



**LIFE SKILLS CENTER LIBERTY CITY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF  
DADE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORTS THEREON**

**JUNE 30, 2009**



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**LIFE SKILLS CENTER LIBERTY CITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

The discussion and analysis of the Life Skills Center Liberty City, Inc.'s (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

**Closing of the School**

Management and the Board of Directors discontinued the School's charter with the District School Board of Dade County, Florida (the "School District") and closed the School effective January 2009. This is the final annual financial report of the School.

**Financial Highlights**

The School's total net assets are zero at June 30, 2009 due to the closing of the School.

**Using this Financial Report**

This report consists of three parts - the management discussion and analysis, the basic financial statements and notes to those statements. The basic financial statements include two kinds of statements that present different views of the School:

The first two statements - the Statement of Net Assets and Statement of Activities, are government-wide financial statements that provide information about the School's overall financial status.

The remaining statements - the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance, are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.

**Government-wide Financial Statements**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by the private sector. The Statement of Net Assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

The two government-wide financial statements report the School's net assets and how they have changed. Net assets - the difference between the School's assets and liabilities - are one way to measure the School's financial position. Over time, increases or decreases in the School's net assets are an indicator of whether its financial position is improving or deteriorating.

**Net Assets**

Table 1 provides a comparative summary of the School's net assets for fiscal years 2009 and 2008.

(Table 1)  
**Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current Assets	<u>\$ 16,003</u>	<u>\$ 196,065</u>	<u>\$ (180,062)</u>
<b>Liabilities</b>			
Current Liabilities	<u>16,003</u>	<u>192,371</u>	<u>(176,368)</u>
<b>Net Assets</b>			
Unrestricted	<u>-</u>	<u>3,694</u>	<u>(3,694)</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 3,694</u>	<u>\$ (3,694)</u>

Current assets and current liabilities decreased primarily due to the timing of payments to local vendors and the management company. The decrease in net assets is due to the closing of the School.

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**Change in Net Assets**

Table 2 shows the comparative summary of changes in net assets and revenues and expenses for fiscal years 2009 and 2008.

(Table 2)  
**Change in Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
<b>Revenues</b>			
State and Local Sources	\$ 192,036	\$ 208,121	\$ (16,085)
Other Revenue	805,187	881,644	(76,457)
Total Revenues	<u>997,223</u>	<u>1,089,765</u>	<u>(92,542)</u>
<b>Expenses</b>			
Instruction	173,090	365,491	(192,401)
Pupil Personnel Services	43,721	34,946	8,775
Instructional Staff Training Services	33,420	77,320	(43,900)
Board	22,711	2,550	20,161
School Administration	166,798	244,794	(77,996)
Facilities Acquisition and Construction	-	171,384	(171,384)
Operation of Plant	361,690	135,390	226,300
Maintenance of Plant	199,487	54,196	145,291
Total Expenses	<u>1,000,917</u>	<u>1,086,071</u>	<u>(85,154)</u>
Change in Net Assets	<u>\$ (3,694)</u>	<u>\$ 3,694</u>	<u>\$ (7,388)</u>

Certain reclassifications were made in the 2008 amounts to conform to their classifications in fiscal year 2009.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts, which the School uses to keep track of sources of funding and spending.

The School's basic services are included in governmental funds which focus 1) on how financial assets can be converted to cash flows and 2) on the year-end balances available for spending.

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

In particular, unreserved fund balance is a useful measure of the 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 ending unreserved fund balance of zero, which is a result of the School closing.

**Budgetary Highlights**

The School prepares an annual budget in June based on the expected funded enrollment figure for the following school year. The budget is revised once the School's final full-time equivalent enrollment is determined based on the required count dates.

Actual total revenues and expenses were under final budget due to the School closing in January 2009.

**Current Financial Issues**

As explained more fully in Note 5 to the basic financial statements, the School contracts with WHLS of Florida, LLC ("WHLS") for the majority of its day-to-day services which include facilities, equipment, technology, operational support services (including execution of the educational model), personnel and training, management and management consulting. WHLS agrees to provide these services for a percentage share of the per pupil revenues received by the School from the District School Board of Dade County thereby assuming the financial risk that such share of revenues will not be sufficient to cover expenses. Payment of any excess expenses by WHLS do not represent a loan or future obligation of the School to WHLS.

