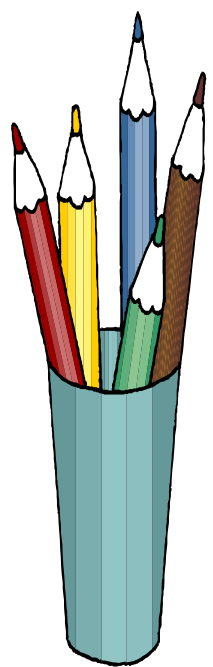


ABLE School, Inc.

Financial Statements
And
Independent Auditors' Report

June 30, 2011



Financial Statements and Independent Auditors' Reports
June 30, 2011
ABLE School, Inc.

Contents

INDEPENDENT AUDITORS' REPORT.....	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis (MD&A).....	2
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Governmental Fund Financial Statements:	
Balance Sheet	7
Reconciliation of the Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	10
Notes to Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	17
ADDITIONAL ELEMENTS:	
Communication with Those Charged with Governance	18
Management Letter	19
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	20
Schedule of Findings	21
School's Response	22

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
ABLE School, Inc.

We have audited the accompanying financial statements of the governmental activities and each major fund of ABLE School, Inc. (the School), a component unit of the St. Johns County District School Board, as of and for the period ended June 30, 2011, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2011, and the respective changes in financial position thereof for the period 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 September 22, 2011 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Management's discussion and analysis and the budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 on it.

Kattell and Company, P.L.

September 22, 2011
Gainesville, Florida

Management's Discussion and Analysis

June 30, 2011

ABLE School, Inc.

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the period ended June 30, 2011. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for the year ending June 30, 2011:

- The School's overall net assets decreased by approximately \$7,000 which is approximately 2%.
- Total ending unrestricted net assets were approximately \$198,000.
- The School had total expenses for the period of about \$1,087,000, compared to revenues of approximately \$1,080,000.
- The School served 157 students in grades 5 through 8, compared to 134 students in 2010.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Assets. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current period revenues and expenses are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net assets during the period. Over time, the increases or decreases in net assets are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains two individual governmental funds, the General Fund and Capital Projects Fund. The General Fund and Capital Projects Fund are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Management's Discussion and Analysis
June 30, 2011
ABLE School, Inc.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net assets and changes in net assets.

	2011 Governmental Activities	2010 Governmental Activities
Net Assets		
Assets:		
Non-capital Assets	\$ 250,250	\$ 259,693
Capital Assets, Net	69,877	57,314
Total Assets	<u>320,127</u>	<u>317,007</u>
Liabilities:		
Current Liabilities	51,787	41,986
Total Liabilities	<u>51,787</u>	<u>41,986</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	69,877	57,314
Unrestricted	198,463	217,707
Total Net Assets	<u>\$ 268,340</u>	<u>\$ 275,021</u>
Change in Net Assets		
Program Revenues:		
Charges for Services	\$ 40,058	\$ 33,104
Capital Grants and Contributions	69,799	73,070
General Revenues:		
Florida Education Finance Program	957,992	774,524
Other State Revenue	2,300	16,319
Unrestricted Grants & Contributions	8,304	16,040
Unrestricted Investment Earnings	1,346	1,657
Total Revenues	<u>1,079,799</u>	<u>914,714</u>
Program Expenses:		
Instruction	631,807	481,840
Instructional Support Services	4,605	3,924
General Support	450,068	396,194
Total Expenses	<u>1,086,480</u>	<u>881,958</u>
Change in Net Assets	(6,681)	32,756
Beginning Net Assets	275,021	242,265
Ending Net Assets	<u>\$ 268,340</u>	<u>\$ 275,021</u>

Management's Discussion and Analysis
June 30, 2011
ABLE School, Inc.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$969,942 of general revenues and \$109,857 of program revenues, and incurred \$1,086,480 of program expenses. This resulted in a \$6,681 decrease in net assets. As discussed below, the School's change in net assets decreased from last year because of additional expenses for instructional staff and computer hardware. This investment paid off as the School achieved an A for the 2010-2011 academic year

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund decreased by \$19,244 from \$217,707 to \$198,463. This decrease is less than 2% of total revenues, which essentially represents a breakeven year. The School increased its expenditures on teaching staff in order to improve student performance. .

Capital Projects Fund. The fund balance of the Capital Projects Fund remained at \$0. The School's allowable capital expenditures currently exceed the annual revenues.

