

**LOVE TO LEARN EDUCATIONAL CENTER  
GAINESVILLE, FLORIDA  
JUNE 30, 2007**

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**Financial Statements,  
Independent Auditor's Report Thereon,  
and Independent Auditor's Report on  
Compliance and Internal Controls**

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**Independent Auditor's Report**

To the Board of Directors of  
Love to Learn Educational Center

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Love to Learn Educational Center (the "School"), which is a component unit of the School Board of Alachua County as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of Love to Learn Educational Center's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Love to Learn Educational Center as of June 30, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 17, 2007 on our consideration of Love to Learn Educational Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

*Harvey, Lovington & Thomas, LLP*

Hollywood, Florida  
August 17, 2007

## MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2007

The School's total net assets were approximately \$366,000.

Total ending unrestricted net assets were approximately \$246,000

The School had total expenses for the year of about \$387,000 compared to revenue of approximately \$560,000

The School remained within the budget set by the Board of Directors for the fiscal year ended June 30, 2007.

### 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 asset 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 year 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 increase and/or decrease in net assets during the fiscal year. 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 and services.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Fund Financial Statements**

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

**Governmental Funds** – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can be readily converted to cash. This provides a short-term view of the governmental fund's financial position to help determine whether there are more or fewer financial resources that can be spent in the near term to finance the School's programs. Given that this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with these statements. This information helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains two major funds and one non-major fund. The General Fund and the Special Revenue Fund are considered to be major funds. The Capital Projects Fund is considered to be a non-major fund. Due to the request of Management, these funds are displayed separately.

**General Fund** – All financial resources except those required to be reported in another fund.

**Special Revenue Fund** – The proceeds of specific revenue sources (other than major capital projects), which are restricted to expenditures for specified purposes.

**Capital Projects Fund** – Financial resources to be used for the acquisition and/or construction of major capital facilities, including capital outlays.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CONDENSED FINANCIAL INFORMATION

The following tables present condensed financial information derived from the government-wide financial statements comparing the current year to the prior year.

#### Love to Learn Educational Center's Net Assets

	Total Governmental Activities		Total Percentage Change
	2007	2006	
Non-Capital Assets	\$ 300,841	\$ 163,973	83%
Capital Assets, Net	34,494	39,040	-12%
<b>Total Assets</b>	<b>\$ 335,335</b>	<b>\$ 203,013</b>	65%
Current Liabilities	\$ 3,348	\$ 5,466	39%
<b>Total Liabilities</b>	<b>3,348</b>	<b>5,466</b>	39%
Net Assets			
Invested in capital assets, net of related debt	34,494	48,103	28%
Restricted	85,852	5,360	-1502%
Unrestricted	214,989	144,084	49%
<b>Total net assets</b>	<b>\$ 335,335</b>	<b>\$ 197,547</b>	70%

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. The School's net assets totaled approximately \$335,000 as of June 30, 2007. Of this amount, approximately \$34,494 (net of related debt) has been invested in capital assets. The School uses the capital assets to provide services to the students.

The remaining balance of unrestricted net assets may be used to meet the School's ongoing obligations to students.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Changes in Love to Learn Educational Center's Net Assets

	<b>Total Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>2007</b>	<b>2006</b>	
<b>Revenues</b>			
State Source FTE	\$ 389,378	\$ 353,842	10%
Title I Grant	57,580	34,715	66%
Capital Outlay	102,152	26,186	290%
Other Miscellaneous Income	11,251	2,015	458%
<b>Total Revenues</b>	<b>560,361</b>	<b>416,758</b>	34%
<b>Expenses</b>			
Basic Instruction	212,467	187,583	13%
School Administration	56,406	49,297	14%
Fiscal Services	25,862	18,075	43%
Food Services	77	-	
Central Services	300	-	
Pupil Transportation Services	24,140	20,157	20%
Operation of Plant	67,629	56,190	20%
Unallocated Depreciation	-	4,546	-100%
<b>Total Expenses</b>	<b>386,881</b>	<b>335,848</b>	15%
<b>Change in Net Assets</b>	<b>173,480</b>	<b>80,910</b>	
Beginning Net Assets	193,001	112,091	72%
Ending Net Assets	\$ 366,481	\$ 193,001	90%

