

THE HOPE CENTER FOR AUTISM, INC.

**Basic Financial Statements
with
Independent Auditors' Report**

Year ended June 30, 2021

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KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
The Hope Center for Autism, Inc.
Stuart, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Hope Center for Autism, Inc. (the School), a component unit of Martin County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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To the Board of Directors
The Hope Center for Autism, Inc.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The Hope Center for Autism, Inc., as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 4 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

Kmetz, Elwell, Graham and Associates, PLLC
Certified Public Accountants



Vero Beach, Florida
September 29, 2021

**THE HOPE CENTER FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

As management of The Hope Center for Autism, Inc. (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. This overview and analysis is required by generally accepted accounting principles (GAAP) in the United States of America in Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

FINANCIAL HIGHLIGHTS

- The assets of the School as reported in the government-wide financial statements exceeded its liabilities at the close of the current fiscal year by \$1,542,787 (net position). Of this amount, \$41,205 (unrestricted net position) may be used to meet the ongoing obligations of the School, while \$1,501,582 is designated for capital improvements. The School's total net position increased by 483,144 or 46% in comparison with the prior year net position.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$191,205. The School's combined ending fund balances decreased by \$101,555 or 35% in comparison with the prior year balances.
- Investment in capital assets increased compared to prior year by \$317,592 or 27%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and 5) supplementary auditors' reports.

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets (both short-term spendable resources and capital assets) and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the School that are principally supported by local revenues (FTE dollars thorough the Martin County School District) (*governmental activities*) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The School has no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 9 and 10 of this report.

**THE HOPE CENTER FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund 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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds used by the School are considered governmental fund types.

Governmental fund – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The School adopts an annual appropriated budget for all major funds. Government accounting standards require the School to report a budgetary comparison statement for the general fund and any major special revenue funds. A budgetary comparison statement has been provided for the general fund and the major special revenue fund. The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 23 of this report.

Required supplementary information – The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$1,542,787 at June 30, 2021.

The School's net investment in capital assets (e.g., land, buildings, equipment, and furniture) equals 97% of the total net position. The School has related debt outstanding as of June 30, 2021, of \$1,340,000 that was used to acquire these assets. The School uses these capital assets to provide educational services; consequently, these assets are *not* available for future spending.

An additional portion of the School's net position (3%) represents *unrestricted net position* that is available to meet the financial obligations of the School. At the end of the current fiscal year, the School is able to report positive balances in both categories of net position.

**THE HOPE CENTER FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

THE HOPE CENTER FOR AUTISM, INC.'S NET POSITION

	2021	2020
Current assets	\$ 327,847	\$ 541,689
Capital assets, net	2,841,582	3,118,326
Total assets	3,169,429	3,660,015
Current liabilities	136,642	248,929
Long-term liabilities	1,490,000	2,351,443
Total liabilities	1,626,642	2,600,372
Net assets:		
Net investment in capital assets	1,501,582	1,183,990
Unrestricted	41,205	(124,347)
Total net position	\$ 1,542,787	\$ 1,059,643

**THE HOPE CENTER FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

THE HOPE CENTER FOR AUTISM, INC.'S CHANGE IN NET POSITION

	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 16,113	\$ 8,131
Operation grants and contributions	209,510	229,064
Capital grants and contributions	39,677	25,050
General revenues:		
FTE non-specific revenues	1,935,349	1,697,826
Gifts, grants and bequests not restricted to specific programs	658,843	64,858
Interest earned	2	9
Total revenues	2,859,494	2,024,938
Expenses:		
Instruction	1,545,765	1,347,729
Instructional staff training	10,484	13,405
Instructional related technology	13,093	18,036
Board	33,703	9,825
School administration	282,805	281,391
Fiscal services	47,754	35,962
Student Transportation Services	-	3,258
Central services	77	10,331
Operation of plant	49,619	101,958
Maintenance of plant	57,167	23,928
Community services	10,650	42,851
Interest on long-term debt	80,092	61,147
Depreciation - unallocated	51,185	4,622
Loss on disposal of assets	193,956	31,353
Total expenses	2,376,350	1,985,796
Change in net position	483,144	39,142
Net position, beginning of year	1,059,643	1,020,501
Net position, end of year	\$ 1,542,787	\$ 1,059,643

