



**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**

MARCH 31, 2011



CONTENTS

	<u>Pages</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 Fund	10
Reconciliation of the Governmental Fund 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 – 21
Required Supplementary Information:	
Budgetary Comparison Schedule – General 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 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 NINE MONTHS ENDED MARCH 31, 2011**

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 nine months ended March 31, 2011. 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

The School's charter was in effect until January 21, 2011, at which point the charter was surrendered to the District School Board of Dade County, Inc. ("District"), and the School closed. The School's management company, WHLS of Florida, LLC ("WHLS"), has worked with the District to determine the amount of cash that will revert to the District as required by the School's charter agreement with the District. The capital assets of the School were transferred to Life Skills Center Miami-Dade County, Inc. upon the closing of the School or shortly thereafter. This is the final annual financial report of the School.

Financial Highlights

The assets of the School exceeded its liabilities at the close of the fiscal year by \$142,835 (net assets). This is a slight decrease from the prior year, when assets of the School exceeded its liabilities by \$168,629. This decrease is primarily related to an excess of expenses resulting from the closure of the School on January 21, 2011.

Revenues from state and local sources decreased 60% (\$1,612,294), while revenues from federal sources decreased 38% (\$15,585 and other revenue decreased 57% (\$190) for a net decrease in revenues of 60% (\$1,628,069). The decreases were basically due to the School's closing during the middle of the school year. A working capital contribution from the management company was also required to cover additional operating expenses as well as expenditures related to the School's closing. Expenses correspondingly decreased 55% (\$1,897,046), primarily due to the School's closing prior to the end of the regular school year.

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.

**LIFE SKILLS CENTER OPA LOCKA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

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.

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

The table below provides a comparative summary of the School's net assets for fiscal years 2011 and 2010.

	Net Assets		
	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Assets			
Current Assets	\$ 154,260	\$ 246,697	\$ (92,437)
Capital Assets, net	-	22,404	(22,404)
Total Assets	<u>\$ 154,260</u>	<u>\$ 269,101</u>	<u>\$ (114,841)</u>
Liabilities			
Current Liabilities	<u>\$ 11,425</u>	<u>\$ 100,472</u>	<u>\$ (89,047)</u>
Net Assets			
Invested in Capital Assets	-	22,404	(22,404)
Unrestricted	<u>142,835</u>	<u>146,225</u>	<u>(3,390)</u>
Total Net Assets	<u>\$ 142,835</u>	<u>\$ 168,629</u>	<u>\$ (25,794)</u>

The decrease in current assets is directly related to a decreased accounts receivable balance and decreased cash balance as of March 31, 2011. Net capital assets decreased as a result of depreciation in excess of any capital purchases in the current year, with remaining assets being transferred to Life Skills Center Miami-Dade County upon closing. Unrestricted net assets decreased due to the excess of expenses over revenues.

**LIFE SKILLS CENTER OPA LOCKA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

Change in Net Assets

The table below shows the comparative summary of changes in net assets and revenues and expenses for fiscal years 2011 and 2010.

	Change in Net Assets		
	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Revenues			
Federal Direct	\$ 3,827	\$ 6,844	\$ (3,017)
Federal Sources	21,567	34,135	(12,568)
State and Local Sources	1,060,005	2,672,299	(1,612,294)
Other Revenue	<u>144</u>	<u>334</u>	<u>(190)</u>
Total Revenues	<u>1,085,543</u>	<u>2,713,612</u>	<u>(1,628,069)</u>
Expenses			
Instruction	507,592	1,041,401	(533,809)
Pupil Personnel Services	117,798	198,752	(80,954)
Instructional Staff Training Services	14,359	21,456	(7,097)
Instruction Related Technology	120,283	159,840	(39,557)
Board	31,033	24,358	6,675
General Administration	83,559	232,166	(148,607)
School Administration	194,896	491,797	(296,901)
Facilities Acquisition and Construction	269,916	949,712	(679,796)
Pupil Transportation Services	43,925	36,460	7,465
Operation of Plant	139,842	269,463	(129,621)
Maintenance of Plant	40,434	46,069	(5,635)
Transfers	<u>10,791</u>	<u>-</u>	<u>10,791</u>
Total Expenses	<u>1,574,428</u>	<u>3,471,474</u>	<u>(1,897,046)</u>
Special Item			
Expenses Paid by WHLS on Behalf of the School (See Note 6)	<u>463,091</u>	<u>785,203</u>	<u>(322,112)</u>
Change in Net Assets	<u>\$ (25,794)</u>	<u>\$ 27,341</u>	<u>\$ (53,135)</u>

Total revenues and expenses decreased primarily due to the School's closing during the middle of the school year.

**LIFE SKILLS CENTER OPA LOCKA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

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.

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 fund balance of \$142,835.