The increase in the School's net assets of approximately \$173,000 is attributable to management controlling the amount of expenditures incurred during the fiscal year, increasing enrollment through active recruitment during the non-school session, and increase in the Capital Outlay funding.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

#### **Governmental Activities**

The governmental activities generated \$450,049 in general revenues and \$110,312 in program revenue, and incurred \$386,881 of program expenses. This resulted in a \$173,480 increase in net assets.

### **THE SCHOOL'S INDIVIDUAL FUNDS**

#### **General Fund**

The General Fund's fund balance was \$246,135. The School generated more revenue through State Source FTE (Full Time Equivalent) funds in the current year. The School incurred \$307,641 in expenses due to operations of the School.

#### **Special Revenue Fund**

The Special Revenue Fund's revenue was \$57,580 and the School incurred \$57,580 in expenses.

#### **Capital Projects Fund**

The Capital Projects Fund revenue was \$102,152. The expense incurred of \$21,660 was used for rent in the current fiscal year.

### **BUDGETARY HIGHLIGHTS**

#### **General Fund**

There were no changes between the original and final budgets for the General Fund.

Revenues received in the General Fund were granted by the Alachua County School Board for the fiscal year, therefore there were no variances.

Total Governmental Fund expenditures were above the budgeted amounts. This was generally due to additional material needed during fiscal year as well as additional support services.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

There were no significant capital assets activity during 2007. Please refer to Note 2 for more detailed information about the School's capital asset activity.

#### **Debt Administration**

The School did not enter into any debt agreement during the fiscal period.

### **ECONOMIC FACTORS**

Economic factors affecting the School's operations included operational changes, limited classroom space, and the State's base student allocation.

### **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 information, contact Dr. Lavetta Palmer, 125 NW 23<sup>rd</sup> Avenue, Gainesville, Florida 32609.

**LEARN TO LEARN EDUCATIONAL CENTER  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 321,262	\$ 321,262
Grant Receivable	11,074	11,074
Other Assets	2,999	2,999
	<b>Total Current Assets</b>	<b>335,335</b>
	<b>335,335</b>	<b>335,335</b>
<b>Capital assets:</b>		
Furniture, Fixtures & Equipment	81,019	81,019
Less Accumulated Depreciation	(46,525)	(46,525)
	<b>Total Fixed Assets</b>	<b>34,494</b>
	<b>34,494</b>	<b>34,494</b>
	<b>Total Assets</b>	<b>\$ 369,829</b>
	<b>\$ 369,829</b>	<b>\$ 369,829</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Salaries and Other Payable	\$ 779	\$ 779
Accounts Payable	2,569	2,569
	<b>Total Current Liabilities</b>	<b>3,348</b>
	<b>3,348</b>	<b>3,348</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	34,494	34,494
Restricted for:		
Capital Projects	85,852	85,852
Unrestricted	246,135	246,135
	<b>Total Net Assets</b>	<b>366,481</b>
	<b>366,481</b>	<b>366,481</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 369,829</b>	<b>\$ 369,829</b>

