



**LIFE SKILLS CENTER OPA LOCKA, 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



CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1 - 5
Report of Independent Auditors on Basic Financial Statements and Supplementary Information	6 - 7
Basic Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Balance Sheet - Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to the Basic Financial Statements	14 - 20
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	21
Budgetary Comparison Schedule - Special Revenue Fund	22
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 <i>Government Auditing Standards</i>	23-24
Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities:</i>	
Management Letter	25-27

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

The discussion and analysis of the Life Skills Center Opa Locka, 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.

Financial Highlights

The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$141,288 (net assets). This is a significant increase from the prior year, when assets of the School exceeded its liabilities by \$68,425.

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 Balances, 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 OPA LOCKA, 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			
	2009	2008	Increase (Decrease)
Assets			
Current Assets	\$ 210,005	\$ 415,599	\$ (205,594)
Capital Assets, net	37,939	3,174	34,765
Total Assets	\$ 247,944	\$ 418,773	\$ (170,829)
Liabilities			
Current Liabilities	\$ 106,656	\$ 350,348	(243,692)
Net Assets			
Invested in Capital Assets	\$ 37,939	\$ 3,174	\$ 34,765
Unrestricted	103,349	65,251	38,098
Total Net Assets	\$ 141,288	\$ 68,425	\$ 72,863

The decreases in current assets and current liabilities are directly related to the timing of the receipt of payments from the State for FEFP revenues and the corresponding payable to the management company. Net capital assets increased as a result of capital asset additions in excess of depreciation in the current year.

**LIFE SKILLS CENTER OPA LOCKA, 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>
Revenues			
Federal Sources Passed Through			
Local School District	\$ 167,195	\$ -	\$ 167,195
State and Local Sources	2,372,357	1,761,321	611,036
Other Revenue	-	87,674	(87,674)
Total Revenues	<u>2,539,552</u>	<u>1,848,995</u>	<u>690,557</u>
Expenses			
Instruction	699,548	547,071	152,477
Pupil Personnel Services	175,637	151,077	24,560
Instructional Staff Training Services	56,201	18,831	37,370
Board	25,294	23,076	2,218
School Administration	1,035,027	539,975	495,052
Operation of Plant	421,531	409,307	12,224
Maintenance of Plant	53,451	132,413	(78,962)
Total Expenses	<u>2,466,689</u>	<u>1,821,750</u>	<u>644,939</u>
Change in Net Assets	<u>\$ 72,863</u>	<u>\$ 27,245</u>	<u>\$ 45,618</u>

Total Revenues increased as a result of higher FTE count in the current year and as a result of federal grants the school was entitled to. Total expenses increased due to the management agreement that the school has in place with the management company that provides that specific amounts of funding received be paid to the management company. The school also had to meet the needs of a higher student count than in the previous year.

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.

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

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.

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 \$103,349.

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.

The School's final general fund budget estimated a \$115,416 carryover to the following year. Actual results produced a carryover of \$103,349.

Over the course of the year, the School revised its budget. With the adjustments, actual revenues were approximately \$366,000 under final budget amounts. This was due to a lower than expected final full-time equivalent student count. This lower than expected revenue also led to a lower than expected School Administration cost due to the management agreement in place (See Note 8). Specific percentages of the revenues of the school are payable to the management company and this lower than expected revenue directly led to the drop in School Administration costs. Expenditures for Instruction and Operation of Plant were also lower than expected due to the lower than anticipated revenue figure affecting the needs of the school.

Capital Assets

At the end of fiscal year 2009 the School had \$52,319 invested in computer software and computer equipment. Table 3 shows comparative balances of capital assets for fiscal years 2009 and 2008.

(Table 3)
Capital Assets
(Net of Depreciation)

	2009	2008	Increase (Decrease)
Computer Software	\$ 28,258	\$ 3,174	\$ 25,084
Computer Equipment	9,681	-	9,681
	\$ 37,939	\$ 3,174	\$ 34,765

For more information on capital assets, see Note 5 in the Notes to the Basic Financial Statements.