Governmental activities – The School relies heavily on general revenues (i.e., FTE dollars) to fund the expenses of the governmental activities. Program revenues consisting of operating and capital grants comprise 9% of total revenues. General revenues comprise 91% of total revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**THE HOPE CENTER FOR AUTISM, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental funds – The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported a combined surplus in ending fund balance of \$191,205, a decrease of \$101,555 compared the previous fiscal year. The fund balance consists of unassigned fund balance of \$191,205.

GENERAL AND SPECIAL REVENUE FUNDS BUDGETARY HIGHLIGHTS

During the year, the School amended its annual budget primarily due to \$180,000 in additional contributions from private donors, resulting in corresponding additional budgeted expenses of \$186,900. The School ended the most recent fiscal year with \$452,850 more in actual revenues than were budgeted. Actual expenditures were \$1,231,203 more than budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The School's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$2,841,582 (net of accumulated depreciation). This investment in capital assets includes land, building, building improvements, equipment, and furniture. Additional information on the School's capital assets can be found in Notes 1 and 2 on pages 17 and 21 of this report.

Long-term debt – The School has capital related debt outstanding as of June 30, 2021, of \$1,340,000 that was used to acquire the capital assets. The School also has an outstanding loan of \$150,000 from the Small Business Administration under its Disaster Loan Program. Additional information on the School's long-term debt can be found in Notes 1 and 3 on pages 18, 22 and 23 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The School received the majority of its revenues from FTE dollars provided by the Martin County School District.
- The Martin County School District continues to retain administrative costs on revenues that are calculated based on the unweighted full-time equivalent students.
- The Charter School's enrollment is at 100%.

All of these factors were considered in preparing the School's budget for the 2021-2022 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joanne Sweazey, Director, The Hope Center for Autism, Inc., 2580 S.E. Willoughby Blvd., Stuart, Florida 34994.

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 309,411	\$ -	\$ 309,411
Other current assets	3,947	-	3,947
Prepaid expenses	12,411	-	12,411
Deposits	2,078	-	2,078
Capital assets, net	2,841,582	-	2,841,582
Total Assets	3,169,429	-	3,169,429
Liabilities			
Accounts payable and accrued expenses	136,642	-	136,642
Long-term liabilities:			
Due within one year			
Notes payable	76,703	-	76,703
Due in more than one year			
Notes payable	1,413,297	-	1,413,297
Total Liabilities	1,626,642	-	1,626,642
Net Position			
Net investment in capital assets	1,501,582	-	1,501,582
Unrestricted	41,205	-	41,205
Total Net Position	\$ 1,542,787	\$ -	\$ 1,542,787

See accompanying notes to the basic financial statements.

