

**SOUTH FLORIDA AUTISM
CHARTER SCHOOL**

A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2012

King & Walker, CPAs, PL

Certified Public Accountants

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SOUTH FLORIDA AUTISM CHARTER SCHOOL

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

To the Board of Directors of the South Florida Autism Charter School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the South Florida Autism Charter School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal 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 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 addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South Florida Autism Charter School as of June 30, 2012, and the respective changes in financial position thereof for the fiscal 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 a report dated August 14, 2012, on our consideration of the South Florida Autism Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts and grants, and other guidelines included under the heading ***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***. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Respectfully submitted,

King & Walker, CPAs

August 14, 2012
Tampa, Florida

DRAFT

SOUTH FLORIDA AUTISM CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the South Florida Autism Charter School ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2012.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 23.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the School's revenues exceeded expenses as shown on the School's statement of activities by \$205,326.
- As shown on the statement of net assets, the School reported an unrestricted Net Asset balance of \$671,599.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets and the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities, and a Special Revenue Fund to account for Federal grant programs and food service. Each of these funds are major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2011 and June 30, 2012:

	Net Assets, End of Year		
	Governmental Activities		
	June 30, 2011	June 30, 2012	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 669,329	\$ 794,656	\$ 125,327
Capital Assets, net	137,364	145,030	7,666
Total Assets	806,693	939,686	132,993
LIABILITIES			
Current Liabilities	125,390	123,057	(2,333)
Long Term Liabilities	200,000	130,000	(70,000)
Total Liabilities	325,390	253,057	(72,333)
NET ASSETS			
Invested in Capital Assets	(62,636)	15,030	77,666
Unrestricted	543,939	671,599	127,660
Total Net Assets	481,303	686,629	205,326
Total Liabilities and Net Assets	\$ 806,693	\$ 939,686	\$ 132,993

Assets consist primarily of cash, amounts due from other agencies, and the School's investment in capital assets. Liabilities are comprised of payables and a loan to temporarily fund operations. Total net assets amounted to \$686,629 which included an Unrestricted Net Asset balance of \$671,599.

The key elements of the changes in the School's net assets for the fiscal year ended June 30, 2011 and June 30, 2012 are as follows:

Operating Results for the Year			
	Governmental Activities		
	June 30, 2011	June 30, 2012	Increase (Decrease)
Revenues:			
Federal sources	\$ 207,399	\$ 864	\$ (206,535)
State and Local sources	1,919,001	1,978,699	59,698
Contributions and Other	342,678	301,283	(41,395)
Total Revenues	2,469,078	2,280,846	(188,232)
Expenses:			
Instruction	1,310,532	1,157,709	(152,823)
Pupil Personnel Services	-	97,798	97,798
Instructional Media	7,800		(7,800)
Instructional Staff Training	10,878	1,893	(8,985)
Instructional Related Technology	-	3,201	3,201
Board of Education	249,559	224,823	(24,736)
School Administration	251,618	319,579	67,961
Facilities Acq. & Construction	65,778	68,662	2,884
Food Services	12,523	12,111	(412)
Pupil Transportation	19,470	32,668	13,198
Operation of Plant	28,513	39,831	11,318
Maintenance of Plant	1,490	965	(525)
Community Service	92,600	85,906	(6,694)
Interest & Fiscal Charges	12,000	9,442	(2,558)
Unallocated Depreciation	13,698	20,932	7,234
Total Expenses	2,076,459	2,075,520	(939)
Increase in Net Assets	\$ 392,619	\$ 205,326	\$ (187,293)

The largest revenue source for the School is the State of Florida (81%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

Total expenses were generally unchanged from the prior year even though enrollment increased.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$671,599.

BUDGETARY HIGHLIGHTS

The general and special revenue fund budgets for the fiscal year ended June 30, 2012, were developed based on the School's anticipated revenues and expenditures, the expected student population for the school year and federal grants. For the year ended June 30, 2012, actual expenditures were equal to the final budgeted amounts. Refer to the Budgetary Comparison Schedule on page 24 for additional reference.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$145,030 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, motor vehicles and leasehold improvements. Additional information regarding the School's capital assets can be found in note 3 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the South Florida Autism Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charter School Associates, Inc., 12524 W. Atlantic Blvd., Coral Springs, FL 33071.

**SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 781,004
Due From Other Agencies	2,500
Accounts Receivable	1,371
Prepaid Expenses and Deposits	9,781
Total Current Assets	<u>794,656</u>
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	52,793
Motor Vehicles, Net	11,187
Leasehold Improvements, Net	81,050
Total Capital Assets, Net	<u>145,030</u>
TOTAL ASSETS	<u><u>\$ 939,686</u></u>
LIABILITIES	
Accounts Payable	\$ 2,260
Salaries and Benefits Payable	120,797
Long Term Liabilities:	
Note Payable, due within one year	130,000
TOTAL LIABILITIES	<u>253,057</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	15,030
Unrestricted	671,599
Total Net Assets	<u>686,629</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 939,686</u></u>

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

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 1,157,709	\$ -	\$ 864	\$ -	\$ (1,156,845)	\$ (1,156,845)
Pupil Personnel Services	97,798				(97,798)	(97,798)
Instructional Staff Training	1,893				(1,893)	(1,893)
Instructional Related Technology	3,201				(3,201)	(3,201)
Board of Education	224,823				(224,823)	(224,823)
School Administration	319,579				(319,579)	(319,579)
Facilities Acquisition & Construction	68,662				(68,662)	(68,662)
Food Services	12,111	11,018			(1,093)	(1,093)
Pupil Transportation	32,668				(32,668)	(32,668)
Operation of Plant	39,831				(39,831)	(39,831)
Maintenance of Plant	965				(965)	(965)
Community Service	85,906				(85,906)	(85,906)
Debt Service - Interest & Fiscal Charges	9,442				(9,442)	(9,442)
Unallocated Depreciation	20,932				(20,932)	(20,932)
Total Governmental Activities	<u>\$ 2,075,520</u>	<u>\$ 11,018</u>	<u>\$ 864</u>	<u>\$ -</u>	<u>(2,063,638)</u>	<u>(2,063,638)</u>
General Revenues:						
State and Local sources					1,967,681	1,967,681
Contributions and Other					301,283	301,283
					<u>2,268,964</u>	<u>2,268,964</u>
Change in Net Assets					205,326	205,326
Net Assets - July 1, 2011					481,303	481,303
Net Assets - June 30, 2012					<u>\$ 686,629</u>	<u>\$ 686,629</u>

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

**SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	\$ 781,004	\$ -	\$ 781,004
Due From Other Agencies	-	2,500	2,500
Accounts Receivable	1,371		
Prepaid Expenses and Deposits	9,781		9,781
Due From Other Funds	2,500		2,500
Total Assets	<u>\$ 794,656</u>	<u>\$ 2,500</u>	<u>\$ 795,785</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 2,260	\$ -	\$ 2,260
Salaries and Benefits Payable	120,797		120,797
Due to Other Funds		2,500	2,500
Total Liabilities	<u>123,057</u>	<u>2,500</u>	<u>125,557</u>
Fund Balance:			
Spendable - Unassigned	661,818		661,818
Nonspendable	9,781		9,781
Total Fund Balance	<u>671,599</u>	<u>-</u>	<u>671,599</u>
Total Liabilities and Fund Balance	<u>\$ 794,656</u>	<u>\$ 2,500</u>	<u>\$ 797,156</u>

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

**SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

June 30, 2012

Total Fund Balances - Governmental Funds	\$ 671,599
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Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of a notes payable.	(130,000)
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>145,030</u>
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Total Net Assets - Governmental Activities	<u><u>\$ 686,629</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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

For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through Local	\$ -	\$ 864	\$ 864
State and Local	1,918,931	59,768	1,978,699
Contributions and Other	301,283	-	301,283
Total Revenues	<u>2,220,214</u>	<u>60,632</u>	<u>2,280,846</u>
Expenditures			
Current - Education:			
Instruction	1,108,095	49,614	1,157,709
Pupil Personnel Services	97,798		97,798
Instructional Staff Training	1,893		1,893
Instructional Related Technology	3,201		3,201
Board of Education	224,823		224,823
School Administration	319,579		319,579
Facilities Acquisition & Construction	68,662		68,662
Food Services		12,111	12,111
Pupil Transportation	32,668		32,668
Operation of Plant	39,831		39,831
Maintenance of Plant	965		965
Community Service	85,906		85,906
Fixed Capital Outlay:			
Facilities Acquisition & Construction	5,093		5,093
Other Capital Outlay	23,505		23,505
Debt Service:			
Principal	70,000		70,000
Interest & Fiscal Charges	9,442		9,442
Total Expenditures	<u>2,091,461</u>	<u>61,725</u>	<u>2,153,186</u>
Excess of Revenues Over Expenditures	<u>128,753</u>	<u>(1,093)</u>	<u>127,660</u>
Other Financing Sources (Uses):			
Transfers In		1,093	1,093
Transfers Out	(1,093)		(1,093)
Total Other Financing Sources (Uses)	<u>(1,093)</u>	<u>1,093</u>	<u>-</u>
Net Change in Fund Balance	127,660	-	127,660
Fund Balance, July 1, 2011	543,939	-	543,939
Fund Balance, June 30, 2012	<u>\$ 671,599</u>	<u>\$ -</u>	<u>\$ 671,599</u>

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

**SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Governmental Funds	\$ 127,660
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of capital outlay (\$28,598) in excess of depreciation expense (\$20,932) in the current period.

