

**DISTRICT SCHOOL BOARD, CHARTER SCHOOL AND SIMILAR ENTITY,  
THE FLORIDA VIRTUAL SCHOOL (INCLUDING FLORIDA VIRTUAL SCHOOL  
GLOBAL), AND VIRTUAL INSTRUCTION PROGRAM PROVIDER  
AUDIT REPORT SUBMITTAL CHECKLIST**

Entity Name: Youth Co-Op Preparatory High School

Entity Address: 7700 W 20th Avenue Hialeah, Florida 33016

Entity Contact Person:

Name: Maria Rodriguez

Title: Executive Director

Phone Number: 305-643-6730

E-mail Address: maria.rodriguez@ycoopmail.org

CPA or Other (if applicable):

Name: Betty Martin, Prager Metis CPAs, LLC

Title: Audit Partner

Phone Number: 305-444-8280

E-mail Address: betty.martin@pragermetis.com

Fiscal Year Audited: June 30, 2017

Date the auditor delivered the audit report to the entity: August 31, 2017

Does the audit report include the following items required by Sections 10.806(2) or 10.856(2), Rules of the Auditor General, as applicable?

Y Financial statements, as described in Sections 10.805(3) and 10.855(3) - (8), Rules of the Auditor General, as applicable, together with related notes to financial statements?

N/A Required supplementary information such as the management's discussion and analysis?

Y The auditor's report on the financial statements?

Y The auditor's report on internal control and compliance?

N/A If applicable, the auditor's reports and related financial information required pursuant to the Federal Single Audit Act Amendments of 1996, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); or other applicable Federal law?

Y The management letter defined in Sections 10.804(1)(f) and 10.854(1)(e), Rules of the Auditor General, as applicable?

**Note: Rule References are to Rules of the Auditor General effective June 30, 2017**

- N/A     The written statement of explanation or rebuttal required by Sections 10.807(1) and 10.857(2), Rules of the Auditor General, as applicable?
- N/A     For district school boards that had an impact fee adopted by ordinance on their behalf, an “affidavit” signed and sworn to by the chief financial officer before an officer authorized to administer oaths (e.g., notary public) stating that the ordinance complied with the requirements of Section 163.31801, Florida Statutes, as referenced by Section 10.806(2)(h), Rules of the Auditor General?

In addition to the above, have the following requirements been complied with:

- Y     Are all of the above elements of the audit report included in a **single document** as required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General, as applicable?
- Y     Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Sections 10.807(3) and 10.857(4), Rules of the Auditor General, as applicable?
- Y     Is the electronic copy named using all lower case letters as follows: [fiscal year] [name of entity].pdf? For example, the converted document for the 2016-17 fiscal year for Alachua County District School Board should be named 2017 alachua county dsb.pdf, while the converted document for the 2016-17 fiscal year for Alachua Learning Center, Inc. should be named 2017 alachua learning center.pdf. If the charter school goes by a DBA (doing business as), use the DBA in the file name.
- Y     Was the audit report submitted within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year as required by Section 218.39(7), Florida Statutes, as referenced by Sections 10.807(3) and 10.857(4), Rules of the Auditor General? **NOTE:** There is no provision in law authorizing an extension for filing the audit report.

**This checklist should accompany the audit report.** It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Telephone: (850) 412-2881  
Fax: (850) 488-6975  
E-mail Address: [flaudgen\\_dsb\\_charter@aud.state.fl.us](mailto:flaudgen_dsb_charter@aud.state.fl.us)  
Web site Address: [FLAuditor.gov](http://FLAuditor.gov)

**Note: Rule References are to Rules of the Auditor General effective June 30, 2017**

**Youth Co-Op Preparatory High School**  
**A Program of**  
**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Special Purpose Financial Statements**  
**And**  
**Independent Auditors' Report**  
**June 30, 2017**

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## Independent Auditors' Report

To the Board of Directors of  
Youth Co-Op, Inc.

### Report on the Special Purpose Financial Statements

*Prager Metis CPAs, LLC*

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CORAL GABLES, FL 33134  
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We have audited the accompanying special purpose financial statements of Youth Co-Op Preparatory High School (the School), a program of Youth Co-Op, Inc. (YCI) (a not-for-profit organization), operating as a charter of the Miami-Dade County Public Schools, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the special purpose financial statements.

### *Management's Responsibility for the Special Purpose Financial Statements*

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the special purpose financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards 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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits in the State of Florida. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.