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

As explained more fully in Note 8 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 third year of operation, WHLS provided no additional support to the School. The School projects that with the absence of upfront capital investments in the facility, the School will not require support from WHLS during fiscal year 2010.

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 Opa Locka, Inc., 3400 NW 135th Street, Opa Locka, FL 33054.



Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of Life Skills Center Opa Locka, 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 each major fund of Life Skills Center Opa Locka, 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 financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Life Skills Center Opa Locka, Inc. 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 31, 2009 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 1 - 5 and the budgetary comparison schedules on pages 21 - 22 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 31, 2009

LIFE SKILLS CENTER OPA LOCKA, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 84,836
Accounts Receivable	125,169
Capital Assets:	
Computer Software	40,702
Less Accumulated Depreciation	(12,444)
Computer Equipment	11,617
Less Accumulated Depreciation	(1,936)
Total Capital Assets, net	<u>37,939</u>
Total Assets	<u><u>\$ 247,944</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable	\$ 2,500
Due to Management Company	<u>104,156</u>
Total Liabilities	<u>106,656</u>
NET ASSETS	
Invested in Capital Assets	37,939
Unrestricted Net Assets	<u>103,349</u>
Total Net Assets	<u>141,288</u>
Total Liabilities and Net Assets	<u><u>\$ 247,944</u></u>

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

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

FUNCTIONS	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities
Governmental Activities:			
Instruction	\$ 699,548	\$ 42,026	\$ (657,522)
Pupil Personnel Services	175,637	-	(175,637)
Instructional Staff Training Services	56,201	-	(56,201)
Board	25,294	-	(25,294)
School Administration	1,035,027	-	(1,035,027)
Operation of Plant	421,531	-	(421,531)
Maintenance of Plant	53,451	-	(53,451)
Total Governmental Activities	\$ 2,466,689	\$ 42,026	(2,424,663)

General Revenues:

Federal sources	125,169
FEFP	2,372,357
Total General Revenues	2,497,526
Change in Net Assets	72,863
Net Assets-Beginning	68,425
Net Assets-Ending	\$ 141,288

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

**LIFE SKILLS CENTER OPA LOCKA, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 84,836	\$ -	\$ 84,836
Accounts Receivable	-	125,169	125,169
Due from Special Revenue Fund	125,169	-	125,169
Total Assets	<u>\$ 210,005</u>	<u>\$ 125,169</u>	<u>\$ 335,174</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 2,500	\$ -	\$ 2,500
Due to Management Company	104,156	-	104,156
Due to General Fund	-	125,169	125,169
Total Liabilities	<u>106,656</u>	<u>125,169</u>	<u>231,825</u>
 FUND BALANCES			
Unreserved	<u>103,349</u>	<u>-</u>	<u>103,349</u>
Total Fund Balances	<u>103,349</u>	<u>-</u>	<u>103,349</u>
Total Liabilities and Fund Balances	<u>\$ 210,005</u>	<u>\$ 125,169</u>	<u>\$ 335,174</u>

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

LIFE SKILLS CENTER OPA LOCKA, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances - governmental funds	\$	103,349
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

37,939

Total net assets - governmental activities

\$	<u>141,288</u>
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The accompanying notes to financial statements are an integral part of this statement.

