

**YOUTH CO-OP CHARTER SCHOOL**  
**A Program of**  
**YOUTH CO-OP, INC.**  
**(a nonprofit organization)**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 2011 and 2010**

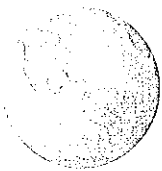


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**SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Youth Co-Op, Inc.  
(a nonprofit organization)  
Miami, Florida

We have audited the accompanying special purpose financial statements of Youth Co-Op Charter School (the "School"), a program of Youth Co-Op, Inc. (a nonprofit organization) as of and for the years ended June 30, 2011 and 2010 as listed in the table of contents. These special purpose financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audits.

We conducted our audits 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 special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose 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 audits provide a reasonable basis for our opinion.

As explained in Note 1 to the special purpose financial statements, the financial statements being presented are only for the School referred to above, which is a program of Youth Co-Op, Inc. The special purpose financial statements do not include the statement of financial position, activities, and cash flows of Youth Co-Op, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of Youth Co-Op, Inc. as of June 30, 2011 and 2010 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

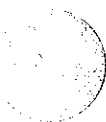
In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2011 and 2010 and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors of  
Youth Co-Op, Inc.  
(a nonprofit organization)  
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 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 result of our audit.

GLSC & Company, PLLC

August 17, 2011



**YOUTH CO-OP CHARTER SCHOOL**  
**A Program of**  
**YOUTH CO-OP, INC.**  
**(a nonprofit organization)**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30,**

|  | <u>2011</u>                    | <u>2010</u>                    |
|--|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                  |                                |                                |
| <b>CURRENT ASSETS</b>                          |                                |                                |
| Cash and cash equivalents                      | \$ 2,452,276                   | \$ 3,170,245                   |
| Due from Miami-Dade County School Board        |                                |                                |
| - State of Florida Capital Outlay Distribution | 418,252                        | 324,451                        |
| Due from Youth Co-Op, Inc.                     | <u>300,066</u>                 | <u>-</u>                       |
| <b>TOTAL CURRENT ASSETS</b>                    | <u><b>3,170,594</b></u>        | <u><b>3,494,696</b></u>        |
| <br>Property and Equipment, net                | <br><u>670,071</u>             | <br><u>835,902</u>             |
| <br>Other Assets                               |                                |                                |
| Deposits                                       | <br><u>14,250</u>              | <br><u>14,250</u>              |
| <br><b>TOTAL ASSETS</b>                        | <br><u><b>\$ 3,854,915</b></u> | <br><u><b>\$ 4,344,848</b></u> |
| <br><b>LIABILITIES AND NET ASSETS</b>          |                                |                                |
| <b>CURRENT LIABILITIES</b>                     |                                |                                |
| Accounts payable and accrued expenses          | \$ 59,955                      | \$ 42,139                      |
| Accrued payroll                                | 101,057                        | 152,995                        |
| Due to Youth Co-Op, Inc.                       | -                              | 616,078                        |
| Due to fiduciary fund                          | <u>16,845</u>                  | <u>14,785</u>                  |
| <b>TOTAL CURRENT LIABILITIES</b>               | <u><b>177,857</b></u>          | <u><b>825,997</b></u>          |
| <br><b>TOTAL LIABILITIES</b>                   | <br><u><b>177,857</b></u>      | <br><u><b>825,997</b></u>      |
| <br><b>NET ASSETS</b>                          |                                |                                |
| Unrestricted                                   | 3,258,806                      | 3,194,400                      |
| Temporarily restricted                         | <u>418,252</u>                 | <u>324,451</u>                 |
| <b>TOTAL NET ASSETS</b>                        | <u><b>3,677,058</b></u>        | <u><b>3,518,851</b></u>        |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b>    | <br><u><b>\$ 3,854,915</b></u> | <br><u><b>\$ 4,344,848</b></u> |

The accompanying notes are an integral part of these special purpose financial statements.

