



**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF
HILLSBOROUGH COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2013



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Florida Autism Center of Excellence, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the School's financial statements, which follow this section. During fiscal year 2013, the School changed its name from Florida Autism Charter School of Excellence, Inc.

FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- For the fiscal year ended June 30, 2013, the School's revenues exceeded expenses by \$38,536, which is an improvement from the prior year when expenses exceeded revenues by \$49,363.
- Overall, revenues increased by approximately \$352,000, which was a 24% increase from the prior year.
- Overall, expenses increased by approximately \$264,000, which was a 17% increase from the prior year.
- Total assets were \$482,635, and total liabilities were \$250,704, resulting in a net position of \$231,931 as of June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School currently has one type of fund:

- *Governmental funds* – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2013 and 2012 is summarized as follows – see table below.

	Governmental Activities		Increase (Decrease)
	2013	2012	
Current and other assets	\$ 295,756	\$ 89,661	230%
Capital assets, net	186,879	177,951	5%
Total assets	<u>\$ 482,635</u>	<u>\$ 267,612</u>	<u>80%</u>
Current and other liabilities	<u>\$ 250,704</u>	<u>\$ 74,217</u>	<u>238%</u>
Net position:			
Net investment in capital assets	186,879	177,951	5%
Unrestricted	45,052	15,444	192%
Total net position	<u>231,931</u>	<u>193,395</u>	<u>20%</u>
Total liabilities and net position	<u>\$ 482,635</u>	<u>\$ 267,612</u>	<u>80%</u>

Current and other assets increased due to the increase in cash as a result of the current year operating surplus and due to the timing of accounts receivable and accounts payable transactions. Capital assets, net increased primarily due to capital asset purchases in excess of depreciation expense. Current and other liabilities increased primarily due to the amount of an accrued liability that is due to Quest, Inc. for management and payroll expenses. Total net position increased from the prior period due to the current year operating surplus.

Change in Net Position

For the year ended June 30, 2013, the School's total revenues exceeded total expenses by \$38,536— see table below.

	Governmental Activities		Increase (Decrease)
	2013	2012	
Revenues:			
Federal sources passed through local school district	\$ 32,717	\$ 36,778	-11%
State and local sources	1,727,310	1,357,279	27%
Contributions and other revenue	61,713	75,343	-18%
Total revenues	1,821,740	1,469,400	24%
Expenses:			
Instruction	860,649	713,228	21%
Pupil personnel services	146,058	124,336	17%
Instruction and curriculum development	85,950	74,647	15%
Instructional staff training	1,003	365	175%
Board	17,037	23,020	-26%
General administration	278,088	252,255	10%
School administration	141,925	95,131	49%
Facilities acquisition and construction	-	1,378	-100%
Food services	8,200	4,595	78%
Central services	618	632	-2%
Pupil transportation services	35,570	21,519	65%
Operation of plant	171,127	176,998	-3%
Maintenance of plant	4,770	4,580	4%
Community services - aftercare	32,209	26,079	24%
Total expenses	1,783,204	1,518,763	17%
Change in net position	\$ 38,536	\$ (49,363)	-178%

State and local revenues increased due to increases in enrollment. Contributions and other revenue decreased due to the forgiveness of a portion of the prior year's management fees not recurring in the current fiscal year. Expenses increased primarily due to the costs of serving additional students in the current year.

Approximately \$24,000 of maintenance of plant expenses were reclassified from the 2012 classification to operation of plant for comparability with the 2013 classification.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of \$45,052. Both revenues and expenditures increased overall for the same reasons described above.

General Fund Budgetary Highlights

For the year ended June 30, 2013, revenues were approximately \$38,000 above the budgeted amounts primarily due to higher than expected enrollment.

Actual expenditures were approximately \$27,000 more than the budgeted amounts primarily due to the costs of serving more students than expected in the current year.

Special Revenue Fund Budgetary Highlights

For the year ended June 30, 2013, revenues and expenditures were consistent with the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

At the end of fiscal 2013, the School had invested \$501,678 in capital assets, including leasehold improvements, furniture, fixtures and equipment, and vehicles.