For fiscal year 2009, the school's second year of operation, WHLS provided \$805,187 of additional support to the School. These costs were incurred solely by WHLS on behalf of the School and its operations.

**Contacting the School's Financial Management**

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Trudy Crowetz, Financial Manager for the Life Skills Center Liberty City, Inc., c/o Life Skills of Florida Regional Office, 2500 Metrocentre Blvd., Suite 5, West Palm Beach, Florida 33407.



## **Report of Independent Auditors on Basic Financial Statements and Supplementary Information**

To the Board of Directors of Life Skills Center Liberty City, Inc., a Charter School  
and Component Unit of the District School Board of Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of Life Skills Center Liberty City, Inc. (the "School"), a charter school and component unit of the District School Board of Dade County, Florida, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School as of June 30, 2009, and the respective changes in financial position thereof 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 our report dated August 30, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 1–4 and the budgetary comparison schedule on page 17 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 supplementary information. However, we did not audit the information and express no opinion on it.

*BKHM, P.A.*

Winter Park, Florida  
August 30, 2009

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 16,003
Total Assets	<u>\$ 16,003</u>
<b><u>LIABILITIES</u></b>	
Accrued Expenses	\$ 9,550
Due to Management Company	6,453
Total Liabilities	<u>16,003</u>
<b><u>NET ASSETS</u></b>	
Unrestricted Net Assets	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 16,003</u>

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

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>FUNCTIONS</b>	<b>Expenses</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities:</b>			
Instruction	\$ 173,090	\$ -	\$ (173,090)
Pupil Personnel Services	43,721	-	(43,721)
Instructional Staff Training Services	33,420	-	(33,420)
Board	22,711	-	(22,711)
School Administration	166,798	-	(166,798)
Operation of Plant	361,690	-	(361,690)
Maintenance of Plant	199,487	-	(199,487)
	<hr/>	<hr/>	<hr/>
Total Governmental Activities	\$ 1,000,917	\$ -	\$ (1,000,917)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
General Revenues:			
FEFP			192,036
Other Revenue			805,187
			<hr/>
Total General Revenues and Special Items			997,223
			<hr/>
Change in Net Assets			(3,694)
			<hr/>
Net Assets-Beginning			3,694
			<hr/>
Net Assets-Ending			\$ -
			<hr/> <hr/>

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

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
BALANCE SHEET- GOVERNMENTAL FUND  
JUNE 30, 2009**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 16,003
Total Assets	\$ 16,003
 <b>LIABILITIES</b>	
Accrued Expenses	\$ 9,550
Due to Management Company	6,453
Total Liabilities	16,003
 <b>FUND BALANCE</b>	
Unreserved	-
Total Fund Balance	-
Total Liabilities and Fund Balance	\$ 16,003

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

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>General Fund</b>
<b>REVENUES</b>	
State and Local Sources	\$ 192,036
Other Revenue	805,187
Total Revenues	997,223
<b>EXPENDITURES</b>	
Instruction	173,090
Pupil Personnel Services	43,721
Instructional Staff Training Services	33,420
Board	22,711
School Administration	166,798
Operation of Plant	361,690
Maintenance of Plant	199,487
Total Expenditures	1,000,917
Net Changes in Fund Balances	(3,694)
Fund Balance, July 1, 2008	3,694
Fund Balance, June 30, 2009	\$ -

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

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Life Skills Center Liberty City, Inc. (the School) 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 School contracted with WHLS of Florida, LLC (WHLS) for most of its functions. See Note 5.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operated under a charter of the sponsoring school district, the District School Board of Dade County (the District). The current charter was effective until June 30, 2012. However, management of the School terminated the charter during the fiscal year and the School is no longer operating. The School was considered a component unit of the District and met the definition of a governmental entity under the *Audit and Accounting Guide – State and Local Governments* issued by the American Institute of Certified Public Accountants; therefore, for financial reporting purposes, the School was required to follow generally accepted accounting principles applicable to state and local governments.

