



**FLORIDA AUTISM CHARTER SCHOOL 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, 2012



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Florida Autism Charter School of Excellence, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the School's fund financial statements show that revenues matched expenditures.
- The School maintained a positive general fund balance of \$15,444.
- For the fiscal year ended June 30, 2012, the School's government-wide expenses exceeded revenues by \$49,363. This is a slight decrease from the prior year, when expenses exceeded revenues by \$49,190.
- Total government-wide assets were \$267,612 and total liabilities were \$74,217, resulting in net assets of \$193,395 as of June 30, 2012.

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 compliance and internal control required by *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 assets 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 and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities 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 the private sector. The statement of net assets includes all of the School's assets and liabilities. 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 assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial position. Over time, increases or decreases in the School's net assets are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial position of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base funding level.

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 Assets

The School's combined net assets as of June 30, 2012 and 2011 are summarized as follows – see table below.

	Governmental Activities		Increase (Decrease)
	2012	2011	
Current and other assets	\$ 89,661	\$ 120,663	-26%
Capital assets, net	177,951	227,314	-22%
Total assets	<u>\$ 267,612</u>	<u>\$ 347,977</u>	<u>-23%</u>
Current and other liabilities	<u>\$ 74,217</u>	<u>\$ 105,219</u>	<u>-29%</u>
Net assets:			
Invested in capital assets	177,951	227,314	-22%
Unrestricted	<u>15,444</u>	<u>15,444</u>	<u>0%</u>
Total net assets	<u>193,395</u>	<u>242,758</u>	<u>-20%</u>
Total liabilities and net assets	<u>\$ 267,612</u>	<u>\$ 347,977</u>	<u>-23%</u>

Current and other assets decreased due to the decrease in cash as a result of the current year operating deficit. Capital assets decreased primarily due to depreciation expense in excess of capital asset purchases. Current and other liabilities decreased primarily due to the payment of an accrued liability that was due to students' parents for transportation at the end of the prior year. Total net assets decreased from the prior period due to the current year operating deficit.

The School's fund financial statements for the fiscal year ending June 30, 2012 show that revenues matched expenditures. This enabled the School to maintain a positive fund balance of \$15,444. The School was also able to increase the number of students from 69 to 90 for the school year ending in June 2012. A tenth classroom was added to the School in January.

During the fiscal year, the School's board established a five-year strategic plan. Consistent with this plan, three additional classrooms are being prepared to accommodate further growth for the upcoming school year.

Change in Net Assets

For the year ended June 30, 2012, the School's total expenses exceeded total revenues by \$49,363 – see table below.

	Governmental Activities		Increase (Decrease)
	2012	2011	
Revenues:			
Federal sources passed through local school district	\$ 36,778	\$ 59,917	-39%
State and local sources	1,357,279	1,247,636	9%
Contributions and other revenue	75,343	44,555	69%
Total revenues	1,469,400	1,352,108	9%
Expenses:			
Instruction	713,228	591,875	21%
Pupil personnel services	124,336	102,008	22%
Instruction and curriculum development	74,647	47,210	58%
Instructional staff training	365	3,193	-89%
Board	23,020	16,632	38%
General administration	252,255	234,517	8%
School administration	95,131	106,925	-11%
Facilities acquisition and construction	1,378	-	100%
Food services	4,595	10,849	-58%
Central services	632	705	-10%
Pupil transportation services	21,519	26,836	-20%
Operation of plant	152,998	164,083	-7%
Maintenance of plant	28,580	29,551	-3%
Community services	26,079	-	100%
Disposal of assets	-	6,528	-100%
Unallocated depreciation	-	60,386	-100%
Total expenses	1,518,763	1,401,298	8%
Change in net assets	\$ (49,363)	\$ (49,190)	0%

Federal sources passed through local school district decreased due to not receiving certain grants in the current year. State and local revenues increased due to increases in enrollment. Contributions and other revenue increased due to the forgiveness of a portion of the current year management fees. Expenses increased primarily due to the costs of serving additional students in the current year. Unallocated depreciation decreased due to depreciation expense being allocated to its related functions in the current year.

Approximately \$132,000 of facilities rental expense was reclassified from the 2011 classification as facilities acquisition and construction expense to operation of plant for comparability with the 2012 classification.