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 \$146,291 carryover for the following year. Actual results produced a carryover in the general fund of \$142,835.

With the budget adjustments to the general fund, actual revenues were \$4,195 over final budgeted amounts. Instruction Related Technology expenses were approximately \$24,000 more than budgeted due to additional costs incurred after the School's closing related to the tear down and transfer of the School's computer equipment. General administration was approximately \$26,000 less than budgeted due to a lower district administrative fee and less administrative costs being attributed to the School due to its closing. School Administration was approximately \$20,000 more than budgeted due to the severance pay and benefits for employees after the close of the School. Facilities Acquisition & Construction expenses were approximately \$118,000 more than budgeted due to additional costs incurred after the School's closing as well as construction cost incurred in the current year related to ongoing projects from the prior year. Maintenance of Plant was approximately \$20,000 more than budgeted due to additional costs incurred after the School's closing.

**LIFE SKILLS CENTER OPA LOCKA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

Capital Assets

At the end of fiscal year 2011 the School had \$0 invested in capital assets. The table below shows comparative balances of capital assets for fiscal years 2011 and 2010.

Capital Assets (Net of Depreciation)			
	2011	2010	Increase (Decrease)
Furniture, Fixtures & Equipment	\$ -	\$ 5,809	\$ (5,809)
Computer Software	-	16,595	(16,595)
	\$ -	\$ 22,404	\$ (22,404)

For more information on capital assets, see Note 3 in the Notes to the Basic Financial Statements.

Current Financial Issues

As explained more fully in Note 6 to the basic financial statements, the School contracted with WHLS of Florida, LLC ("WHLS") for the majority of its day-to-day services which included facilities, equipment, technology, operational support services (including execution of the educational model), personnel and training, management and management consulting. WHLS agreed 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 does not represent a loan or future obligation of the School to WHLS.

For fiscal year 2011, the School's fourth year of operation, WHLS provided \$463,091 in additional support to the School.

Contacting the School's Financial Management

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate 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., 1332 Florida Mango Road, West Palm Beach, FL 33406.



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, each major fund and the aggregate remaining fund information 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 nine months ended March 31, 2011, 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 March 31, 2011, 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 May 10, 2011 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.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 and budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKHM, P.A.

Winter Park, Florida
May 10, 2011

**LIFE SKILLS CENTER OPA LOCKA, INC.
STATEMENT OF NET ASSETS
MARCH 31, 2011**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 154,260
Total Assets	\$ 154,260
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable	\$ 11,425
Total Liabilities	11,425
 NET ASSETS	
Unrestricted	142,835
Total Net Assets	142,835
Total Liabilities and Net Assets	\$ 154,260

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

LIFE SKILLS CENTER OPA LOCKA, INC.
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED MARCH 31, 2011

FUNCTIONS				Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:	Expenses	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities
Instruction	507,592	\$ -	\$ 21,567	\$ (486,025)
Pupil Personnel Services	117,798	-	-	(117,798)
Instructional Staff Training	14,359	-	-	(14,359)
Instruction Related Technology	120,283	-	3,827	(116,456)
Board	31,033	-	-	(31,033)
General Administration	83,559	-	-	(83,559)
School Administration	194,896	-	-	(194,896)
Facilities Acquisition & Construction	269,916	-	-	(269,916)
Pupil Transportation Services	43,925	-	-	(43,925)
Operation of Plant	139,842	-	-	(139,842)
Maintenance of Plant	40,434	-	-	(40,434)
Transfers	10,791	-	-	(10,791)
Total Governmental Activities	\$ 1,574,428	\$ -	\$ 25,394	\$ (1,549,034)
General Revenues:				
State and Local				1,060,005
Other Revenue				144
Total General Revenues				1,060,149
Special Item:				
Expenses Paid by WHLS on Behalf of the School (See Note 6)				463,091
Change in Net Assets				(25,794)
Net Assets-Beginning				168,629
Net Assets-Ending				\$ 142,835

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

**LIFE SKILLS CENTER OPA LOCKA, INC.
BALANCE SHEET - GOVERNMENTAL FUND
MARCH 31, 2011**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 154,260</u>
Total Assets	<u><u>\$ 154,260</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	<u>\$ 11,425</u>
Total Liabilities	<u>11,425</u>
FUND BALANCE	
Unassigned	<u>142,835</u>
Total Fund Balance	<u>142,835</u>
Total Liabilities and Fund Balance	<u><u>\$ 154,260</u></u>

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

**LIFE SKILLS CENTER OPA LOCKA, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2011**

Total fund balance - governmental fund \$ 142,835

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

There are no reconciling items in the current year.

