

Palm Coast Data, LLC

State of Florida Project Specific Audit Report
Quick Action Closing Fund
04.30.2010

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Independent Auditor's Report

Management of Palm Coast Data
Palm Coast, Florida

We have audited the accompanying schedule of expenditures of state financial assistance ("Schedule") of Palm Coast Data, LLC ("Company") for the year ended April 30, 2010. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the schedule based on our audit.

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 10.650, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the expenditures of state financial assistance of the Company for the year ended April 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Melbourne, Florida
August 2, 2010

Palm Coast Data, LLC

Schedule of Expenditures of State Financial Assistance
For Year Ended April 30, 2010

<u>Agency/Program</u>	<u>CSFA #</u>	<u>Grant #</u>	<u>State Expenditures</u>
<u>State of Florida, Executive Office of the Governor's Office of Tourism, Trade, and Economic Development</u>			
Quick Action Closing Fund	31.009	OT09-036	<u>\$ 3,000,000</u>
Total expenditures of state financial assistance			<u><u>\$ 3,000,000</u></u>

Palm Coast Data, LLC

Notes to the Schedule of Expenditures of State Financial Assistance
Year Ended April 30, 2010

Note 1. General

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") presents the activity of the Palm Coast Data, LLC for the year ended April 30, 2010.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting and expenditures are recognized when the related obligation is incurred. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the schedule presents only a selected portion of the operations Palm Coast Data, it is not intended to and does not present the financial position, changes in retained earnings or cash flows of Palm Coast Data, LLC.

**Independent Auditor's Report
on Compliance with Requirements Applicable
to the State Project and on Internal Control Over
Compliance in Accordance with the Project-Specific
Audit Option under the Florida Single Audit Act**

Management of Palm Coast Data
Palm Coast, Florida

Compliance

We have audited the compliance of the Palm Coast Data, LLC (the "Company") with the compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to the Quick Action Closing Fund project for the year ended April 30, 2010. Compliance with the requirements of laws and regulations applicable to its major state project is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's compliance based on our audit.

We conducted our audit of compliance 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 10.650, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Quick Action Closing Fund project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Company's compliance with those requirements.

In our opinion, the Company complied, in all material respects, with the requirements referred to above that are applicable to its Quick Action Closing Fund project for the year ended April 30, 2010.

Internal Control Over Compliance

The management of the Company is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the state project. In planning and performing our audit, we considered the Company's internal control over compliance with the requirements that could have a direct and material effect on the Quick Action Closing Fund project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the Company and the State of Florida Office of the Governor's Office of Tourism, Trade, and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Melbourne, Florida
August 2, 2010

Schedule of Findings and Questioned Costs
Year Ended April 30, 2010

I Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

State Financial Assistance

Internal control over the project:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None Reported
Type of auditor's report issued on compliance for the project:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ?	<u> </u> Yes	<u> X </u> No

II – Financial Statements Findings

None reported

III – Findings and Questioned Costs for the Project

None reported

Palm Coast Data, LLC

Summary of Prior Audit Findings
Year Ended April 30, 2010

No such requirement in prior year.

August 27, 2010

Confidential

Mr. Neil Gordon, Controller
Palm Coast Data, LLC
11 Commerce Blvd
Palm Coast, Florida 32164

Dear Mr. Gordon:

Enclosed you will find five (5) bound copies and one (1) unbound copy of the Quick Action Closing Fund State of Florida Project Specific Audit Report as of April 30, 2010.

If you have received a preliminary draft of this report, please destroy all such copies if they have not been returned to us.

Very truly yours,

McGLADREY & PULLEN, LLP

Carrie A. DeRosa

August 27, 2010

Confidential

Mr. Cliff Martin
Palm Coast Data, LLC
300 Alexander Park, Suite 204
Princeton, NJ 08540

Dear Mr. Martin:

Enclosed you will find two (2) bound copies of the Quick Action Closing Fund State of Florida Project Specific Audit Report as of April 30, 2010.

If you have received a preliminary draft of this report, please destroy all such copies if they have not been returned to us.

Very truly yours,

McGLADREY & PULLEN, LLP

Carrie A. DeRosa