Approximately \$175,000 of management and administration fees was reclassified from the 2011 classification as operation of plant to general administration for comparability with the 2012 classification.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental fund reported a combined fund balance of \$15,444. Revenues and expenditures increased overall for the same reasons described above.

General Fund Budgetary Highlights

For the year ended June 30, 2012, revenues were approximately \$49,000 above the budgeted amounts primarily due to higher than expected enrollment and due to the forgiveness of a portion of the current year management fees.

Actual expenditures were approximately \$57,000 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, 2012, revenues and expenditures were approximately \$18,000 above the budgeted amounts primarily due to a higher than expected grant award due to the higher than expected enrollment.

CAPITAL ASSET ADMINISTRATION

At the end of fiscal 2012, the School had invested \$458,063 in capital assets, including leasehold improvements, furniture, fixtures and equipment, and vehicles.

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 2013:

- Projected increase in student enrollment
- Projected salary increases
- Increases in the cost of benefits

Amounts available for appropriation in the general fund are \$1,678,530, a 20% increase from the actual 2012 amount of \$1,399,069. This increase is primarily due to an expected increase in student enrollment.

Budgeted general fund expenditures are expected to increase to \$1,664,086, or 19%, from the fiscal 2012 actual figure of \$1,399,069. 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 2013 budget.

If these estimates are realized, the School's general fund balance is expected to increase by the close of fiscal 2013.

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 Required Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Florida Autism Charter School 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, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the School as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012 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* and should be considered in assessing the results of our audit.



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.

BKHM, P.A.

Winter Park, Florida
September 17, 2012

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

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 66,100
Accounts receivable	19,388
Prepaid expenses	4,173
Capital assets:	
Leasehold improvements	221,056
Furniture, fixtures and equipment	228,019
Motor vehicles	8,988
Less accumulated depreciation	(280,112)
Total capital assets, net	177,951
Total assets	\$ 267,612
LIABILITIES	
Accounts payable and accrued expenses	\$ 74,217
Total liabilities	74,217
NET ASSETS	
Invested in capital assets	177,951
Unrestricted	15,444
Total net assets	193,395
Total liabilities and net assets	\$ 267,612

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

**FLORIDA AUTISM CHARTER SCHOOL 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, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 713,228	\$ -	\$ 36,413	\$ -	\$ (676,815)
Pupil personnel services	124,336	-	-	-	(124,336)
Instruction and curriculum development	74,647	-	-	-	(74,647)
Instructional staff training	365	-	365	-	-
Board	23,020	-	-	-	(23,020)
General administration	252,255	-	-	-	(252,255)
School administration	95,131	-	-	-	(95,131)
Facilities acquisition and construction	1,378	-	-	-	(1,378)
Food services	4,595	3,702	-	-	(893)
Central services	632	-	-	-	(632)
Pupil transportation services	21,519	-	-	-	(21,519)
Operation of plant	152,998	-	-	-	(152,998)
Maintenance of plant	28,580	-	-	-	(28,580)
Community services	26,079	26,079	-	-	-
Total primary government	\$ 1,518,763	\$ 29,781	\$ 36,778	\$ -	(1,452,204)
General revenues:					
State and local sources					1,357,279
Contributions and other revenue					45,562
Total general revenues					1,402,841
Change in net assets					(49,363)
Net assets at the beginning of the year					242,758
Net assets at end of year					\$ 193,395

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Special Revenue Fund	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 66,100	\$ -	\$ -	\$ 66,100
Accounts receivable	1,944	14,592	2,852	19,388
Due from other governmental funds	17,444	-	-	17,444
Prepaid expenses	4,173	-	-	4,173
Total assets	\$ 89,661	\$ 14,592	\$ 2,852	\$ 107,105
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenditures	\$ 74,217	\$ -	\$ -	\$ 74,217
Due to general fund	-	14,592	2,852	17,444
Total liabilities	74,217	14,592	2,852	91,661
Fund balances:				
Nonspendable:				
Prepaid expenses	4,173	-	-	4,173
Unassigned	11,271	-	-	11,271
Total fund balances	15,444	-	-	15,444
Total liabilities and fund balances	\$ 89,661	\$ 14,592	\$ 2,852	\$ 107,105

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

**FLORIDA AUTISM CHARTER SCHOOL 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 ASSETS**

JUNE 30, 2012

Total fund balances - governmental funds	\$	15,444
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$458,063, and the accumulated depreciation is \$280,112.