This year's major capital additions included the following:

- Classroom remodeling and renovation - \$22,570
- Classroom computers - \$12,370

There were no capital asset disposals in the current year. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2014:

- Projected increase in student enrollment and the amount of per student funding
- Projected salary increases
- Increases in the cost of benefits

Amounts available for appropriation in the general fund are approximately \$1,991,000, a 13% increase from the actual 2013 amount of \$1,757,628. This increase is primarily due to an expected increase in student enrollment.

Budgeted general fund expenditures are expected to increase to approximately \$1,958,000, or 13%, from the fiscal 2013 actual figure of \$1,728,020. This increase is primarily due to increased expenditures as a result of the expected increase in student enrollment. The School has added no major new programs to the fiscal 2014 budget.

If these estimates are realized, the School's general fund balance is expected to increase by the close of fiscal 2014.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at Quest, Inc., 500 East Colonial Drive, Orlando, Florida 32803.

Independent Auditor's Report on Basic Financial Statements and Supplementary Information

To the Board of Directors of Florida Autism Center of Excellence, Inc.,
a Charter School and Component Unit of the District School Board
of Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Florida Autism Center of Excellence, Inc. (the "School"), a charter school and component unit of the District School Board of Hillsborough, Florida, as of and for the year ended June 30, 2013, 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 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 of the governmental activities, each major fund and the aggregate remaining fund information of Florida Autism Center of Excellence, Inc. as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance 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 on pages 1 – 7 and the budgetary comparison information on pages 26 – 27 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 our report dated September 24, 2013 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Winter Park, Florida
September 24, 2013

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 162,277
Accounts receivable	133,359
Prepaid expenses	120
Capital assets:	
Leasehold improvements	252,301
Furniture, fixtures and equipment	240,389
Motor vehicles	8,988
Less accumulated depreciation	(314,799)
Total capital assets, net	186,879
Total assets	\$ 482,635
LIABILITIES	
Accounts payable and accrued expenses	\$ 250,704
Total liabilities	250,704
NET POSITION	
Net investment in capital assets	186,879
Unrestricted	45,052
Total net position	231,931
Total liabilities and net position	\$ 482,635

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction	\$ 860,649	\$ -	\$ 32,717	\$ -	\$ (827,932)
Pupil personnel services	146,058	-	-	-	(146,058)
Instruction and curriculum development	85,950	-	-	-	(85,950)
Instructional staff training	1,003	-	-	-	(1,003)
Board	17,037	-	-	-	(17,037)
General administration	278,088	-	-	-	(278,088)
School administration	141,925	-	-	-	(141,925)
Food services	8,200	2,976	-	-	(5,224)
Central services	618	-	-	-	(618)
Pupil transportation services	35,570	-	-	-	(35,570)
Operation of plant	171,127	-	-	-	(171,127)
Maintenance of plant	4,770	-	-	-	(4,770)
Community services - aftercare	32,209	32,209	-	-	-
Total primary government	\$ 1,783,204	\$ 35,185	\$ 32,717	\$ -	(1,715,302)
General revenues:					
State and local sources					1,727,310
Contributions and other revenue					26,528
Total general revenues					1,753,838
Change in net position					38,536
Net position at the beginning of year					193,395
Net position at end of year					\$ 231,931

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 162,277	\$ -	\$ -	\$ 162,277
Accounts receivable	79,238	47,310	6,811	133,359
Due from other governmental funds	54,121	-	-	54,121
Prepaid expenses	120	-	-	120
Total assets	<u>\$ 295,756</u>	<u>\$ 47,310</u>	<u>\$ 6,811</u>	<u>\$ 349,877</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenditures	\$ 250,704	\$ -	\$ -	\$ 250,704
Due to general fund	-	47,310	6,811	54,121
Total liabilities	<u>250,704</u>	<u>47,310</u>	<u>6,811</u>	<u>304,825</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	120	-	-	120
Unassigned	44,932	-	-	44,932
Total fund balances	<u>45,052</u>	<u>-</u>	<u>-</u>	<u>45,052</u>
Total liabilities and fund balances	<u>\$ 295,756</u>	<u>\$ 47,310</u>	<u>\$ 6,811</u>	<u>\$ 349,877</u>

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total fund balances - governmental funds \$ 45,052

Amounts reported for governmental activities in the statement of net position
is different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in the
governmental funds. The cost of the assets is \$501,678,
and the accumulated depreciation is \$314,799.