7,666

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.

70,000

Change in Net Assets - Governmental Activities	\$ <u><u>205,326</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

South Florida Autism Charter School ("School") is a component unit of the School Board of Miami-Dade County, Florida. The School is sponsored by its charter-holder South Florida Autism Charter School, Inc., 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 in September 2008. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not 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 Miami-Dade County, Florida, ("District"). The charter was granted starting for the 2009-10 school year and is effective until June 30, 2014 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically

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June 30, 2012

associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for certain Federal grant program resources and food service.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime

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NOTES TO FINANCIAL STATEMENTS
June 30, 2012

factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Budgets and Budgetary Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

➤ **Deposits and Investments**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits must be placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 years
Leasehold Improvements	10 - 20 years

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Net Assets and Fund Balance Classification**

Government-wide financial statements

Net assets are classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS
June 30, 2012

- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (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 (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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

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services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2012, the School reported 96.50 unweighted FTE and 380.66 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida 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 receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A Charter School and Component Unit of the District School Board of
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➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net assets and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

2. DUE FROM OTHER AGENCIES

The amount due from other agencies on the School's Statement of Net Assets and Balance Sheet – Governmental Funds represents expenditures awaiting reimbursement from the Florida Agency for Persons with Disabilities. These receivables are considered fully collectible and therefore, no allowance for uncollectible accounts has been established.

3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 66,419	\$ 11,075	\$ -	\$ 77,494
Motor Vehicles	-	12,430	-	12,430
Leasehold Improvements	88,656	5,093	-	93,749
Total Capital Assets Being Depreciated	<u>155,075</u>	<u>28,598</u>	<u>-</u>	<u>183,673</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(9,953)	(14,748)	-	(24,701)
Motor Vehicles	-	(1,243)	-	(1,243)
Leasehold Improvements	(7,758)	(4,941)	-	(12,699)
Total Accumulated Depreciation	<u>(17,711)</u>	<u>(20,932)</u>	<u>-</u>	<u>(38,643)</u>
Governmental Activities Capital Assets, net	<u>\$ 137,364</u>	<u>\$ 7,666</u>	<u>\$ -</u>	<u>\$ 145,030</u>

Unallocated depreciation expense for the fiscal year was \$20,932.

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4. LONG-TERM DEBT

All long-term debt represents amounts to be repaid from governmental activities. As of June 30, 2012, the Schools long-term debt consisted of the following note payable:

	Balance at 6-30-12
<u>Building Hope...A Charter School Facilities Fund</u>	
Promissory Note bearing a 6% interest rate maturing December 31, 2011. The borrower shall pay interest only at the note rate based on the outstanding principal loan balance as of the last day of the previous month. The outstanding principal loan balance shall be due and payable in full on the maturity date.	<u>\$ 130,000</u>

Amounts payable for the note payable is as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2011	\$ 137,800	\$ 130,000	\$ 7,800
Total	<u>\$ 137,800</u>	<u>\$ 130,000</u>	<u>\$ 7,800</u>

5. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 200,000	\$ -	\$ (70,000)	\$ 130,000	\$ 130,000
Total Governmental Activities	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ (70,000)</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>

6. OPERATING LEASES

The School is currently leasing copier equipment. Future minimum lease payments under non-cancellable operating leases as of June 30, 2012 are as follows:

Fiscal Year Ending June 30:	Minimum Lease Payments
2013	1,137
Total	<u>\$ 1,137</u>

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS
June 30, 2012

7. OPERATING AGREEMENT

The School entered into a contract for the period July 1, 2009, to June 30, 2012, with Charter School Associates (CSA). The contract calls for CSA to provide the School with marketing, curriculum design and implementation; student and staff recruiting; principal selection; and general management of the School's operations. An annual fee is to be 6% of the School's gross operating revenue less the School's administrative fee, to be paid in monthly installments. Fees under this agreement incurred to CSA during the fiscal year amounted to \$87,045.

8. SCHEDULE OF FEDERAL, STATE & LOCAL REVENUE SOURCES

The following is a schedule of the School's Federal, State and local revenue:

Source	Amount
<u>FEDERAL:</u>	
Education Jubs Fund	\$ 864
Total Federal Revenue	<u>\$ 864</u>
<u>STATE:</u>	
Florida Agency for Persons with Disabilities	\$ 48,750
Florida Education Finance Program	1,332,006
Categorical Educational Programs:	
Class Size Reduction	412,396
ESE Guaranteed Allocation	12,360
Supplementary Academic Instruction	31,469
Student Transportation	9,693
Safe Schools	2,718
Instructional Materials	7,236
Lottery Allocation	483
Total State Revenue	<u>1,857,111</u>
<u>LOCAL:</u>	
Discretionary Millage	91,870
Other Local Grants	18,700
Student Lunches	11,018
Total Local Revenue	<u>121,588</u>
Total State and Local Revenue	<u>\$ 1,978,699</u>

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of total funding or \$95,004.