LIFE SKILLS CENTER OPA LOCKA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
State and Local Sources	\$ 2,372,357	\$ -	\$ 2,372,357
Federal Through State	-	167,195	167,195
Total Revenues	<u>2,372,357</u>	<u>167,195</u>	<u>2,539,552</u>
EXPENDITURES			
Instruction	587,118	102,494	689,612
Pupil Personnel Services	165,637	10,000	175,637
Instructional Staff Training Services	56,201	-	56,201
Board	25,294	-	25,294
School Administration	1,025,027	10,000	1,035,027
Operation of Plant	421,531	-	421,531
Maintenance of Plant	53,451	-	53,451
Capital Outlay	-	44,701	44,701
Total Expenditures	<u>2,334,259</u>	<u>167,195</u>	<u>2,501,454</u>
Net Changes in Fund Balances	38,098	-	38,098
Fund Balances, July 1, 2008	<u>65,251</u>	<u>-</u>	<u>65,251</u>
Fund Balances, June 30, 2009	<u>\$ 103,349</u>	<u>\$ -</u>	<u>\$ 103,349</u>

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

**LIFE SKILLS CENTER OPA LOCKA, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net changes in fund balances - governmental funds	\$	38,098
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$44,701) exceeded depreciation expense (\$9,936) in the current period.

34,765

Change in net assets of governmental activities	\$	<u><u>72,863</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**LIFE SKILLS CENTER OPA LOCKA, 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 Opa Locka, 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 contracts with WHLS of Florida, LLC (WHLS) for most of its functions. See Note 8.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Dade County (the District). The current charter is effective until June 30, 2011 and may be renewed for up to an additional fifteen years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter. In this 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 any good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the District.

The School is considered a component unit of the District and meets 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 is required to follow generally accepted accounting principles applicable to state and local governments.

The School operates under a self-appointing, three-member Board of Directors (the Board).

The School's Code of Regulations specifies that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the District, which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is 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 OPA LOCKA, 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 funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund - to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund - to account for the proceeds of federal grant funds received in connection with the Federal Charter School Start Up Grant and Title I funding.

For the purposes of these statements, all of the School's funds described above are considered major funds.

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 OPA LOCKA, 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 is 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 balances - governmental funds.

LIFE SKILLS CENTER OPA LOCKA, 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 capital assets are recorded on the accompanying Statement of Net Assets at cost, net of accumulated depreciation of \$37,939. Depreciation is computed by the straight-line method over three years for Computer Software and Equipment.

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see Note 8).

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. Net assets consist of capital assets, net of accumulated depreciation and unrestricted net assets.

3. CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School's deposit policy for custodial credit risk is to spread its deposits among various institutions to the extent possible in order to limit its exposure to any one institution. As of June 30, 2009, none of the School's bank balance of approximately \$85,000 was exposed to custodial credit risk. This balance was collateralized by securities held by the pledging bank's trust department, but not in the

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

School's name. The School has not historically experienced losses on such accounts.

4. ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying statement of net assets and balance sheet – governmental funds includes approximately \$125,000 in federal pass-through funds receivable from the District. Based on collectibility of funds from this source, an allowance for doubtful accounts is not considered necessary.

5. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2009, the School's capital assets consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Computer Software	\$ 7,618	\$ 33,084	\$ -	\$ 40,702
Computer Equipment	-	11,617	-	11,617
Total Capital Assets Being Depreciated	<u>7,618</u>	<u>44,701</u>	<u>-</u>	<u>52,319</u>
Less Accumulated Depreciation:				
Computer Software	(4,444)	(8,000)	-	(12,444)
Computer Equipment	-	(1,936)	-	(1,936)
Total Accumulated Depreciation	<u>(4,444)</u>	<u>(9,936)</u>	<u>-</u>	<u>(14,380)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 3,174</u>	<u>\$ 34,765</u>	<u>\$ -</u>	<u>\$ 37,939</u>

Depreciation expense was charged to the functions as follows:

Governmental Activities:

Instruction	<u>\$ 9,936</u>
Total governmental activities depreciation expense	<u><u>\$ 9,936</u></u>

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

6. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

Florida Education Finance Program	\$ 1,596,668
Class Size Reduction	372,065
Discretionary Millage	174,338
Supplemental Academic Instruction	140,587
ESE Guaranteed Allocation	39,836
Instructional Materials Allocation	36,577
Student Transportation	19,436
Safe Schools	11,937
Discretionary Lottery	9,586
Declining Enrollment	5,170
Tax Rate Adjustment & Proration	<u>(33,843)</u>
Total Revenues	<u>\$ 2,372,357</u>

The tax rate adjustment represents the reduction in local property taxes available for the year ended June 30, 2009, which is a result of reductions in the taxable value of the fiscal year 2007 tax roll in Miami-Dade County. The amount of \$33,843 represents the portion of the reduction allocated to the School.