186,879

Total net position - governmental activities

\$ 231,931

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Other Governmental Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ 32,717	\$ -	\$ 32,717
State and local sources	1,695,915	-	31,395	1,727,310
Contributions and other revenue	61,713	-	-	61,713
Total revenues	1,757,628	32,717	31,395	1,821,740
EXPENDITURES				
Current:				
Instruction	797,205	32,717	-	829,922
Pupil personnel services	146,058	-	-	146,058
Instruction and curriculum development	85,950	-	-	85,950
Instructional staff training	1,003	-	-	1,003
Board	17,037	-	-	17,037
General administration	278,088	-	-	278,088
School administration	137,965	-	-	137,965
Food services	8,200	-	-	8,200
Central services	618	-	-	618
Pupil transportation services	35,570	-	-	35,570
Operation of plant	139,732	-	31,395	171,127
Maintenance of plant	4,770	-	-	4,770
Community services - aftercare	32,209	-	-	32,209
Capital outlay	43,615	-	-	43,615
Total expenditures	1,728,020	32,717	31,395	1,792,132
Net changes in fund balances	29,608	-	-	29,608
Fund balances at beginning of year	15,444	-	-	15,444
Fund balances at end of year	\$ 45,052	\$ -	\$ -	\$ 45,052

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2013

Net changes in fund balances - total governmental funds	\$ 29,608
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$43,615) exceeded depreciation expense (\$34,687) in the current period.

8,928

Change in net position of governmental activities

\$ 38,536

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida Autism Center of Excellence, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. During fiscal year 2013, the School changed its name from Florida Autism Charter School of Excellence, Inc. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three members.

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 District School Board of Hillsborough County, Florida (the "School Board"). The current charter is effective until June 30, 2017 and may be renewed by mutual agreement of the parties. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board 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 School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; 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 of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. 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.

Recently adopted accounting pronouncements

During fiscal year 2013, the School adopted guidance issued by the GASB that requires entities to present a Statement of Net Position in place of the previously issued Statement of Net Assets. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The School also adopted guidance issued by the GASB regarding the reclassification of items previously reported as assets and liabilities, which are now reported as deferred outflows and inflows of resources.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Basis of presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

The funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources and federal grants that are restricted by law or administrative action to expenditure for specific purposes.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general and special revenue funds are considered major funds. The capital projects fund is considered non-major and is presented as the other governmental fund.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Basis of accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become 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 sixty days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary basis accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Cash and cash equivalents

The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution for the year ended June 30, 2013. As of June 30, 2013, the School had deposits in a financial institution with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$153,000. The School has not historically experienced losses as a result of these uninsured balances.

Receivables

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. Allowances are reported when management estimates that accounts may be uncollectible.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Capital assets and depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at their approximate fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

	<u>Years</u>
Leasehold improvements	15
Furniture, fixtures and equipment	3 – 7
Motor vehicles	5

Fund balance spending policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. There are no minimum fund balance requirements for any of the School's funds.

Revenue sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of FTE students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated FTE student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the 2012-2013 school year the School reported 105.00 un-weighted FTE. Weighted funding represented approximately 66% of total state funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code ("FAC"). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC)

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying statement of net position and balance sheet – governmental funds, respectively.

Income taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

The School assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is “more likely than not” that its tax positions will be sustained upon an examination by the Internal Revenue Service (“IRS”) or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same “more likely than not” measurement threshold. With few exceptions, the School is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2009.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the balance sheet and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates

Subsequent events

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through September 24, 2013, which is the date the financial statements were available to be issued.