To the Board of Directors of  
Youth Co-Op, Inc.

Accordingly, we do not express such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the special purpose financial statements referred to on page 1 present fairly, in all material respects, the financial position of Youth Co-Op Preparatory High School, a program of YCI, as of June 30, 2017 and changes in net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matter***

As explained in Note A to the special purpose financial statements, the special purpose financial statements being presented are only for the School referred to on page 1, which is a program of YCI. The special purpose financial statements do not include the statement of financial position, activities and cash flows of YCI. Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of YCI as of June 30, 2017 or its changes in net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report (pages 14-15) dated August 29, 2017 on our consideration of Youth Co-Op Preparatory High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

In accordance with Section 218.39(4), Florida Statutes, and Sections 10.856(2)(d), Rules of the Auditor General, we have issued a Management Letter Pursuant to the Rules of the Auditor General for the State of Florida (pages 16-17) dated August 29, 2017.

***Prager Metis CPAs, LLC***

Coral Gables, Florida  
August 29, 2017

## **SPECIAL PURPOSE FINANCIAL STATEMENTS**

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**Youth Co-Op Preparatory High School**  
**A Program of**  
**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Financial Position**  
**(Unrestricted)**  
**June 30, 2017**

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**Assets**

<b>Current assets</b>	
Cash	\$ 264,932
Accounts receivable	7,334
<b>Total current assets</b>	<u>272,266</u>
 <b>Property and equipment</b>	 <u>99,556</u>
 <b>Total assets</b>	 <u><u>\$ 371,822</u></u>

**Liabilities and Net Assets**

<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 11,002
Accrued payroll	28,146
Due to YCI	41,270
<b>Total current liabilities</b>	<u>80,418</u>
 <b>Net assets - unrestricted</b>	 <u>291,404</u>
 <b>Total liabilities and net assets</b>	 <u><u>\$ 371,822</u></u>

Attention is directed to independent auditors' report and notes to special purpose financial statements.

**Youth Co-Op Preparatory High School**  
**A Program of**  
**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Activities**  
**(Unrestricted)**  
**For the Fiscal Year Ended June 30, 2017**

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**Revenues and support**

Miami-Dade County School Board:

FTE	\$ 1,274,540
School recognition	20,122
Class size reduction	216,494
Capital Outlay	81,277
Federal through State	128,284
Other local sources	63,838
Total revenues and support	<u>1,784,555</u>

**Expenses**

Instructional	781,947
School and general administration	166,220
Operation and maintenance of plant	195,241
Instructional media	5,218
Instructional staff training	2,980
Instructional-related technology	62,856
Board	15,009
Community services	43,868
Fiscal services	135,714
Food services	108,714
Pupil services	116,958
Total expenses	<u>1,634,725</u>

**Excess revenue and support over  
expenses**

149,830

**Net assets - beginning**

141,574

**Net assets - ending**

\$ 291,404

Attention is directed to independent auditors' report and notes to special purpose financial statements.

**Youth Co-Op Preparatory High School**  
**A Program of**  
**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Cash Flows**  
**(Unrestricted)**  
**For the Fiscal Year Ended June 30, 2017**

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**Cash flows from operating activities**

Cash received from grantors and revenues	\$ 1,781,945
Cash paid to suppliers and employees	(1,601,683)

<b>Net cash provided by operating activities</b>	<u>180,262</u>
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**Cash flows used in investing activities**

Purchase of property and equipment	<u>(71,899)</u>
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<b>Net increase in cash</b>	108,363
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<b>Cash - beginning of year</b>	<u>156,569</u>
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<b>Cash - end of year</b>	<u><u>\$ 264,932</u></u>
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**The net change in net assets may be reconciled to  
net cash provided by operating activities as follows:**

Net change in net assets	\$ 149,830
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Add back items which do not affect cash:

Depreciation	45,853
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Add or (deduct) changes in certain assets  
and liabilities:

Accounts receivable	(2,610)
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Prepaid expenses and other	291
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Accrued payroll	(18,414)
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Accounts payable and accrued expenses	<u>5,312</u>
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<b>Net cash provided by operating activities</b>	<u><u>\$ 180,262</u></u>
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Attention is directed to independent auditors' report and notes to special purpose financial statements.

