Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster:
84.027 and 84.173	Special Education Cluster
84.010	Title I Part A, Education of Disadvantaged Children & Youth

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low risk auditee? Yes

PALM BEACH SCHOOL FOR AUTISM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2019

SECTION II. FINANCIAL STATEMENTS FINDINGS

No matters to report.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters to report.

SECTION IV. PRIOR AUDIT FOLLOW-UP

There were no prior financial statement findings requiring follow-up.

SECTION V. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The School did not have prior year audit findings required to be reported for federal programs.



1900 NW Corporate Blvd, Suite 110 W Boca Raton, FL 33431 Phone (561) 998-7770 Fax (561) 998-7771

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

Report on the Financial Statements

We have audited the financial statements of the Palm Beach School for Autism, Inc., Florida as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 16, 2019.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated September 16, 2019, 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 that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Palm Beach School for Autism, Inc. and the school code assigned by the Florida Department of Education is 2941.

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Palm Beach School for Autism, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that 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 review of financial information provided by same.

Financial Condition and Management (Continued)

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Palm Beach School for Autism, Inc. maintains on its Web site 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 Web site, www.pbsfa.org, the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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.

Lanter, Leonardo & DiCrescenzo, LLC

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Boca Raton, Florida
September 16, 2019