177,951
<hr/>

Total net assets - governmental activities

\$	193,395
	<hr/> <hr/>

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

**FLORIDA AUTISM CHARTER SCHOOL 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, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ 36,778	\$ -	\$ 36,778
State and local sources	1,323,726	-	33,553	1,357,279
Contributions and other revenue	75,343	-	-	75,343
Total revenues	<u>1,399,069</u>	<u>36,778</u>	<u>33,553</u>	<u>1,469,400</u>
EXPENDITURES				
Current:				
Instruction	632,583	36,413	-	668,996
Pupil personnel services	124,336	-	-	124,336
Instruction and curriculum development	74,647	-	-	74,647
Instructional staff training	-	365	-	365
Board	23,020	-	-	23,020
General administration	252,255	-	-	252,255
School administration	88,867	-	-	88,867
Facilities acquisition and construction	1,378	-	-	1,378
Food services	4,595	-	-	4,595
Central services	632	-	-	632
Pupil transportation services	21,519	-	-	21,519
Operation of plant	119,445	-	33,553	152,998
Maintenance of plant	28,580	-	-	28,580
Community services	26,079	-	-	26,079
Capital outlay	1,133	-	-	1,133
Total expenditures	<u>1,399,069</u>	<u>36,778</u>	<u>33,553</u>	<u>1,469,400</u>
Net changes in fund balances	-	-	-	-
Fund balances at beginning of year	<u>15,444</u>	<u>-</u>	<u>-</u>	<u>15,444</u>
Fund balances at end of year	<u>\$ 15,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,444</u>

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

**FLORIDA AUTISM CHARTER SCHOOL 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, 2012

Net changes in fund balances - total governmental funds \$ -

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 depreciation expense (\$48,703) exceeded capital outlays (\$1,133) in the current period. (47,570)

The loss on the disposal of capital assets is reported in the statement of activities, whereas nothing is reported in the governmental funds as there were no proceeds. (1,793)

Change in net assets of governmental activities \$ (49,363)

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

**FLORIDA AUTISM CHARTER SCHOOL 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, 2012

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida Autism Charter School 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. 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 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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 assets includes all of the School's assets and liabilities. 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, liabilities, fund balance, 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 CHARTER SCHOOL 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's cash consists primarily of demand deposits with financial institutions, which are insured by federal depository insurance. There is no amount of cash held by the School in excess of federal depository insurance as of June 30, 2012.

Receivables

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. All receivables are current and, therefore, due within one year. Allowances are reported when management estimates that accounts may be uncollectible.

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.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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
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 Florida Department of Education (“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 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.

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 2011-2012 school year the School reported 87.00 un-weighted FTE. Weighted funding represented approximately 64% of total state funding.

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

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 unexpected amounts are reflected as restricted/reserved fund balance in the accompanying statement of net assets and balance sheet – governmental funds.

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.

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.

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

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 2008.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements 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 17, 2012, 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 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 CHARTER SCHOOL OF EXCELLENCE, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Leasehold improvements	\$ 219,923	\$ 1,133	\$ -	\$ 221,056
Furniture, fixtures and equipment	244,792	-	(16,773)	228,019
Motor vehicles	8,988	-	-	8,988
Total capital assets at historical cost	<u>473,703</u>	<u>1,133</u>	<u>(16,773)</u>	<u>458,063</u>
Less accumulated depreciation for:				
Leasehold improvements	(57,822)	(14,660)	-	(72,482)
Furniture, fixtures and equipment	(181,227)	(32,395)	14,980	(198,642)
Motor vehicles	(7,340)	(1,648)	-	(8,988)
Total accumulated depreciation	<u>(246,389)</u>	<u>(48,703)</u>	<u>14,980</u>	<u>(280,112)</u>
Governmental activities capital assets, net	<u>\$ 227,314</u>	<u>\$ (47,570)</u>	<u>\$ (1,793)</u>	<u>\$ 177,951</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 42,439
School administration	<u>6,264</u>
Total governmental activities depreciation expense	<u>\$ 48,703</u>