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Statement of Activities

Year ended June 30, 2021

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 1,545,765	\$ 16,113	\$ 209,510	\$ -	\$ (1,320,142)	\$ -	\$ (1,320,142)
Instructional staff training	10,484	-	-	-	(10,484)	-	(10,484)
Instructional related technology	13,093	-	-	-	(13,093)	-	(13,093)
Board	33,703	-	-	-	(33,703)	-	(33,703)
School administration	282,805	-	-	-	(282,805)	-	(282,805)
Fiscal services	47,754	-	-	-	(47,754)	-	(47,754)
Student transportation services	-	-	-	-	-	-	-
Central Services	77	-	-	-	(77)	-	(77)
Operation of plant	49,619	-	-	-	(49,619)	-	(49,619)
Maintenance of plant	57,167	-	-	-	(57,167)	-	(57,167)
Community services	10,650	-	-	-	(10,650)	-	(10,650)
Interest on long-term debt	80,092	-	-	39,677	(40,415)	-	(40,415)
Depreciation - unallocated *	51,185	-	-	-	(51,185)	-	(51,185)
Total Governmental Activities	\$ 2,182,394	\$ 16,113	\$ 209,510	\$ 39,677	(1,917,094)	-	(1,917,094)
General Revenues:							
Local revenue:							
Florida Education Finance Program					1,473,850	-	1,473,850
Class size reduction					364,275	-	364,275
Reading allocation					12,581	-	12,581
Student academic improvement					12,273	-	12,273
Instructional materials					4,375	-	4,375
Digital classroom allocation					325	-	325
Safe schools					3,682	-	3,682
Teacher salary increase					44,518	-	44,518
Millage Initiative					19,470	-	19,470
Gifts, grants and bequests not restricted to specific programs					658,843	-	658,843
Interest earned					2	-	2
Loss on disposal of assets					(193,956)	-	(193,956)
Total General Revenues					2,400,238	-	2,400,238
Change in Net Position					483,144	-	483,144
Net Position, beginning					1,059,643	-	1,059,643
Net Position, ending					\$ 1,542,787	\$ -	\$ 1,542,787

* This amount excludes the depreciation that is included in the direct expenses of the various programs.
See accompanying notes to the basic financial statements.

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Balance Sheet - Governmental Funds

June 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 309,411	\$ -	\$ -	\$ 309,411
Other current assets	3,947	-	-	3,947
Prepaid rent	12,411	-	-	12,411
Deposits	2,078	-	-	2,078
Total Assets	\$ 327,847	\$ -	\$ -	\$ 327,847
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 136,642	\$ -	\$ -	\$ 136,642
Total Liabilities	136,642	-	-	136,642
Fund balances:				
Unassigned	191,205	-	-	191,205
Total Liabilities and Fund Balances	\$ 327,847	\$ -	\$ -	327,847

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,841,582
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(1,490,000)
Net position of governmental activities	<u>\$ 1,542,787</u>

See accompanying notes to the basic financial statements.

The Hope Center for Autism, Inc.

A Charter School and Component Unit of the
Martin County District School Board

Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds

Year ended June 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal direct	\$ 267,107	\$ -	\$ -	\$ 267,107
Federal through local	-	39,677	209,510	249,187
Local	2,343,198	-	-	2,343,198
Interest	2	-	-	2
Total Revenues	2,610,307	39,677	209,510	2,859,494
Expenditures				
Current - Education:				
Instruction	1,310,475	-	209,510	1,519,985
Instructional staff training	10,484	-	-	10,484
Instructional related technology	13,093	-	-	13,093
Board	33,703	-	-	33,703
School administration	282,805	-	-	282,805
Fiscal services	47,754	-	-	47,754
Central services	77	-	-	77
Operation of plant	49,619	-	-	49,619
Maintenance of plant	57,167	-	-	57,167
Community services	10,650	-	-	10,650
Debt service	901,858	39,677	-	941,535
Fixed Capital Outlay:				
Facilities acquisition and construction	544,177	-	-	544,177
Total Expenditures	3,261,862	39,677	209,510	3,511,049
Excess of Revenues over Expenditures	(651,555)	-	-	(651,555)
Other Financing Sources (Uses)				
Proceeds from sale of fixed assets	550,000	-	-	550,000
Net Change in Fund Balances	(101,555)	-	-	(101,555)
Fund Balance, beginning of year	292,760	-	-	292,760
Fund Balance, end of year	\$ 191,205	\$ -	\$ -	\$ 191,205

See accompanying notes to the basic financial statements.

The Hope Center for Autism, Inc.

A Charter School and Component Unit of the
Martin County District School Board

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2021

Net change in fund balances - governmental funds	\$ (101,555)
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 by which capital outlays (\$544,177) exceeds depreciation (\$76,965) in the period.	467,212
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs from the change in fund balances by the cost of assets sold.	(743,956)
Repayment of the note payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	861,443
Change in net position of governmental activities	\$ 483,144

See accompanying notes to the basic financial statements.