*See Accompanying Notes to the Financial Statements*

**LOVE TO LEARN EDUCATIONAL CENTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

FUNCTIONS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
			Governmental Activities	Primary Government Governmental Activities	
<b>Primary Government:</b>					
Governmental Activities:					
Basic Instruction	\$ 195,697	\$ -	\$ -		\$ (195,697)
Pupil Personnel Services	14,900	-	-	(14,900)	(14,900)
Instructional Media Services	-	-	-	-	-
Instruction and Curriculum Development Services	-	-	-	-	-
Instructional Staff Training Services	1,870	-	-	(1,870)	(1,870)
Board	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	56,406	-	-	(56,406)	(56,406)
Facilities Acquisition and Construction	21,660	-	102,152		80,492
Fiscal Services	25,862	-	-	(25,862)	(25,862)
Food Services	77	-	-	(77)	(77)
Central Services	300	-	-	(300)	(300)
Pupil Transportation Services	24,140	2,255	-	(21,885)	(21,885)
Operation of Plant	45,969	5,905	-	(40,064)	(40,064)
Maintenance of Plant	-	-	-	-	-
Community Services	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-
Unallocated Depreciation Expense	-	-	-	-	-
Total governmental activities	386,881	8,160	-	102,152	(276,569)
					(276,569)
<b>General Revenues:</b>					
Title I Grant				56,243	56,243
State Source FTE				390,715	390,715
Other Income				3,091	3,091
Total General Revenues, Special Items and Transfers				450,049	450,049
Change in Net Assets				173,480	173,480
Net Assets - Beginning of Year				193,001	193,001
Net Assets - End of Year				\$ 366,481	\$ 366,481

*See Accompanying Notes to the Financial Statements*

**LOVE TO LEARN EDUCATIONAL CENTER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

ASSETS	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	TOTAL GOVERNMENTAL FUNDS
Cash	\$ 247,629	\$ -	\$ 84,013	\$ 331,642
Grant Receivable	-	11,074	-	11,074
Other Assets	1,160	-	1,839	2,999
<b>TOTAL ASSETS</b>	<b>\$ 248,789</b>	<b>\$ 11,074</b>	<b>\$ 85,852</b>	<b>\$ 345,715</b>
 <b>LIABILITIES &amp; FUND EQUITY</b>				
<b>Liabilities</b>				
Cash Overdraft	\$ -	\$ 10,380.00	\$ -	\$ 10,380.00
Accounts Payable	2,569	-	-	2,569
Other Current Liabilities	85	694	-	779
<b>TOTAL LIABILITIES</b>	<b>2,654</b>	<b>11,074</b>	<b>-</b>	<b>13,728</b>
<b>Fund Equity</b>				
Fund Balances:				
Reserved	-	-	85,852	85,852
Unreserved, Undesignated	246,135	-	-	246,135
<b>TOTAL FUND EQUITY</b>	<b>246,135</b>	<b>-</b>	<b>85,852</b>	<b>331,987</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 248,789</b>	<b>\$ 11,074</b>	<b>\$ 85,852</b>	<b>\$ 345,715</b>

Reconciliation of the governmental funds Balance Sheet to the Statement of Net Assets for  
for the year ended June 30, 2007

**Total fund balances - governmental funds** 331,987

Amounts reported for governmental activities in the Statement of Net Assets are  
different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in governmental funds. The cost of the  
assets is \$81,019, and the accumulated depreciation is (\$46,525) 34,494

Net Assets of Governmental Activities **\$ 366,481**

**LOVE TO LEARN EDUCATIONAL CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Title I Grant	\$ -	\$ 56,243	\$ -	\$ 56,243
State Source FTE	390,715	-	-	390,715
Capital Outlay Fund	-	-	102,152	102,152
Earnings on Investments	963	-	-	963
Miscellaneous Income	8,951	1,337	-	10,288
<b>TOTAL REVENUES</b>	<b>400,629</b>	<b>57,580</b>	<b>102,152</b>	<b>560,361</b>
<b>EXPENDITURES</b>				
Basic Instruction	154,928	57,580	-	212,508
School Administration	56,406	-	-	56,406
Fiscal Services	25,862	-	-	25,862
Food Services	77	-	-	77
Central Services	300	-	-	300
Pupil Transportation	24,140	-	-	24,140
Operation of Plant	45,928	-	16,300	62,228
<b>TOTAL EXPENDITURES</b>	<b>307,641</b>	<b>57,580</b>	<b>16,300</b>	<b>381,521</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>92,988</b>	<b>-</b>	<b>85,852</b>	<b>178,840</b>
<b>FUND BALANCE, July 1, 2006</b>	<b>153,147</b>	<b>-</b>	<b>-</b>	<b>153,147</b>
<b>FUND BALANCE, June 30, 2007</b>	<b>\$ 246,135</b>	<b>\$ -</b>	<b>\$ 85,852</b>	<b>\$ 331,987</b>