**FLORIDA AUTISM CHARTER SCHOOL 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	\$ 693,743
ESE guaranteed allocation	304,128
Class size reduction	215,088
Discretionary local effort	45,468
Capital outlay	33,553
Student transportation	24,741
Supplemental academic instruction	16,791
Discretionary millage funds	11,309
Instructional materials	6,763
Safe schools	3,511
Teachers lead	1,575
Discretionary lottery funds	<u>609</u>
Total	<u><u>\$ 1,357,279</u></u>

The administration fee paid to the School Board during the year ended June 30, 2012 totaled approximately \$65,000 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 is for a three year period ending June 30, 2012, with a renewal option of an additional five years, which was exercised after June 30, 2012. 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.

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

Management fees during the year ended June 30, 2012 totaled approximately \$190,000 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. Quest, Inc. forgave management fees totaling approximately \$20,000 during the year ended June 30, 2012. This amount is included as contributions and other revenue 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, 2012 totaled approximately \$68,000 for management fees and accrued payroll are included in accounts payable and accrued expenses/expenditures in the accompanying statement of net assets and balance sheet – governmental fund.

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 2018. The School pays the monthly rent on behalf of Quest, Inc. Rental expense for the year ended June 30, 2012 totaled approximately \$132,000, 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, 2012 may be impaired.

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

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.

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 CHARTER SCHOOL 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, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 1,305,641	\$ 1,305,641	\$ 1,323,726	\$ 18,085
Contributions and other revenue	44,610	44,610	75,343	30,733
Total revenues	<u>1,350,251</u>	<u>1,350,251</u>	<u>1,399,069</u>	<u>48,818</u>
EXPENDITURES				
Current:				
Instruction	626,988	626,988	632,583	(5,595)
Pupil personnel services	120,070	120,070	124,336	(4,266)
Instruction and curriculum development	49,306	49,306	74,647	(25,341)
Instructional staff training	2,500	2,500	-	2,500
Board	12,000	12,000	23,020	(11,020)
General administration	246,784	246,784	252,255	(5,471)
School administration	116,615	116,615	88,867	27,748
Facilities acquisition and construction	-	-	1,378	(1,378)
Food services	9,000	9,000	4,595	4,405
Central services	-	-	632	(632)
Pupil transportation services	24,000	24,000	21,519	2,481
Operation of plant	108,653	108,653	119,445	(10,792)
Maintenance of plant	26,100	26,100	28,580	(2,480)
Community services	-	-	26,079	(26,079)
Capital outlay	-	-	1,133	(1,133)
Total expenditures	<u>1,342,016</u>	<u>1,342,016</u>	<u>1,399,069</u>	<u>(57,053)</u>
Net change in fund balance	8,235	8,235	-	(8,235)
Fund balance at beginning of year	15,444	15,444	15,444	-
Fund balance at end of year	<u>\$ 23,679</u>	<u>\$ 23,679</u>	<u>\$ 15,444</u>	<u>\$ (8,235)</u>

See report of independent auditors.

**FLORIDA AUTISM CHARTER SCHOOL 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, 2012

	<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	\$ 19,250	\$ 19,250	\$ 36,778	\$ 17,528
EXPENDITURES				
Current:				
Instruction	19,250	19,250	36,413	(17,163)
Instructional staff training	-	-	365	(365)
Total expenditures	<u>19,250</u>	<u>19,250</u>	<u>36,778</u>	<u>(17,528)</u>
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.



Report of Independent Auditors 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 Charter School 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 Charter School 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, 2012, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A 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.

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



Compliance and Other Matters

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

This report is intended solely for the information and use of management of the School, the District School Board of Hillsborough County, Florida, the Florida Department of Education and the Florida Auditor General 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 17, 2012

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



To the Board of Directors of the Florida Autism Charter School of Excellence,
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 Charter School of Excellence, Inc. (the "School") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 17, 2012.

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. Disclosures in that report, which is dated September 17, 2012, 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)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.



- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The name of the School is Florida Autism Charter School of Excellence, Inc.
- 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.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2012, 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, 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 17, 2012