7. 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 8).

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

8. AGREEMENT WITH WHLS

The School entered into a five-year Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to WHLS. 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 in come received by the School except for charitable contributions" and "WHLS shall receive

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

8. AGREEMENT WITH WHLS (Continued)

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.” 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 \$2,182,568. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are 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.

Per the Agreement, no other amounts are required other than the continuing fee as calculated above. For year ended June 30, 2009, the continuing fee paid to WHLS included approximately a \$451,000 management fee over and above the direct site expenses of the School itself. This amount is reflected within the “School Administration” function on the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds. Aside from those items defined as direct site costs, “School Administration” also includes a certain amount of indirect cost that is incurred by WHLS in managing the School. These indirect costs include expenses incurred in such areas as curriculum, human resources, finance/grants management, facilities, marketing, etc. which are focused on supporting the operations of the School. The actual management fee paid to WHLS goes towards offsetting these indirect costs.

9. 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.

10. RELATED PARTY

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
State and Local Sources	\$2,040,025	\$2,738,849	\$2,372,357	\$ (366,492)
Total Revenues	<u>2,040,025</u>	<u>2,738,849</u>	<u>2,372,357</u>	<u>(366,492)</u>
EXPENDITURES				
Instruction	604,200	700,000	587,118	112,882
Pupil Personnel Services	168,700	160,000	165,637	(5,637)
Instructional Staff Training Services	23,900	50,000	56,201	(6,201)
Board	30,000	32,000	25,294	6,706
School Administration	612,024	1,236,684	1,025,027	211,657
Operation of Plant	421,800	450,000	421,531	28,469
Maintenance of Plant	<u>148,200</u>	<u>60,000</u>	<u>53,451</u>	<u>6,549</u>
Total Expenditures	<u>2,008,824</u>	<u>2,688,684</u>	<u>2,334,259</u>	<u>354,425</u>
Net Changes in Fund Balances	31,201	50,165	38,098	(12,067)
Fund Balance, July 1, 2008	<u>65,251</u>	<u>65,251</u>	<u>65,251</u>	<u>-</u>
Fund Balance, June 30, 2009	<u>\$ 96,452</u>	<u>\$ 115,416</u>	<u>\$ 103,349</u>	<u>\$ (12,067)</u>

See report of independent auditors.

**LIFE SKILLS CENTER OPA LOCKA, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES			
Federal Sources Passed Through			
Local School Board	\$ 172,481	\$ 167,195	\$ (5,286)
Total Revenues	<u>172,481</u>	<u>167,195</u>	<u>(5,286)</u>
EXPENDITURES			
Instruction	72,231	102,494	(30,263)
Pupil Personnel Services	10,000	10,000	-
School Administration	12,119	10,000	2,119
Capital Outlay	<u>78,131</u>	<u>44,701</u>	<u>33,430</u>
Total Expenditures	<u>172,481</u>	<u>167,195</u>	<u>5,286</u>
Net Changes in Fund Balances	-	-	-
Fund Balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 Opa Locka, 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 each major fund of Life Skills Opa Locka, 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 31, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management of the School, the District 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 31, 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 Skills Center Opa Locka, 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 each major fund of Life Skills Center Opa Locka, Inc. (the "School") as of and for the year ended June 30, 2009, and have issued our report thereon dated August 31, 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 31, 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 Opa Locka, 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 31, 2009