**Youth Co-Op Preparatory High School**  
**A Program of**  
**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Special Purpose Financial Statements**

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**Note A – Significant Accounting Policies**

Youth Co-Op, Inc. (the Organization or YCI) was incorporated as a not-for-profit organization under the laws of the State of Florida on October 23, 1973, for the purpose of providing training, education and employment opportunities to low and moderate-income persons. In 2008, the Board of Directors and administration approved a plan to open Youth Co-Op Charter School (a related entity) to service grades kindergarten through 8<sup>th</sup>. In 2011, the Board of Directors and administration approved a plan to open Youth Co-Op Preparatory High School (the School or Charter School) to service grades 9<sup>th</sup> through 12<sup>th</sup>.

The Organization obtained approval to open its charter school for the 2011-2012 school year under a charter of the sponsoring school district, the Miami-Dade County Public Schools (the District or School Board) with one-year deferral option of the initial opening date. The charter school's contract (the Contract) was effective for 12 years expiring in 2024. The School elected and was approved to defer the start date one year to the 2012-2013 school year with the contract expiring in 2025.

The contract may be renewed for a term of five (5) years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. Pursuant to Section 1002.33(8) (e) of the Florida Statute, the contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the course of the charter, the School Board may also terminate the charter if good caused is shown.

Since this charter school is a program of an existing not-for-profit organization, the accompanying special purpose financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America as applied to Not-For-Profit Organizations. The accompanying special purpose financial statements are included in the financial statements of Youth Co-Op, Inc. using the not-for-profit model of reporting.

For the fiscal year ended June 30, 2017, an average of 235 students were enrolled in ninth through twelfth grade at the Charter School.

**1. Reporting Entity**

The accompanying special purpose financial statements are for Youth Co-Op Preparatory High School, a program of YCI. The governing body of the Charter School consists of nine members of the YCI board of directors. All board members have been finger printed and processed as required by the state's school board law.

**Youth Co-Op Preparatory High School**  
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**Notes to Special Purpose Financial Statements**

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**Note A – Significant Accounting Policies (Continued)**

**1. Reporting Entity (continued)**

Youth Co-Op Preparatory High School (YCPHS) and the related Youth Co-Op Charter School (YCCS), and Youth Co-Op Charter Management Division (CMD), hereafter collectively referred to as the Charter School Group, are programs of YCI. YCPHS and YCCS each report individually as required under Chapter 10.850 of the Florida Statute and combined with the Charter School Group in connection with the 2015 Bond Issuance Project (See Note G). These special purpose financial statements should be read in conjunction with the special purpose combined financial statements of the Charter School Group (See Note E).

**2. Basis of Special Purpose Financial Statements Presentation and Significant Estimates**

The most significant accounting policies described below have been identified as those which have the greatest impact on the reader's understanding of the School's basis of special purpose financial statement presentation and those that require significant estimates and judgment on the part of management. The School also has other important policies which are detailed in the following pages that also require the use of estimates and judgments.

*Most Significant Accounting Policies*

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- a. Reporting Requirements
- b. Significant Estimates
- c. Revenue Sources

**a. Reporting Requirements**

The accounts of the School are maintained on the accrual basis of accounting. In addition, the School is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted	Unrestricted group reflects the School's unrestricted activities that are not subject to grantor-imposed stipulations.
Temporarily Restricted	Temporarily restricted group reflects the School's activities and resulting net assets from grantors' restricted contributions that the School feels will be met, either by the passage of time or by actions of the School. The School has no temporarily restricted net assets.
Permanently Restricted	Permanently restricted group reflects the School's activities and resulting net assets from contributions and other inflows of assets whose use by the School is limited by grantor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organizations. The School has no permanently restricted net assets.

**Youth Co-Op Preparatory High School**  
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**Notes to Special Purpose Financial Statements**

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**Note A – Significant Accounting Policies (Continued)**

**2. Basis of Special Purpose Financial Statements Presentation and Significant Estimates (continued)**

**a. Reporting Requirements (continued)**

In this connection, all grantor-restricted support will be reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets will be classified to unrestricted net assets. Therefore, support that is restricted by the grantor will be reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

**b. Significant Estimates**

In preparing these special purpose financial statements, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the statement of financial position, and the revenues and expenses for the period then ended. Actual results could differ from these estimates. A description of some of the estimates used is included in the following significant accounting policies.

**c. Revenue Sources**

Revenue is primarily derived from the following sources:

Miami-Dade County Public Schools

Revenues reflect the funds received from Miami-Dade County Public Schools pursuant to Section 1011.62 of the Florida Statutes. Such revenues are determined based on (1) un-weighted full time equivalent (FTE), multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62 (1)(e)2 of the Florida Statutes. In this connection, the School reported 231 un-weighted FTE and 235 weighted FTE for the 2016-2017 school year.