2 ACCOUNTS RECEIVABLE

Accounts receivable included in the accompanying financial statements include funds awaiting reimbursement from the School Board for FEFP, capital outlay and other grants. Based on the collectibility of funds from this source, management believes that an allowance for doubtful accounts is not considered necessary.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Leasehold improvements	\$ 221,056	\$ 31,245	\$ -	\$ 252,301
Furniture, fixtures and equipment	228,019	12,370	-	240,389
Motor vehicles	8,988	-	-	8,988
Total capital assets at historical cost	<u>458,063</u>	<u>43,615</u>	<u>-</u>	<u>501,678</u>
Less accumulated depreciation for:				
Leasehold improvements	(72,482)	(16,900)	-	(89,382)
Furniture, fixtures and equipment	(198,642)	(17,787)	-	(216,429)
Motor vehicles	(8,988)	-	-	(8,988)
Total accumulated depreciation	<u>(280,112)</u>	<u>(34,687)</u>	<u>-</u>	<u>(314,799)</u>
Governmental activities capital assets, net	<u>\$ 177,951</u>	<u>\$ 8,928</u>	<u>\$ -</u>	<u>\$ 186,879</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 30,727
School administration	<u>3,960</u>
Total governmental activities depreciation expense	<u>\$ 34,687</u>

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

4 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Hillsborough County, Florida:	
Florida Education Finance Program	\$ 928,951
ESE guaranteed allocation	339,641
Class size reduction	282,751
Discretionary local effort	55,933
Student transportation	37,877
Capital outlay	31,395
Supplemental academic instruction	20,685
Discretionary millage funds	14,025
Instructional materials	8,156
Safe schools	4,447
Teacher training	1,750
Teacher lead funds	1,699
	<hr/>
Total	<u><u>\$ 1,727,310</u></u>

The administration fee paid to the School Board during the year ended June 30, 2013 totaled approximately \$28,000 and is included as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

5 RELATED PARTY TRANSACTIONS

Effective July 1, 2009, the School entered into a management contract with Life Concepts, Inc. (doing business as Quest, Inc.), a related party, to provide the School with the following services: curriculum and testing, personnel administration, training, contract administration, accounting, payroll administration, management information systems, maintenance of the charter, and general management of the School's operations. The contract was for a three-year period ending June 30, 2012. In June 2012, the School exercised a renewal option to extend the management agreement until June 30, 2017. The contract calls for an annual management fee of 14% of the School's gross revenue, to be paid in monthly installments. The School is staffed with Quest, Inc. employees, for which the School reimburses Quest, Inc. for all payroll costs.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

Management fees during the year ended June 30, 2013 totaled approximately \$249,000 and are included as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. Amounts payable to Quest, Inc. as of June 30, 2013 totaled approximately \$240,000 for management fees and accrued payroll and are included in accounts payable and accrued expenses/expenditures in the accompanying statement of net position and balance sheet – governmental funds.

Quest, Inc. entered into a lease agreement for the facility used by the School, which requires monthly rent payments of \$10,351 and which expires in June 2017. The School pays the monthly rent on behalf of Quest, Inc. Rental expense for the year ended June 30, 2013 totaled approximately \$125,000, which is reflected as an operation of plant expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

6 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, general liability, professional liability, employee health and hospitalization and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

7 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2013 may be impaired.

The School Board underwent an audit of its full-time equivalent students and teacher certification for the 2009 fiscal year performed by the Auditor General of the State of Florida. The School was a part of the sample tested in that audit. Findings were noted regarding the exceptional students classification and teacher certification. The resulting findings called for the School to pay back \$124,460 to the FDOE. The School was also audited for similar matters for the 2011 fiscal year, which called for the School to pay back an additional \$68,966 to the FDOE. The School has contested the findings with the School Board and is awaiting resolution to their appeals. No liability has been recorded in the accompanying financial statements relating to these audit findings.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