Accounting policies relating to certain State revenue sources are described in Note 1.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
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NOTES TO FINANCIAL STATEMENTS
June 30, 2012

9. RISK MANAGEMENT PROGRAMS

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

10. PENSION PLAN

The School participates in a defined contribution tax sheltered annuity 401(k) plan for its full time employees. Contributions made by the School totaled \$6,181 for the year ended June 30, 2012, which were computed at 1.5% of employee's deferral of wages for each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices. Therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly the present value of the related benefits is not reflected in these financial statements. The School's Board of Directors sets the plan contribution rate annually.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state 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 collectability of any related receivables at June 30, 2012, may be impaired.

In the opinion of the School, there are no significant 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.

12. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

13. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

SOUTH FLORIDA AUTISM CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2012

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal through Local	\$ -	\$ -	\$ -	\$ -	\$ 29,279	\$ 864	\$ 864	\$ -
State and Local	1,847,124	1,918,931	1,918,931	-	17,619	59,768	59,768	-
Contributions and Other	320,661	301,283	301,283	-	-	-	-	-
Total Revenues	2,167,785	2,220,214	2,220,214	-	46,898	60,632	60,632	-
Expenditures:								
Current - Education:								
Instruction	1,283,464	1,108,095	1,108,095	-	36,805	49,614	49,614	-
Pupil Personnel Services	116,801	97,798	97,798	-			-	-
Instructional Staff Training	14,000	1,893	1,893	-			-	-
Instructional Related Technology		3,201	3,201	-				
Board of Education	225,213	224,823	224,823	-			-	-
School Administration	282,634	319,579	319,579	-			-	-
Facilities Acquisition & Construction	67,667	68,662	68,662	-			-	-
Food Services			-	-	10,093	12,111	12,111	-
Pupil Transportation	16,029	32,668	32,668	-			-	-
Operation of Plant	35,840	39,831	39,831	-			-	-
Maintenance of Plant	11,786	965	965	-			-	-
Community Service	119,330	85,906	85,906	-			-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction		5,093	5,093	-			-	-
Other Capital Outlay		23,505	23,505	-			-	-
Debt Service:								
Principal		70,000	70,000	-			-	-
Interest & Fiscal Charges	9,000	9,442	9,442	-			-	-
Total Expenditures	2,181,764	2,091,461	2,091,461	-	46,898	61,725	61,725	-
Excess/(Deficiency) of Revenues Over Expenditures	(13,979)	128,753	128,753	-	-	(1,093)	(1,093)	-
Other Financing Sources (Uses):								
Transfers In			-			1,093	1,093	-
Transfers Out		(1,093)	(1,093)	-			-	-
Total Other Financing Sources (Uses)	-	(1,093)	(1,093)	-	-	1,093	1,093	-
Net Change in Fund Balance	(13,979)	127,660	127,660	-	-	-	-	-
Fund Balance, July 1, 2011	543,939	543,939	543,939	-	-	-	-	-
Fund Balance, June 30, 2012	\$ 529,960	\$ 671,599	\$ 671,599	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of the South Florida Autism Charter School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the basic financial statements of the South Florida Autism Charter School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon included under the heading ***Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information***. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the School's financial statements for the fiscal year ended June 30, 2012, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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, and other guidelines, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

Handwritten signature of King & Walker, CPAs.

August 14, 2012
Tampa, Florida

Members:
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Government Audit Quality Center

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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the South Florida Autism Charter School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the basic financial statements of the South Florida Autism Charter School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 14, 2012.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated August 14, 2012. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. We applied financial condition assessment procedures pursuant to Rules of the Auditor General (Section 10.855(10)). The School has not met any of the conditions of the referenced statute.

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. 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 same.

The Rules of the Auditor General (Section 10.854(1)(e)3.), 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.

The Rules of the Auditor General (Section 10.854(1)(e)4,5.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

- Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
- Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
- Control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions, and (3) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(e)6.), require we disclose the name or official title of the school or center. The school's official name is South Florida Autism Charter School.

This letter is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

King & Walker, CPAs

August 14, 2012
Tampa, Florida

SOUTH FLORIDA AUTISM CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

Year Ended June 30, 2012

The following is the School's response to the item in the Management Letter dated August 14, 2012, as required by Rule 10.857, Rules of the Auditor General:

No response required.

DRAFT