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

**Total net change in fund balances - governmental funds** \$ 178,840

Amounts reported for governmental activities in the Statement of Activities are  
different because:

Capital outlays (\$0) 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 (\$ 5,360)

**Change in net assets of governmental activities** \$ 173,480

**LOVE TO LEARN EDUCATIONAL CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Love to Learn Educational Center is a not-for-profit corporation organized in 1998 pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The not-for-profit corporation conducts business as Love to Learn Educational Center, Inc. (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors which is composed of three voting members.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Alachua County (the “District”). The current charter is effective until June 30, 2012. 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 228.056(10)(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. This School is considered a component unit of the District.

Criteria for determining if other entities are potential components units of the School that 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 Schools’ basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included with the reporting entity of the School.

**LOVE TO LEARN EDUCATIONAL CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Basis of Presentation**

The financial transactions of the School are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Statement #34 set forth minimum criteria for the determination of major funds. The school has two major funds.

**GOVERNMENTAL FUND TYPES**

The measurement focus of the Governmental Funds is upon determination of financial position and changes in financial position rather than upon net income. The following is a description of the Governmental Funds of the School:

General Fund – to account for all financial resources not required to be accounted for in another fund. The General fund serves as the primary operating unit of the School.

Special Revenue Fund – to account for financial resources associated with grants that are restricted for specific uses.

Capital Projects Fund – to account for all financial resources that are specifically restricted to expenditure for capital projects.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund, and Capital Projects Fund are all considered to be significant funds and, therefore, are separately stated. The School has one non-major fund.

**NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES**

GASB Statement #34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

**LOVE TO LEARN EDUCATIONAL CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Government-wide Financial Statements are presented on an accrual basis of accounting.

The Fund financial statements are presented on a modified accrual basis.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

**Budgetary Basis of Accounting**

Budgets are presented on the modified accrual basis of accounting, consistent with generally accepted accounting principles.

**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 provision of 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 calculation by the FDOE under the Florida Education 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 received a Federal award for the enhancement of various education programs. This assistance is generally received based on applications submitted to and approved by the granting agency.

**LOVE TO LEARN EDUCATIONAL CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

Fixed Assets and Depreciation

Expenditures for fixed assets acquired for utilization at the School are reported in the governmental fund type that financed the acquisition. Donated Assets are recorded at fair value at the date of donation. The school's capitalization levels are \$600 on tangible personal property. Depreciation on all assets is provided on the straight-line basis over the estimated useful life. The depreciation of general fixed assets is recorded in the Government-wide financial statements.

Compensated Absences

The School does not pay employees for unused sick and vacation time. Unused hours expire at the end of the school year. Therefore, no compensated absences are recorded.

Income Taxes

The School is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LOVE TO LEARN EDUCATIONAL CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 2 - CHANGES IN GENERAL FIXED ASSETS**

Changes in general fixed assets are shown below:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Leasehold Improvements	\$68,181	\$ -	\$ -	\$68,181
Furniture, Fixtures, and Equipment	12,838	-	-	12,838
Total	81,019	-	-	81,019
Accumulated Depreciation	(41,979)	(4,546)	-	(46,525)
Net Fixed Assets	<u>\$39,040</u>	<u>(\$4,546)</u>	<u>-</u>	<u>\$34,494</u>

**NOTE 3 – LEASES AND OTHER OBLIGATIONS**

Operating Leases

During the fiscal year 2006-2007, the School leased commercial space from PQ Equipment, Inc. The School is renting the commercial space on a month-to-month basis.

The School leased one van for the academic year July 2006 through June 2007. The School renewed the lease for the remaining van for an additional year ending June 2008.