In the opinion of the School, there are no other significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 1,646,580	\$ 1,672,565	\$ 1,695,915	\$ 23,350
Contributions and other revenue	31,950	46,660	61,713	15,053
Total revenues	<u>1,678,530</u>	<u>1,719,225</u>	<u>1,757,628</u>	<u>38,403</u>
EXPENDITURES				
Current:				
Instruction	921,316	919,686	797,205	122,481
Pupil personnel services	110,000	136,000	146,058	(10,058)
Instruction and curriculum development	-	-	85,950	(85,950)
Instructional staff training	7,500	-	1,003	(1,003)
Board	17,500	16,500	17,037	(537)
General administration	309,117	317,567	278,088	39,479
School administration	125,346	128,286	137,965	(9,679)
Food services	6,000	6,000	8,200	(2,200)
Central services	-	-	618	(618)
Pupil transportation services	22,000	25,000	35,570	(10,570)
Operation of plant	127,727	122,683	139,732	(17,049)
Maintenance of plant	17,580	29,400	4,770	24,630
Community services - aftercare	-	-	32,209	(32,209)
Capital outlay	-	-	43,615	(43,615)
Total expenditures	<u>1,664,086</u>	<u>1,701,122</u>	<u>1,728,020</u>	<u>(26,898)</u>
Net change in fund balance	14,444	18,103	29,608	11,505
Fund balance at beginning of year	15,444	15,444	15,444	-
Fund balance at end of year	<u>\$ 29,888</u>	<u>\$ 33,547</u>	<u>\$ 45,052</u>	<u>\$ 11,505</u>

See report of independent auditors.

**FLORIDA AUTISM CENTER OF EXCELLENCE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources passed through local school district	\$ 23,000	\$ 32,000	\$ 32,717	\$ 717
EXPENDITURES				
Current:				
Instruction	23,000	32,000	32,717	(717)
Total expenditures	23,000	32,000	32,717	(717)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditors.

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 of Florida Autism Center of Excellence, Inc.,
a Charter School and Component Unit of the District School Board
of Hillsborough County, 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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Florida Autism Center of Excellence, Inc. (the "School"), a charter school and component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.



We did identify a deficiency in internal control that we consider to be a significant deficiency:

2013-01 Bank Reconciliations: The School's internal accounting policies require that a monthly reconciliation of the cash account be performed in a timely manner. During our audit procedures, we noted that the School had not completed the required reconciliations for nine months during the fiscal year; however, cash was reconciled at year-end. We recommend that the School complete the monthly reconciliations in a timely manner in order to comply with its internal policy.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 or other matters that are required to be reported under *Government Auditing Standards*.

The School's Response to Findings

The School's response to the finding identified in our audit is described in the written statement of explanation or rebuttal on page 33. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

BKHM, P.A.

Winter Park, Florida
September 24, 2013

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

To the Board of Directors of Florida Autism Center of Excellence, Inc.,
a Charter School and Component Unit of the District School Board
of Hillsborough County, Florida

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Florida Autism Center of Excellence, Inc. (the "School"), a charter school and component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2013, and have issued our report thereon dated September 24, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 24, 2013, should be considered in conjunction with this management letter.

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

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations in the preceding annual financial audit report.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition met. During the course of our audit, nothing came to our attention to indicate that the School had met any of the conditions described in Section 218.503(1), Florida Statutes ("the conditions"). However, in planning and performing our audit, we considered whether the School had met any of the conditions as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion as to whether the School had met any of the conditions. Accordingly, we do not express an opinion as to whether the School had met any of the conditions.
- 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.
- Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the school. The name of the School is Florida Autism Center of Excellence, Inc..
- Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2013, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

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, and applicable management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

BKHM, P.A.

Winter Park, Florida
September 24, 2013



ph 407.218.4300 • fax 407.218.4301
(toll free) 888.80.QUEST
P.O. Box 531125 • Orlando, FL 32853

Corporate Office
500 E. Colonial Drive • Orlando, FL 32803

September 23, 2013

BKHM
1560 Orange Avenue
Suite 600
Winter Park, FL 32789

Dear Sirs,

We have reviewed your identification of a significant deficiency in our internal control system regarding the timely completion of bank reconciliations during the fiscal year ended June 30, 2013. We understand your comments and agree that our internal policy requires that bank reconciliations be completed in a timely manner. As you noted, by year end, all monthly bank reconciliations had been completed. We will continue to keep our bank reconciliations current by completing the reconciliations in a timely manner each month.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd Thrasher".

Todd Thrasher
CFO, Quest Inc.