BUDGETARY HIGHLIGHTS

General Fund. The School chose to purchase additional computer hardware and pay for an addition to one of its leased buildings after the original budget was created. There was no variance between the final budget and the actual results.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School made additional improvements to its leased facilities. Please refer to a note to the accompanying financial statements entitled Capital Assets and Depreciation for more detailed information about the School's capital asset activity.

Debt Administration. The School had no existing long-term debt at the beginning of the year, and issued no new debt during the year.

ECONOMIC FACTORS

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Scott Beebe, Principal, ABLE School, Inc., 7 William Street, St. Augustine, FL 32084

Statement of Net Assets
June 30, 2011
ABLE School, Inc.

	Governmental Activities
Assets	
Cash	\$ 243,916
Accounts Receivable	213
Deposits	6,121
Capital Assets:	
Depreciable Capital Assets, Net	69,877
Total Assets	320,127
Liabilities	
Salaries Payable	50,706
Accounts Payable	989
Due to Other Governments	92
Total Liabilities	51,787
Net Assets	
Invested in Capital Assets	69,877
Unrestricted	198,463
Total Net Assets	\$ 268,340

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2011
ABLE School, Inc.

	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (631,807)	\$ 40,058	\$ --	\$ --	\$(591,749)
Instructional Support Services	(4,605)	--	--	--	(4,605)
General Support	(450,068)	--	--	69,799	(380,269)
Total	<u><u>\$ (1,086,480)</u></u>	<u><u>\$ 40,058</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 69,799</u></u>	<u><u>(976,623)</u></u>

General Revenues:

State Revenue:	
Florida Education Finance Program	957,992
Other State Revenue	2,300
Unrestricted Grants and Contributions	8,304
Unrestricted Investment Earnings	<u>1,346</u>
Total General Revenues	<u>969,942</u>
Change in Net Assets	(6,681)
Net Assets – Beginning	<u>275,021</u>
Net Assets – End	<u><u>\$ 268,340</u></u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2011
ABLE School, Inc.

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 243,916	\$ --	\$ 243,916
Accounts Receivable	213	--	213
Deposits	6,121	--	6,121
Total Assets	\$ 250,250	\$ --	\$ 250,250
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries Payable	\$ 50,706	\$ --	\$ 50,706
Accounts Payable	989	--	989
Due to Other Governments	92	--	92
Total Liabilities	51,787	--	51,787
Fund Balances:			
Non-spendable – Deposits	6,121	--	6,121
Unassigned	192,342	--	192,342
Total Fund Balances	198,463	--	198,463
Total Liabilities and Fund Balances	\$ 250,250	\$ --	\$ 250,250

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Assets -
Governmental Funds**

**June 30, 2011
ABLE School, Inc.**

Fund Balances – Total Governmental Funds	\$ 198,463
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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 reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	69,877
--	--------

Net Assets of Governmental Activities	<u>\$ 268,340</u>
--	-------------------

See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2011
ABLE School, Inc.**

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
State Revenue:			
Florida Education Finance Program	\$ 957,992	\$ --	\$ 957,992
Public Education Capital Outlay	--	69,799	69,799
Other State Revenue	2,300	--	2,300
Local Revenue:			
Meal Service	32,216	--	32,216
Other Local Revenues	16,146	--	16,146
Interest Income	1,346	--	1,346
Total Revenues	1,010,000	69,799	1,079,799
Expenditures and Changes in Fund Balances			
Expenditures:			
Current:			
Instructional	617,093	--	617,093
Instructional Support Services	4,605	--	4,605
General Support	407,546	--	407,546
Capital Projects	--	69,799	69,799
Total Expenditures	1,029,244	69,799	1,099,043
Excess of Revenues Over Expenditures	(19,244)	--	(19,244)
Fund Balances, July 1, 2010	217,707	--	217,707
Fund Balances, June 30, 2011	\$ 198,463	\$ --	\$ 198,463

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities - Governmental Funds**
For the Year Ended June 30, 2011
ABLE School, Inc.

Excess of Revenues over Expenditures – Total Governmental Funds \$ (19,244)

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 depreciated over their estimated useful lives.

Current Period Expenditures for Capital Assets	55,749
Current Period Depreciation Expense	(43,186)

Change in Net Assets of Governmental Activities	\$ (6,681)
--	-------------------

See accompanying notes.

Notes to the Financial Statements

June 30, 2011

ABLE School, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of ABLE School, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

ABLE School, Inc., 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 not-for-profit corporation conducts business as ABLE School, Inc. (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors.