The School operated under a self-appointing, three-member Board of Directors (the Board). The School's Code of Regulations specified that vacancies that arose on the Board would be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board was responsible for carrying out the provisions of the contract with the District, which included, but was not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School had one instructional/support facility, which was leased by WHLS. The facility was staffed with teaching personnel employed by WHLS.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**LIFE SKILLS CENTER LIBERTY CITY, INC.**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. BASIS OF PRESENTATION**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the School consist of governmental activities. The School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled. The fund in the financial statements of this report is as follows:

Governmental Fund:

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

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses/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.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when they occur.

**LIFE SKILLS CENTER LIBERTY CITY, INC.**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

**C. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level.

**D. CASH AND CASH EQUIVALENTS**

All cash received by the School is maintained in a demand deposit account. For purposes of presentation on the Statement of Net Assets, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**E. 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 funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School was adjusted during the year to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a school administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance - governmental fund.

**LIFE SKILLS CENTER LIBERTY CITY, INC.**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. REVENUE SOURCES (Continued)**

The School may receive 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 eligible expenditures have been incurred.

**F. CAPITAL ASSETS AND DEPRECIATION**

For purposes of recording capital assets, the Board has a capitalization threshold of \$5,000.

The School has no capital assets, as the School operates under a management agreement with WHLS (see Note 5).

**G. USE OF ESTIMATES**

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**H. NET ASSETS**

Net assets represent the difference between assets and liabilities. Due to the School's closing during the fiscal year, ending net assets is zero.

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**3. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

For the year ended June 30, 2009, the estimated state and local revenues were received from the District as follows:

Florida Education Finance Program	\$	126,542
Class size reduction		30,534
Discretionary local effort		14,249
Supplemental academic instruction		11,543
ESE guaranteed allocation		4,000
Instructional materials		2,983
Other state funding		1,446
Discretionary lottery funds		739
 Total State and Local Revenue	 \$	 192,036

**4. RISK MANAGEMENT**

**Property and Liability** - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance (see Note 5).

**Director and Officer** - Coverage includes a \$1,000,000 aggregate limit and \$10,000 deductible.

**5. AGREEMENT WITH WHLS**

The School entered into an initial 2 1/2-year Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 97 percent of the School's "Qualified Gross Revenues," defined in the Agreement as "...all revenues and income received by the School except for charitable contributions" and "WHLS shall receive 100 percent of any and all grants or funding of any kind generated by WHLS, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any."

**LIFE SKILLS CENTER LIBERTY CITY, INC.**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(Continued)**

**5. AGREEMENT WITH WHLS (Continued)**

The continuing fee is paid to WHLS based on the previous month's qualified gross revenues less any fees the School is required to remit to the District. The continuing fee paid to WHLS for the year ended June 30, 2009 was \$165,975. WHLS was responsible for all costs incurred in providing the educational program at the School, which included but was not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

During the year ended June 30, 2009, WHLS expended \$805,187 more than the continuing fee required by the Agreement. Per the Agreement, no other amounts are required other than the continuing fee as calculated above. All amounts expended by WHLS in excess of the continuing fee are not required to be repaid, and, consequently, are recorded as "Other Revenue" to the School in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance – Government Fund.

**6. CONTINGENCES**

**Grants**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts that may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

**7. RELATED PARTIES**

The School, Life Skills Center Dade County, Inc. and Life Skills Center Opa Locka, Inc. share a common board of directors. For the year ended June 30, 2009, there were no transactions among these entities.

**8 CLOSING OF SCHOOL**

The School elected to terminate the School's charter which expired on June 30, 2012 with the District School Board of Dade County, Florida, effective January 2009. This is the final annual financial report for the School.

**LIFE SKILLS CENTER LIBERTY CITY, INC.  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget- Based on 1/2 Year</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
State and Local Sources	\$ 2,060,000	\$ 1,030,000	\$ 192,036	\$ (837,964)
Other Revenue	-	-	805,187	805,187
 Total Revenues	<u>2,060,000</u>	<u>1,030,000</u>	<u>997,223</u>	<u>(32,777)</u>
<b>EXPENDITURES</b>				
Instruction	796,000	398,000	173,090	224,910
Pupil Personnel Services	60,600	30,300	43,721	(13,421)
Instructional Staff Training Services	119,400	59,700	33,420	26,280
Board	37,000	18,500	22,711	(4,211)
School Administration	343,800	171,900	166,798	5,102
Operation of Plant	570,400	279,050	361,690	(82,640)
Maintenance of Plant	108,000	54,000	199,487	(145,487)
 Total Expenditures	<u>2,035,200</u>	<u>1,011,450</u>	<u>1,000,917</u>	<u>10,533</u>
<b>Net Changes in Fund Balances</b>	24,800	18,550	(3,694)	(22,244)
<b>Fund Balance, July 1, 2008</b>	<u>3,694</u>	<u>3,694</u>	<u>3,694</u>	<u>-</u>
<b>Fund Balance, June 30, 2009</b>	<u>\$ 28,494</u>	<u>\$ 22,244</u>	<u>\$ -</u>	<u>\$ (22,244)</u>