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Budgetary Comparison Schedule - General Fund

Year ended June 30, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal direct	\$ -	\$ -	\$ 267,107	\$ 267,107
Local	1,977,457	2,157,457	2,343,200	185,743
Total Revenues	1,977,457	2,157,457	2,610,307	452,850
Expenditures				
Current - Education:				
Instruction	1,301,040	1,393,623	1,310,475	83,148
Instructional staff training	8,000	8,000	10,484	(2,484)
Instructional related technology	6,000	11,000	13,093	(2,093)
Board	15,050	15,050	33,703	(18,653)
School administration	229,352	241,937	282,805	(40,868)
Fiscal services	53,609	53,609	47,754	5,855
Central services	-	-	77	(77)
Operation of plant	53,080	53,860	49,619	4,241
Maintenance of plant	37,940	37,940	57,167	(19,227)
Community services	-	-	10,650	(10,650)
Debt service	99,688	115,625	901,858	(786,233)
Fixed Capital Outlay:				
Facilities acquisition and construction	40,000	100,015	544,177	(444,162)
Total Expenditures	1,843,759	2,030,659	3,261,862	(1,231,203)
Other Financing Sources				
Proceeds from sale of fixed assets	-	-	550,000	550,000
Net Change in Fund Balances	\$ 133,698	\$ 126,798	(101,555)	\$ (228,353)
Fund Balance, beginning of year			292,760	
Fund Balance, end of year			\$ 191,205	

See accompanying notes to the basic financial statements.

The Hope Center for Autism, Inc.

A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Hope Center for Autism, 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 governing body of the School is the Board of Directors, which is composed of not less than five members. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The Hope Center for Autism operates under a charter of the sponsoring school district, the Martin County District School Board, and educates students from pre-kindergarten through 3rd grade. The current charter is effective until June 30, 2022. 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. During the term of the charter, the District may also terminate the charter if good cause is shown. The Hope Center for Autism, Inc. is considered a component unit of the Martin County District School Board.

In August 2018, The Hope Center for Autism, Inc. opened The Hope Academy for Autism (DBA), which is also governed by The Hope Center for Autism, Inc.'s Board of Directors. The Hope Academy for Autism, which is a feeder school of The Hope Center for Autism, provides an alternative education for students in grades 3 through 6 with ASD and related disabilities who have demonstrated difficulty progressing academically, behaviorally, and/or socially in a less restrictive setting. The Hope Academy for Autism operates under its own charter with the Martin County District School Board.

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.

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Hope Center for Autism, Inc.

A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School has no business-type activities. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Reconciling items arise from differences in the measurement focuses and bases of accounting between the statements, and certain required eliminations.

Basic Financial Statements - Government-wide Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The School first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School’s functions and business-type activities. The functions are also supported by general revenues (funding received from the Martin County School District, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration, food services, facilities acquisition, and construction, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue. The School does not allocate indirect costs. This government-wide focus is more on the sustainability of the School as an entity and the change in the School’s net position resulting from the current year’s activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The School’s major governmental fund is as follows:

General Fund - Used to account for all financial resources not required to be accounted for in another fund.

Basis of Accounting

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

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The governmental funds financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis, revenues, except for certain grant revenues, are recognized when they become measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the current fiscal period. When grant terms provide that the expenditure of resources is the prime 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 unmaturing interest on long-term debt, which should be recognized when due. The principal exception to this general rule is that prepaid items are generally not accrued.

Budgetary Basis 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, purchased services and capital outlay). The budget is adopted and approved by the Board of Directors. The budget amounts presented in the accompanying financial statements are amended by the School’s Board of Directors and adopted on a basis consistent with generally accepted accounting principles.

Cash

The School's cash consists of demand deposits with financial institutions, which are insured by Federal depository insurance.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general school purposes are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated assets are recorded at fair market value at the date of donation. The School maintains a capitalization threshold of \$750. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 years
Improvements other than building	15 years
Furniture, fixtures and equipment	5-10 years
Computer software	5 years

The Hope Center for Autism, Inc.