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 St. John’s County District School Board (the “District”). The current charter is effective until June 30, 2012, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. 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 which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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 Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide 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.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

Notes to the Financial Statements

June 30, 2011

ABLE School, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (concluded)

The Statement of Net Assets reports the School's financial position as of the end of the fiscal period. In this statement, the School's net assets are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund and Capital Projects Fund are considered to be major funds and, therefore, are separately displayed. The School has no nonmajor funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

Notes to the Financial Statements

June 30, 2011

ABLE School, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (concluded)

recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2011, there were no amounts exceeding FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

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

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	3
Furniture, Fixtures and Equipment	5-10

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 Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School does not pay employees for vacation or sick time. Therefore, no liability for compensated absences is recorded.

Notes to the Financial Statements

June 30, 2011

ABLE School, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Assets

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets, net of related debt*, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net assets are net assets that do not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

Non-Spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned. Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Executive Director. Assigned fund balance includes spendable fund balance amounts established by the Executive Director that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Executive Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Notes to the Financial Statements

June 30, 2011

ABLE School, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classifications (Concluded)

Unassigned. Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School that they will use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

The capital asset activity for the period ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital Assets:				
Leasehold Improvements	\$ 149,276	\$ 47,579	\$ --	\$ 196,855
Furniture, Fixtures & Equipment	106,826	8,170	--	114,996
Total Capital Assets	256,102	55,749	--	311,851
Accumulated Depreciation:				
Leasehold Improvements	140,696	20,302	--	160,998
Furniture, Fixtures & Equipment	58,092	22,884	--	80,976
Total Accumulated Depreciation	198,788	43,186	--	241,974
Net Capital Assets	\$ 57,314	\$ 12,563	\$ --	\$ 69,877

Depreciation was charged to functions/programs as follows:

Instruction	\$ 29,171
General Support	14,015
Total Depreciation Expense	<u>\$ 43,186</u>

Notes to the Financial Statements

June 30, 2011

ABLE School, Inc.

NOTE 4 – OPERATING LEASE

The School leases land and buildings under a renewable operating lease signed July 17, 2008 commencing on August 1, 2008 and expiring July 31, 2011. The terms of the lease call for payments of \$8,000 for months 1-12, \$8,400 for months 13-24 and \$8,820 for months 25-36. The School made lease payments of \$105,420 for the period ended June 30, 2011. Future minimum lease payments for this lease are as follows:

Year Ending	Amount
<u>June 30,</u>	
2012	\$ 8,820
Total	<u>\$ 8,820</u>

NOTE 5 – EMPLOYEE RETIREMENT PLAN

Plan Description – The School contributes to the Florida Retirement System (the “System”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850) 488-5706.

Funding Policy – The System is employee non-contributory. The School is required to contribute at an actuarially determined rate. The rates at June 30, 2011 and 2010 were 10.77% and 9.85%, respectively. The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. The School began contributing to the plan in January 2010. The School’s contribution to the System for the years ended June 30, 2011, and 2010 was \$50,107 and \$16,074, respectively, which was equal to the required contribution for those years.

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2011
ABLE School, Inc.

	<u>BUDGETED AMOUNTS</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
State Revenue:				
Florida Education Finance Program	\$ 973,769	\$ 957,992	\$ 957,992	\$ --
Other State Revenue	--	2,300	2,300	--
Local Revenue:				
Meal Service	--	32,216	32,216	--
Other Local Revenues	34,000	16,146	16,146	--
Interest Income	--	1,346	1,346	--
Total Revenues	1,007,769	1,010,000	1,010,000	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	558,235	617,093	617,093	--
Instructional Support Services	3,000	4,605	4,605	--
General Support	354,544	407,546	407,546	--
Total Expenditures	915,779	1,029,244	1,029,244	--
Excess of Revenues Over (Under)Expenditures	91,990	(19,244)	(19,244)	--
Fund Balances, July 1, 2010	217,707	217,707	217,707	--
Fund Balances, June 30, 2011	\$ 309,697	\$ 198,463	\$ 198,463	\$ --

Note to Schedule:

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Kattell and Company, P.L.

A Certified Public Accounting Firm Serving the Nonprofit Community

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 22, 2011

To the Board of Directors
ABLE School, Inc.

We have audited the financial statements of ABLE School, Inc (the School) for the year ended June 30, 2011, and have issued our report thereon dated September 22, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 26, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

Disclosures. There are no disclosures that are particularly sensitive.