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Total net assets - governmental activities \$ 142,835

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 NINE MONTHS ENDED MARCH 31, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal Direct	\$ -	\$ -	\$ 3,827	\$ 3,827
Federal Sources Passed Through				
Local School District	-	-	21,567	21,567
State and Local Sources	956,514	103,491	-	1,060,005
Other Revenue	144	-	-	144
	<u>956,658</u>	<u>103,491</u>	<u>25,394</u>	<u>1,085,543</u>
Total Revenues				
EXPENDITURES				
Instruction	474,412	-	21,567	495,979
Pupil Personnel Services	117,798	-	-	117,798
Instructional Staff Training	14,359	-	-	14,359
Instruction Related Technology	116,456	-	3,827	120,283
Board	31,033	-	-	31,033
General Administration	83,559	-	-	83,559
School Administration	194,896	-	-	194,896
Facilities Acquisition & Construction	166,425	103,491	-	269,916
Pupil Transportation Services	43,925	-	-	43,925
Operation of Plant	139,842	-	-	139,842
Maintenance of Plant	40,434	-	-	40,434
	<u>1,423,139</u>	<u>103,491</u>	<u>25,394</u>	<u>1,552,024</u>
Total Expenditures				
SPECIAL ITEM				
Expenses Paid by WHLS on Behalf of the School (See Note 6)	463,091	-	-	463,091
Net Changes in Fund Balances	(3,390)	-	-	(3,390)
Fund Balances, July 1, 2010	146,225	-	-	146,225
Fund Balances, March 31, 2011	<u>\$ 142,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,835</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 NINE MONTHS ENDED MARCH 31, 2011**

Net changes in fund balances - governmental funds	\$	(3,390)
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Amounts reported for governmental activities in the statement of activities are different because:

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds.		(10,791)
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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 of depreciation expense in the current period.		(6,885)
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The loss on disposal of capital assets is reported in the statement of activities, whereas nothing is reported in the governmental funds as there were no proceeds.		(4,728)
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Change in net assets of governmental activities	\$	<u><u>(25,794)</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 NINE MONTHS ENDED MARCH 31, 2011**

1 DESCRIPTION OF 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 6.

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, Florida (the “School Board” or “District”). The current charter was surrendered to the School Board as of January 21, 2011. Due to the termination of the charter, any property purchased by the School with public funds was transferred to Life Skills Center Miami-Dade County, Inc. with permission of the School Board. The School is considered a component unit of the School Board 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 governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School’s basic financial statements are identified and described in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

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

Recently Adopted Accounting Pronouncements

During fiscal year 2011, the School adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, (“GASB 54”), issued by the Governmental Accounting Standards Board (“GASB”). This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the entity is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds. The implementation of this guidance did not require reclassification of previously reported fund balances.

LIFE SKILLS CENTER OPA LOCKA, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)

Subsequent Events

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 855 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through May 10, 2011, which is the date the financial statements were available to be issued.

Basis of Presentation

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.

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.
- Capital Projects Fund - to account for the proceeds of capital outlay funds provided to charter schools pursuant to Florida Statutes Section, 1013.62.
- Special Revenue Fund - to account for the proceeds of federal grant funds received in connection with the Federal E-Rate program and Title I Act.

For the purposes of these statements, the general and capital projects funds are the only major fund. The special revenue fund is considered non-major and is presented in the aggregate as the other governmental fund.

LIFE SKILLS CENTER OPA LOCKA, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)

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.

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.

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.

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.

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 general 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 NINE MONTHS ENDED MARCH 31, 2011
(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.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, are reflected as restricted net assets and reserved fund balance in the accompanying Statement of Net Assets and Balance Sheet – Governmental Funds, respectively, to the extent that they remain unexpended.

Capital Assets and Depreciation

For purposes of recording capital assets, the School Board has a capitalization threshold of \$750. Depreciation is computed using the straight-line method over three years for Furniture, Fixtures and Equipment and Computer Software. With approval of the School Board of Miami-Dade County, all assets of the School were transferred to Life Skills Center Miami-Dade, Inc. as of February 28, 2011.

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see Note 6).

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.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets consist of capital assets, net of accumulated depreciation, restricted and unrestricted net assets.

Fund Balances

In the governmental fund financial statements, fund balance is reported as unassigned. This amount represents the fund balance that has not been reported in any other classification.

The School has a revenue spending policy that provides the guidelines for programs with multiple revenue sources. The School will use resources in the following hierarchy: for purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed, assigned and lastly unassigned.