A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Revenue Sources

Revenues for current operations are received primarily from the Martin County District School Board 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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School received Federal 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 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.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements awarded before the eligibility requirements are met are recorded as deferred revenue.

Compensated Absences

Sick and personal leave expenditures are recognized when payments are made to the employees. Sick and personal leave do not accumulate from year-to-year; thus no liability is recorded.

Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Fund Balance Disclosure

In accordance with GASB No. 54, the School classifies fund balances in the governmental funds as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources as of June 30, 2021.

Note 1 – Summary of Significant Accounting Policies (continued)

Spensible Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School did not have any restricted resources as of June 30, 2021.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2021.

Assigned – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School or by an official or body to which the School delegates the authority. The School did not have any assigned resources as of June 30, 2021.

Unassigned – This classification includes the residual fund balance for the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 11). The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

General Fund

The General Fund has an Unassigned fund balance of \$191,205 at June 30, 2021.

The School implemented the provisions of GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB No. 63)”, in 2012, as required. The purpose of GASB 63 is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

Governmental-wide Financial Statements. In accordance with GASB No. 63, the School classifies net position in the government-wide financial statements as follows:

Net Investment in Capital Assets – This classification includes the School’s capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Disclosure (continued)

Restricted Net Position – This classification includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The School typically uses restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use until a future project. The School did not have any restricted net positions as of June 30, 2021.

Unrestricted Net Position – This classification typically includes unrestricted liquid assets. The School has the authority to revisit or alter this designation.

Interfund Activity

Loans between governmental funds are reported as interfund receivables or payables as appropriate and are subject to elimination upon consolidation. Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended June 30, 2021.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

COVID-19 Disruption

In March 2021, a global pandemic was declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus COVID-19. The pandemic has significantly impacted the economic conditions in the United States, including disrupting the supply chains and affecting production and sales across a range of industries. The extent of the ultimate effect of COVID-19 on the School's operating and financial performance cannot be predicted at this time, as they are dependent on many factors, including, but not limited to: (i) the duration and the spread of the outbreak, (ii) the impact on our community, management personnel and service providers, and (iii) the impact on the local, state, national and global economies.

Management has evaluated subsequent events through September 29, 2021, the date the financial statements were available to be issued. After consideration of the above, management is not aware of any additional events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements (continued)

Note 2 – Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 1,391,561	\$ -	\$ (721,561)	\$ 670,000
Construction in progress	620,952	(620,952)	-	-
Total capital assets not being depreciated	2,012,513	(620,952)	(721,561)	670,000
Other capital assets:				
Building	1,024,917	-	-	1,024,917
Improvements other than buildings	3,260	11,840	(3,260)	11,840
Building improvements	66,083	1,040,101	(66,083)	1,040,101
Furniture, fixtures and equipment	67,884	50,040	(22,027)	95,897
Audiovisual/software	35,947	63,148	(9,698)	89,397
Total other capital assets at historical cost	1,198,091	1,165,129	(101,068)	2,262,152
Less accumulated depreciation for:				
Building	-	(25,623)	-	(25,623)
Improvements other than buildings	(2,044)	(176)	2,065	(155)
Building improvements	(44,519)	(25,036)	44,883	(24,672)
Furniture, fixtures and equipment	(36,017)	(10,356)	22,027	(24,346)
Audiovisual/software	(9,698)	(15,774)	9,698	(15,774)
Total accumulated depreciation	(92,278)	(76,965) *	78,673	(90,570)
Other capital assets, net	3,118,326	467,212	(743,956)	2,841,582
Governmental activities capital assets, net	\$ 3,118,326	\$ 467,212	\$ (743,956)	\$ 2,841,582

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 25,780
Unallocated	51,185
	\$ 76,965

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements (continued)

Note 3 – Long-Term Liabilities

Long-term liabilities for the year ended June 30, 2021, consisted of the following:

	Principal Outstanding 6/30/2021	Amounts Due in One Year
Mortgage payable, secured by real property and improvements thereon situated in Martin County, Florida, due December 2034, with interest only payments for the first 12 months, and commencing July 2021 monthly principal and interest payments of \$10,858 at a fixed interest rate of 4.15% for the first 161 equal payments, with a final payment due in December 2034.	\$ 1,340,000	\$ 76,125
Note payable, secured by tangible and intangible personal property situated in Martin County, Florida, under the U.S. Small Business Administration's Disaster Loan Program due May 2050, with interest deferred for 24 months, then monthly principal and interest of payments of \$641, at a fixed interest rate of 2.75% for the first 347 equal payments, with a final payment due May 2051.	150,000	578
	\$ 1,490,000	\$ 76,703

Currently, payments on the notes are made by the General Fund.

Amounts needed for the planned extended repayment of the notes at June 30, 2021 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2022	\$ 76,703	\$ 58,402	\$ 135,105
2023	82,868	55,122	137,990
2024	86,322	51,668	137,990
2025	89,922	48,068	137,990
2026 and thereafter	1,154,185	353,882	1,508,067
	\$ 1,490,000	\$ 567,142	\$ 2,057,142

The Hope Center for Autism, Inc.
A Charter School and Component Unit of the
Martin County District School Board
Notes to Basic Financial Statements (continued)

Note 4 – Lease

On October 29, 2009, the School entered into a five-year operating lease agreement commencing on January 1, 2010 for \$4,000 per month (with yearly increases) and expiring on July 31, 2020. An operating lease differs from a capital lease in that no asset is recorded and no depreciation is charged. Rental expense incurred for the year ended June 30, 2021, amounted to \$4,500 for the final month of the lease.

Note 5 – Net Position

At June 30, 2021, the net position of the School consisted of the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Net property, plant and equipment	\$ 2,841,582	\$ -
Less:		
Note payable	(1,340,000)	-
Total net investment in capital assets	1,501,582	-
Unrestricted	41,205	-
Total net position	\$ 1,542,787	\$ -

Note 6 – Risk Management Programs

General liability, professional liability, property, and workers’ compensation coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded.



**Independent Auditors' 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
The Hope Center for Autism, Inc.
Stuart, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Hope Center for Autism, Inc. (the School), a component unit of the Martin County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as Items 2021-1 that we consider to be a material weaknesses.

To the Board of Directors
The Hope Center for Autism, Inc.

Compliance and Other Matters

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

Organization's Response to Findings

The School's response to the findings identified in our audit is enclosed with these financial statements. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kmetz, Elwell, Graham and Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

September 29, 2021

The Hope Center for Autism, Inc.
Schedule of Findings
For the year ended June 30, 2021

Item 2021-1

Segregation of Duties

The School has a “Good Business Practices and Procedures” policy in place that provides accounting procedure guidance for employees to carry out their day-to-day duties and responsibilities. Unfortunately, due to the limited size of the School’s accounting staff, the procedures in place do not provide adequate internal controls related to segregation of employee’s duties. In particular, employee duties were not consistently and adequately separated between the authorization, custody and record keeping processes for purchases and for cash management.

We have discussed with School management the specific areas in which policies and procedures can be enhanced to provide for proper segregation of duties and enhanced financial and record keeping controls. In addition, we recommend heavy board involvement in the bank reconciliation and financial statement preparation processes. We further recommend that the School may consider the option to hire or subcontract accounting personnel to fulfill these duties.

Independent Auditors' Management Letter

To the Board of Directors
The Hope Center for Autism, Inc.
Stuart, Florida

Report on the Financial Statements

We have audited the financial statements of The Hope Center for Autism, Inc., Florida as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 29, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reports Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, if any, which are dated September 29, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The segregation of duties reportable condition noted in the prior two years have not been corrected.

Fiscal year 2018 – 2019	Finding # 2019 –1	Corrective actions have not been taken
Fiscal year 2019 – 2020	Finding # 2020 –1	Corrective actions have not been taken

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are The Hope Center for Autism, Inc. and 0410.