See report of independent auditors.



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

To the Board of Directors of Life Skills Center Liberty City, Inc., a Charter School  
and Component Unit of the District School Board of Dade County, Florida

We have audited the financial statements of the governmental activities and the major fund of Life Skills Center Liberty City, Inc. (the "School"), a charter school and component unit of the District School Board of Dade County, Florida, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.



Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*:

2009 -1: Budget Amendments: Management of the School is required to prepare a final operating budget which is required to be approved by the Board of Directors. Although operations of the School discontinued in January 2009, management or the Board of Directors did not revise or approve a final budget for the School.

2009-2: Compliance Testing: The School is required to operate and meet certain compliance requirements under Florida Statutes. Since the School discontinued operations effective January 2009, we were unable to test certain compliance requirements related to required postings or other facility requirements.

The School's response to the findings identified in our audit is included in the Written Statement of Explanation or Rebuttal on page 23. We did not audit the School's response and, accordingly, we express no opinion on it.

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

*BKHM, P.A.*

Winter Park, Florida  
August 30, 2009

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE FLORIDA AUDITOR GENERAL,  
CHAPTER 10.850, *AUDITS OF CHARTER  
SCHOOLS AND SIMILAR ENTITIES***



To the Board of Directors of Life Skill Center Liberty City, Inc.,  
a Charter School and Component Unit of the District  
School Board of Dade County, Florida

We have audited the financial statements of the governmental activities and the major fund of Life Skill Center Liberty City, Inc. (the "School"), as of and for the year ended June 30, 2009, and have issued our report thereon dated August 30, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated August 30, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

- 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. There were no findings or recommendations in the prior year.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and



instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the School. The official title of the School is Life Skills Center Liberty City, Inc.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition met. During the course of our audit, nothing came to our attention to indicate that the School had met any of the conditions described in Section 218.503(1), Florida Statutes (“the conditions”). However, in planning and performing our audit, we considered whether the School had met any of the conditions as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion as to whether the School had met any of the conditions. Accordingly, we do not express an opinion as to whether the School had met any of the conditions.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2009, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. It is management’s responsibility to monitor the School’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Board of Directors and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*BKHM, P.A.*

Winter Park, Florida  
August 30, 2009



August 31, 2009

BKHM, PA  
Stacy McCrady  
1560 Orange Avenue  
Suite 600  
Winter Park, FL 32789

Ms. McCrady –

We are providing the following as our formal response to the compliance matters noted in the Financial Audit for the Life Skills Center of Liberty City, Inc. for the year ended June 30, 2009.

Specifically, your audit identified the following:

**2009-1: Budget Amendments:** Management of the School is required to prepare a final operating budget which is required to be approved by the Board of Directors. Although operations of the School discontinued in January 2009, Management or the Board of Directors did not revise or approve a final budget for the School.

*School Response: The School recognizes and agrees that the approval of a revised operating budget would have been appropriate under the circumstances. It was not considered at the time, and the matter is not able to be addressed going forward now that the School is closed.*

**2009-2: Compliance Testing:** The School is required to operate and meet certain compliance requirements under Florida Statutes. Since the School discontinued operations effective January 2009, we were unable to test certain compliances related to required postings or other facility requirements.

*School Response: The School recognizes that the closing of school operations during the course of the year prevented certain audit procedures from being performed. However, the matter will not be an issue going forward now that the School is closed permanently.*

Thank you for your assistance with the audit this year. If you have any questions regarding any of the foregoing, please do not hesitate to call.

*Board of Directors  
Life Skills Center of Liberty City, Inc.*