**LIFE SKILLS CENTER OPA LOCKA, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

3 CAPITAL ASSETS AND DEPRECIATION

For the nine months ended March 31, 2011, the School's capital assets consisted of the following:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital Assets Being Depreciated:				
Furniture, Fixtures & Equipment	\$ 11,617	\$ -	\$ (11,617)	\$ -
Computer Software	40,702	-	(40,702)	-
Total Capital Assets Being Depreciated	<u>52,319</u>	<u>-</u>	<u>(52,319)</u>	<u>-</u>
Less Accumulated Depreciation:				
Furniture, Fixtures & Equipment	(24,107)	(4,626)	28,733	-
Computer Software	(5,808)	(2,259)	8,067	-
Total Accumulated Depreciation	<u>\$ (29,915)</u>	<u>\$ (6,885)</u>	<u>\$ 36,800</u>	<u>\$ -</u>
Total Capital Assets Being Depreciated, Net	<u><u>\$ 22,404</u></u>	<u><u>\$ (6,885)</u></u>	<u><u>\$ (15,519)</u></u>	<u><u>\$ -</u></u>

Depreciation expense of \$6,885 was charged to the instruction function in the accompanying Statement of Activities.

**LIFE SKILLS CENTER OPA LOCKA, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

4 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

For the nine months ended March 31, 2011, state and local revenues were received from the District as follows:

Florida Education Finance Program	\$	595,573
Class Size Reduction		148,972
Capital Outlay		103,491
Discretionary Millage		59,058
Supplemental Academic Instruction		51,050
State Fiscal Stabilization Funds		50,242
Student Transportation		18,257
Instructional Materials		12,811
ESE Guaranteed Allocation		9,821
Reading Instruction		5,762
Safe Schools		4,541
Discretionary Lottery Funds		427
Total State and Local Revenue	\$	1,060,005

The administration fee paid to the District during the nine months ended March 31, 2011 totaled \$47,826, which is reflected as a general administration expense/expenditure in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

5 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 6).

Director and Officer

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

**LIFE SKILLS CENTER OPA LOCKA, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)**

6 AGREEMENT WITH WHLS

The School enters into an annual Management Agreement (“Agreement”) with WHLS, which is an educational consulting and management company. The Agreement’s term will renew on an annual basis 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 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.” 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 earned by WHLS for the nine months ended March 31, 2011 was \$927,818. WHLS was 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 reported above. For the nine months ended March 31, 2011, WHLS paid expenses to operate the School totaling \$463,091, which is included as a special item in the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Expenses to operate the School include the direct site expenses of the School and the expenses of the WHLS Florida administrative office, which manages the School’s curriculum, human resources, finance/grants management, facilities, marketing, etc. The indirect costs of the Florida administrative office are recorded in the “General Administration” function on the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds.

7 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.

LIFE SKILLS CENTER OPA LOCKA, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011
(Continued)

8 CLOSING OF SCHOOL

The School's charter was in effect until January 21, 2011, at which point the charter was surrendered to the District School Board of Dade County, and the School closed. The School's management company, WHLS, has worked with the District to determine the amount of cash that will revert to the District as required by the School's charter agreement with the District. The capital assets of the School were transferred to Life Skills Center Miami-Dade County, Inc. upon the closing of the School or shortly thereafter. This is the final financial report of the School.

**LIFE SKILLS CENTER OPA LOCKA, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
State and Local Sources	\$ 2,451,244	\$ 952,463	\$ 956,514	\$ 4,051
Other Revenue	-	-	144	144
Total Revenues	<u>2,451,244</u>	<u>952,463</u>	<u>956,658</u>	<u>4,195</u>
EXPENDITURES				
Instruction	1,215,697	470,433	474,412	(3,979)
Pupil Personnel Services	213,519	121,000	117,798	3,202
Instructional Staff Training	35,123	13,000	14,359	(1,359)
Instruction Related Technology	-	92,000	116,456	(24,456)
Board	30,000	27,000	31,033	(4,033)
General Administration	-	110,000	83,559	26,441
School Administration	636,952	175,000	194,896	(19,896)
Facilities Acquisition & Construction	-	48,637	166,425	(117,788)
Pupil Transportation Services	41,200	40,500	43,925	(3,425)
Operation of Plant	237,724	130,000	139,842	(9,842)
Maintenance of Plant	1,609	20,875	40,434	(19,559)
Total Expenditures	<u>2,411,824</u>	<u>1,248,445</u>	<u>1,423,139</u>	<u>(174,694)</u>
SPECIAL ITEM				
Expenses Paid by WHLS on Behalf of the School (See Note 6)	-	296,048	463,091	167,043
Net Changes in Fund Balances	39,420	66	(3,390)	(3,456)
Fund Balance, July 1, 2010	<u>146,225</u>	<u>146,225</u>	<u>146,225</u>	<u>-</u>
Fund Balance, March 31, 2011	<u>\$ 185,645</u>	<u>\$ 146,291</u>	<u>\$ 142,835</u>	<u>\$ (3,456)</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 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 nine months ended March 31, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 10, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control 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
May 10, 2011

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE 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 nine months ended March 31, 2011, and have issued our report thereon dated May 10, 2011.

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 May 10, 2011, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- 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 March 31, 2011, 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 Trustees 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
May 10, 2011