**Youth Co-Op Preparatory High School**  
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**Notes to Special Purpose Financial Statements**

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**Note A – Significant Accounting Policies (Continued)**

**2. Basis of Special Purpose Financial Statements Presentation and Significant Estimates (continued)**

**c. Revenue Sources (continued)**

The Charter School's funding pursuant to the Florida Education Finance Program (FEFP) is subject to adjustments resulting from Full Time Equivalent (FTE) audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). In addition, the Charter School's Weighted Funding percentage as defined in the regulations represents the percentage of total state funding which would be at risk should certain specific records for the School's Exceptional Students Education (ESE) and English for Speakers of Other Languages (ESOL) programs not be maintained up to-standards.

Such records include the following:

- Attendance and membership documentation (Rule 6A-1.044,FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503,FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

Schools are required to maintain the documentation for three years or until the completion of an FTE audit.

In addition, the School receives state funds through the District under the charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on capital outlay plan submitted to the District.

**Other sources**

The School receives federal awards for the enhancement of various educational programs. Federal awards are 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, revenues are recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Youth Co-Op Preparatory High School**  
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**Notes to Special Purpose Financial Statements**

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**Note A – Significant Accounting Policies (Continued)**

**Other Significant Accounting Policies**

**3. Cash and Cash Equivalents**

The School considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. There were no such investments as of June 30, 2017.

**4. Accounts Receivable**

The School considers accounts receivable to be collectible; accordingly, no allowance for doubtful accounts is required. When amounts are determined to be uncollectible, they are charged to operations.

**5. Property and Equipment**

The School records in the special purpose statement of financial position property and equipment at cost when purchased or constructed, or at market value when donated for items in excess of \$1,000. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent stipulations regarding how long those assets must be maintained, the School reports expirations of restrictions when the donated or acquired assets are placed in service as instructed by the donor. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is included in the special purpose statement of activities. Such depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long-lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the fiscal year ended June 30, 2017.



**Youth Co-Op Preparatory High School**  
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**(A Not-For-Profit Organization)**  
**Notes to Special Purpose Financial Statements**

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**Note A – Significant Accounting Policies (Continued)**

**6. Income Taxes**

Youth Co-Op, Inc. is organized as a not-for-profit entity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the fiscal year ended June 30, 2017, would be subject to federal income taxes. Accordingly, no provision for income taxes is required. YCI is no longer subject to U.S. federal income tax examination by tax authorities for years before 2014.

YCI follows the provisions of uncertain tax positions addressed by FAS ASC 740-10 *Accounting For Uncertainty in Income Taxes*. YCI has no uncertain tax positions at June 30, 2017, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense. YCI has determined that no amount is required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2017.

**7. Subsequent Events**

Subsequent events have been evaluated through August 29, 2017, which is the date the special purpose financial statements were available to be issued.

**Note B – Property and Equipment**

As of June 30, 2017, property and equipment consists of the following:

	Cost	Useful lives (in years)
Furniture and fixtures	\$ 44,885	5
Educational material	53,024	3
Equipment	154,063	7
	<u>251,972</u>	
Less - accumulated depreciation	152,416	
	<u><u>\$ 99,556</u></u>	

Depreciation expense for the fiscal year ended June 30, 2017 amounted to \$45,853. Certain equipment was acquired with grant funds received from the grantors. Under terms of the grant agreement, the equipment reverts back to the grantor upon disposal.

**Youth Co-Op Preparatory High School**  
**A Program of**  
**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Special Purpose Financial Statements**

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**Note C – Commitment and Contingency**

Contingency

The Charter School is subject to federal, state and local government audits. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. No expenditures are being questioned as of June 30, 2017.

Grant funding

The Charter School receives funding and financial assistance from federal, state and local government agencies in the form of grants. The disbursement of these funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Charter School was not required to conduct a “Single Audit” since the Charter School did not expend federal dollars in excess of the threshold for the fiscal year ended June 30, 2017.

**Note D – Employee Benefits - Profit-Sharing Plan**

The Organization’s profit-sharing plan and trust provides for retirement, death and disability benefits for qualified employees. The Plan provides for annual contributions by the Organization to the trust, at the discretion of the Organization’s Board of Directors. Organization contributions are allocable to participants based on annual compensation with the Charter School. The Charter School’s contributions to the plan for the fiscal year ended June 30, 2017 totaled \$51,663.