Corrected and Uncorrected Misstatements. Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole, and we do not disagree.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management. For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants. In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Consultations Prior to Engagement. We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kattell and Company, P.L.
Gainesville, Florida

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

MANAGEMENT LETTER

To the Board of Directors,
ABLE School, Inc.

We have audited the financial statements of ABLE School, Inc. (the "School"), as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 22, 2011.

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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters and our Schedule of Findings. Disclosures in that report and schedule 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 govern 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 auditors' reports or schedule:

Prior Audit Findings. The Rules of the Auditor General require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the recommendation made in Finding 10-03 of the preceding annual financial audit report. However, Finding 11-02 and 11-03 address matters similar to findings 10-01 and 10-02 of the preceding report.

Recommendations to Improve Financial Management. Rules of the Auditor General require that we address any recommendations to improve financial management. We did not have any such recommendations.

Immaterial Noncompliance. Rules of the Auditor General require that we address violations of laws, regulations, contract or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. We did not have any such findings.

Other Matters. Section 10.854(1)(e)4, Rules of the Auditor General, provides that the auditor may report other matters that are inconsequential to the determination of financial statement amounts. There are no other matters that, based on our professional judgment, will be included in this management letter.

Name. The name or official title of the School is ABLE School, Inc.

Financial Emergency. Rules of the Auditor General require 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(s) met. We determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition Assessment. Rules of the Auditor General require that we apply 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 management. We did not identify deteriorating financial conditions.

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 Board of Directors of the School, the District School Board and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Kattell and Company, P.L.

September 22, 2011
Gainesville, Florida

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,
ABLE School, Inc.

We have audited the financial statements of the governmental activities and each major fund of ABLE School, Inc. (the "School") as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 22, 2011. 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 (internal control). In planning and performing our audit, we considered the School's internal control 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. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, as described in the accompanying Schedule of Findings as findings numbered 11-01, 11-02 and 11-03, we identified certain deficiencies in internal control that we consider to be significant deficiencies. A significant deficiency is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 grants, 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*.

* * * * *

We did not audit the School's response to our findings and, accordingly, we express no opinion on those responses.

This report is intended solely for the information and use of the School's management and Board of Directors, the District School Board and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Kattell and Company, P.L.

September 22, 2011
Gainesville, Florida

Schedule of Findings
June 30, 2011
ABLE School, Inc.

11-01 *Finding* – We noted errors in each of the following accounts: Cash – Checking, Accounts Receivable, Accounts Payable, and Deposits Payable. In addition, the audit identified an adjustment to the accrued payroll account that increased the change in net assets by \$22,531. These conditions indicate a lack of attention to the proper maintenance and adjustment of asset and liability accounts.

Recommendation – The School should perform balancing and reconciliation procedures periodically. The bank account reconciliations should be performed monthly; other procedures could be performed as infrequently as quarterly; and the end of year teacher payroll accrual should be checked for accuracy.

11-02 *Finding* – The School does not provide a documentation trail (audit trail) to prove that amounts collected from the cafeteria are deposited into the bank.

Recommendation – The School’s deposit documentation should clearly display the amounts deposited such that these amounts can be traced back to records of cafeteria receipts.

11-03 *Finding* – During our testing of disbursements we noted instances where supporting documentation could be improved.

Recommendation – The School should review its policies and procedures for disbursements to provide greater assurance that amounts paid are necessary and fully documented.

The Academy of Business
and Leadership Education
7 Williams St
St. Augustine, FL 32084
904 826-1606
www.ableschool.org



Scott Beebe
Principal

RE: Response to Audit Findings

9/22/11

To Whom It May Concern,

We have read the findings and discussed them with the auditor. We understand the findings and will make efforts to implement the recommendations. Specifically:

11-01 I will review this finding with the School's bookkeeper and contract accountant. We will contact Kattell and Company as needed to ensure all parties understand the finding. We will assign roles and responsibilities to ensure that the reconciliations are properly prepared and adjustments are properly made.

11-02 I will review this finding with the School's bookkeeper and we will work together to ensure that an audit trail exists for all deposits.

11-03 I will review this finding with the School's bookkeeper and we will work together to improve the documentation supporting our disbursements.

Sincerely,

Scott Beebe
Principal

ABLE will strive to inspire and cultivate the innate leadership and creative impulses within all children, developing educated, caring and responsible world citizens.