Total rent expense for the year ended June 30, 2007 was \$21,660 for the commercial space and \$8,837 for the vans. The future minimum rental commitments for both leases and beyond are as follows:

**LOVE TO LEARN EDUCATIONAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 3 – LEASES AND OTHER OBLIGATIONS (Continued)**

For the year ending June 30,

2008	\$ 28,824
2009	--
2010	--
2011	--
2012	--
Thereafter	<u>          --</u>
Total	<u>          \$ 28,824</u>

**NOTE 4 – RISK MANAGEMENT PROGRAMS**

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

**NOTE 5 – BUDGETARY COMPARISON SCHEDULE**

The following budgetary information is presented as part of the required supplementary information as mandated by GASB Statement #34.

**LOVE TO LEARN EDUCATIONAL CENTER  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2007**

	GENERAL		SPECIAL REVENUE		CAPITAL PROJECTS	
	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
<b>REVENUES</b>						
Title 1 Grant	\$ -	\$ -	\$ 56,243	\$ 56,243	\$ -	\$ -
State Source FTE	390,715	390,715	-	-	-	-
Capital Outlay Fund	-	-	-	-	102,152	102,152
Earnings on Investments	963	963	-	-	-	-
Miscellaneous Income	8,951	8,951	1,337	1,337	-	-
<b>TOTAL REVENUES</b>	<b>400,629</b>	<b>400,629</b>	<b>57,580</b>	<b>57,580</b>	<b>102,152</b>	<b>102,152</b>
<b>EXPENDITURES</b>						
Basic Instruction	154,928	154,928	57,580	57,580	-	-
School Administration	56,406	56,406	-	-	-	-
Fiscal Services	25,862	25,862	-	-	-	-
Food Services	77	77	-	-	-	-
Central Services	300	300	-	-	-	-
Pupil Transportation	24,140	24,140	-	-	-	-
Operation of Plant	45,928	45,928	-	-	16,300	16,300
<b>TOTAL EXPENDITURES</b>	<b>307,641</b>	<b>307,641</b>	<b>57,580</b>	<b>57,580</b>	<b>16,300</b>	<b>16,300</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 92,988</b>	<b>\$ 92,988</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85,852</b>	<b>\$ 85,852</b>

**Independent Accountant's Report On Compliance And On Internal Control Over  
Financial Reporting Based On An Audit Of Financial Statements Performed In  
Accordance With Government Auditing Standards**

To the Board of Directors of  
Love to Learn Educational Center

We have audited the basic financial statements of Love to Learn Educational Center, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 17, 2007 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Love to Learn Educational Center'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 test disclosed no instances of noncompliance that are required to be reporting under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Love to Learn Educational Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. We did not note any matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect Love to Learn Educational Center's ability to record, process, summarize and report data consistent with assertions of management of the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use by management, the Board of Directors, Grantor agencies, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

*Harvey, Lovington J Thomas, Sr.*

Hollywood, Florida  
August 17, 2007

**INDEPENDENT AUDITOR'S LETTER TO MANAGEMENT**

Board of Directors  
Love to Learn Educational Center  
Gainesville, Florida 32609

We have audited the financial statements of Love to Learn Educational Center as of and for the year ended June 30, 2007, and have issued our report thereon dated August 17, 2007. We have also issued our report on compliance and internal control over financial reporting. That report should be considered in conjunction with this management letter.

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

**Prior Audit Findings**

The Rules of the Auditor General require that we comment as to whether or not findings reported in the preceding audit report have been corrected and recommendations made in the preceding audit report have been followed. There was no prior year Management Letter Comments.

**Other Matters**

Our audit did not reveal other matters that involve the internal control structure and other operational matters that are presented for your consideration. In addition, our audit did not reveal any indication of financial emergency conditions. We previously reported on Love to Learn Educational Center's internal control structure in our report dated August 17, 2007. This letter does not affect our report dated August 17, 2007 on the financial statements of the School.

This management letter is intended solely for the information and use of the management of the School and appropriate audit agencies and is not intended to be and should not be used by anyone other than specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any comments about this letter, our accompanying reports, or any other matter.

*Harvey, Lovington & Thomas, LLC*

Hollywood, Florida  
August 17, 2007