**Note E – Related-Party Transactions**

Charter School Group

Youth Co-Op Charter School and Youth Co-Op Preparatory High School occupy and share space at the same location; therefore many of the shared cost, whenever possible, are directly allocated by management to each school based on the enrollments and space occupancy of the schools. However, construction and building costs, and the purchase of certain assets and their related depreciation, are recorded into CMD, which is combined and allocated to each school in a separate financial report.

The current special purpose financial report of each school shows only the instructional/operating aspect of the School, and should be read in conjunction with the previously mentioned special purpose combined financial statements in order to present a clearer view of the Youth Co-Op Charter School Group’s financial position.

**Youth Co-Op Preparatory High School**  
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**Youth Co-Op, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Special Purpose Financial Statements**

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**Note E – Related-Party Transactions (Continued)**

Sponsor Organization

Expenses specific to the Charter School are paid by the Charter School or by YCI then reimbursed by the Charter School.

Effective July 2016, in accordance with the Uniform Guidance, YCI charges the School an indirect fee of 10.54% of modified total direct cost for administrative support services. These fees paid to YCI for the fiscal year ended June 30, 2017 totaled approximately \$121,000.

School District

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee ranging from 2% to 5% of the qualifying revenues of the School. For the fiscal year ended June 30, 2017, administrative fees withheld by the School District totaled approximately \$70,000.

**Note F – Business Concentration and Credit Risk**

Business Risk

Federal and state or local grants substantially fund the Charter School's services. Governmental work may be significantly impacted by budget allocations and consequently an adverse change in the budget could affect the Charter School's operations.

Credit Risk

It is the School's policy to maintain its cash in major banks. As of June 30, 2017, all of the School's cash funds qualified as a Public Deposit as defined in Chapter 280 of the Florida Statutes therefore it is fully insured.

**Note G – Bond Issuance Project**

In September 2015, the Board of Directors of the Charter School Group issued approximately \$19.6 million in 6.5% tax-exempt bonds (Series 2015A) and \$330,000 in 6% taxable bonds (Series 2015B) through the Miami-Dade County Industrial Development Authority. The funds were used to fund construct additional building facilities to be used by YCCS and YCPHS in order to increase enrollment and refinance a previous mortgage and other debts of the Schools and to pay the bond issuance costs. The bonds were issued based on, amongst other things, student enrollment and future revenue and expenses forecasted by the Schools.

## COMPLIANCE REPORTING SECTION

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

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To the Board of Directors of  
Youth Co-Op, Inc.

We have audited, 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, the special purpose financial statements of Youth Co-Op Preparatory High School (the Charter School or School), a program of Youth Co-Op, Inc. (a not-for-profit organization), operating as a charter of Miami Dade County Public Schools, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the fiscal year then ended, and the related notes to the special purpose financial statements, and have issued our report thereon dated August 29, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the special purpose financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's special purpose financial statements will not be prevented, or detected and corrected on a timely manner. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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To the Board of Directors of  
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Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School's special purpose 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 special purpose 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the audit committee, board of directors, management, others within the organization, the Miami-Dade County Public Schools and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Prager Metis CPAs, LLC*

Coral Gables, Florida  
August 29, 2017

## Management Letter Pursuant to the Rules of the Auditor General for the State of Florida

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To the Board of Directors of  
Youth Co-Op, Inc.

*Prager Metis CPAs, LLC*

### Report on the Financial Statements

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We have audited the special purpose financial statements of Youth Co-Op Preparatory High School (the Charter School or School), a program of Youth Co-Op, Inc. (a not-for-profit organization), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 29, 2017.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated August 29, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

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 proceeding annual financial audit report. There were no findings or recommendations made in the preceding audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Youth Co-Op Preparatory High School.



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### **Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, require that we report the results of our determination whether or not Youth Co-Op Preparatory High School has met one or more of conditions described in Section 218.5503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Youth Co-Op Preparatory High School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Youth Co-Op Preparatory High School. It is management's responsibility to monitor Youth Co-Op Preparatory High 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 same.

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination whether Youth Co-Op Preparatory High School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Youth Co-Op Preparatory High School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Other Matters**

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 noncompliance with provisions of 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should be used by anyone other than these specified parties.

*Prager Metis CPAs, LLC*

Coral Gables, Florida  
August 29, 2017