Independent Auditors' Management Letter

To the Board of Directors
 The Hope Center for Autism, Inc.
 Stuart, Florida

Report on the Financial Statements

We have audited the financial statements of The Hope Center for Autism, Inc., Florida as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 29, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reports Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, if any, which are dated September 29, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The segregation of duties reportable condition noted in the prior two years have not been corrected.

Fiscal year 2018 – 2019	Finding # 2019 –1	Corrective actions have not been taken
Fiscal year 2019 – 2020	Finding # 2020 –1	Corrective actions have not been taken

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are The Hope Center for Autism, Inc. and 0410.

To the Board of Directors
The Hope Center for Autism, Inc.

Financial Condition

Sections 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not The Hope Center for Autism, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that The Hope Center for Autism, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for The Hope Center for Autism, Inc. It is management's responsibility to monitor The Hope Center for Autism, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether The Hope Center for Autism, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that The Hope Center for Autism, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Martin County School District, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kmetz, Elwell, Graham and Associates, PLLC
Certified Public Accountants

September 29, 2021



September 29,2021

To Whom It May Concern:

This letter is intended to address the issues raised in our financial audit for fiscal year 2020-2021 completed by Kmetz, Elwell, Graham and Associates, PLLC .The financial audit raised one issue within the report that requires our attention.

On page 27 the auditor states:

Section 10.854(1)(e) 1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report . The segregation of duties reportable condition noted in the prior year has not been corrected.

Tabulation of Prior Year Uncorrected Audit Findings	
FYE 6/30/20	FYE 6/30/19
UNCORRECTED	2019-1
CORRECTED	2019-2

As stated in the preceding paragraph, The Hope Center is a small organization with only one administrative staff. The size of the organization makes it impossible to hire additional administrative staff without seriously jeopardizing the quality of services that we provide to our students and families. In order to address the issue raised, The Hope Center Board of Directors will continue their vigorous and careful oversight of financial operations.

Item 2020-1

Segregation of Duties

The School has a "Good Business Practices and Procedures" policy in place that provides accounting procedure guidance for employees to carry out their day-to-day duties and responsibilities. Unfortunately, due to the limited size of the School's accounting staff, the procedures in place do not provide adequate internal controls related to segregation of employee's duties. In particular, employee duties were not consistently and adequately separated between the authorization, custody and record keeping processes for purchases and for cash management.

We have discussed with School personnel the specific areas in which policies and procedures can be enhanced to provide for proper segregation of duties and enhanced financial and record

keeping controls. In addition, we recommend heavy board involvement in the bank reconciliation and financial statement preparation processes. We further recommend that the school may consider the option to hire or subcontract accounting personnel to fulfill these duties.

RESPONSE:

We agree with the auditor's comments and the following action has already been initiated to improve the situation. Unfortunately, due to the pandemic and the subsequent lockdown from July 2020 to August 2020 there was limited ability to enter school building as a group. The remainder of the year also brought numerous quarantines which limited staff presence. Administration at The Hope Center attempted to correct the finding related to separation of duties for the 2020-2021 school year. A segregation of financial duties policy was approved by the board of directors on September 14, 2020. This policy required the segregation of duties between the Executive Director, Assistant Director, Administrative Assistant and Accountant. On October 2, 2020, the Assistant Director resigned leaving the segregation of duties to be divided among three individuals rather than four. On July 1, 2021, a new Assistant Director was hired and will be part of the segregation of financial duties. In addition, procurement policies were developed and submitted to the Board of Directors for approval for the 21 -22 school year. Highlights of pending policy includes authorization of all purchases by someone other than the requestor. Staff who are responsible for reconciling cash do not create the records being reconciled. Staff also do not authorize their own payroll claims or changes. With the addition of the assistant director there should be no need to add additional personnel. An independent reconciliation is completed between the billing records and the daycare attendance records.

Please feel free to contact me with any additional questions or concerns.

Sincerely,



Joanne Sweazey
2580 SE Willoughby Blvd.
Stuart, Florida 34994
772-334-3288
jsweazey@hopecenterforautism.org