**YOUTH CO-OP CHARTER SCHOOL**  
**A Program of**  
**YOUTH CO-OP, INC.**  
**(a nonprofit organization)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u>        |
|--|---------------------|-------------------------------|---------------------|
| <b>REVENUES AND SUPPORT</b>                  |                     |                               |                     |
| School Board of Miami-Dade County - FTE      | \$ 2,740,327        | \$ -                          | \$ 2,740,327        |
| - Capital Outlay                             | -                   | 306,467                       | 306,467             |
| - School Recognition                         | 39,525              | -                             | 39,525              |
| - Class size reduction                       | 543,762             | -                             | 543,762             |
| Federal through State                        | 434,283             | -                             | 434,283             |
| Interest                                     | 6,233               | -                             | 6,233               |
| Other local sources                          | <u>176,082</u>      | <u>-</u>                      | <u>176,082</u>      |
| <b>TOTAL REVENUES AND SUPPORT</b>            | <u>3,940,212</u>    | <u>306,467</u>                | <u>4,246,679</u>    |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b> |                     |                               |                     |
| Satisfaction of program restrictions         | <u>212,666</u>      | <u>(212,666)</u>              | <u>-</u>            |
| <b>TOTAL REVENUES AND SUPPORT</b>            | <u>4,152,878</u>    | <u>93,801</u>                 | <u>4,246,679</u>    |
| <b>EXPENSES</b>                              |                     |                               |                     |
| Instructional                                | 1,709,310           | -                             | 1,709,310           |
| Pupil personnel services                     | 5,204               | -                             | 5,204               |
| School and general administration            | 317,200             | -                             | 317,200             |
| Operation of plant                           | 340,477             | -                             | 340,477             |
| Maintenance of plant                         | 87,440              | -                             | 87,440              |
| Fiscal services                              | 643,285             | -                             | 643,285             |
| Food services                                | 312,850             | -                             | 312,850             |
| Central services                             | 406,253             | -                             | 406,253             |
| Instructional media                          | 48,445              | -                             | 48,445              |
| Depreciation                                 | <u>218,008</u>      | <u>-</u>                      | <u>218,008</u>      |
| <b>TOTAL EXPENSES</b>                        | <u>4,088,472</u>    | <u>-</u>                      | <u>4,088,472</u>    |
| <b>CHANGE IN NET ASSETS</b>                  | 64,406              | 93,801                        | 158,207             |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>       | <u>3,194,400</u>    | <u>324,451</u>                | <u>3,518,851</u>    |
| <b>NET ASSETS AT END OF YEAR</b>             | <u>\$ 3,258,806</u> | <u>\$ 418,252</u>             | <u>\$ 3,677,058</u> |

The accompanying notes are an integral part of these special purpose financial statements.

**YOUTH CO-OP CHARTER SCHOOL**  
**A Program of**  
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**(a nonprofit organization)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|---------------------|
| <b>REVENUES AND SUPPORT</b>                      |                     |                                   |                     |
| School Board of Miami-Dade County - FTE          | \$ 2,677,681        | \$ -                              | \$ 2,677,681        |
| - Capital Outlay                                 | -                   | 304,095                           | 304,095             |
| - School Recognition                             | 42,542              | -                                 | 42,542              |
| - Class size reduction                           | 540,501             | -                                 | 540,501             |
| Federal through State                            | 474,361             | -                                 | 474,361             |
| Interest   | 17,810              | -                                 | 17,810              |
| Other local sources                              | <u>193,150</u>      | <u>-</u>                          | <u>193,150</u>      |
| <b>TOTAL REVENUES AND SUPPORT</b>                | <u>3,946,045</u>    | <u>304,095</u>                    | <u>4,250,140</u>    |
| <b>NET ASSETS RELEASED FROM<br/>RESTRICTIONS</b> |                     |                                   |                     |
| Satisfaction of program restrictions             | <u>390,059</u>      | <u>(390,059)</u>                  | <u>-</u>            |
| <b>TOTAL REVENUES AND SUPPORT</b>                | <u>4,336,104</u>    | <u>(85,964)</u>                   | <u>4,250,140</u>    |
| <b>EXPENSES</b>                                  |                     |                                   |                     |
| Instructional                                    | 1,711,517           | -                                 | 1,711,517           |
| Pupil personnel services                         | 5,598               | -                                 | 5,598               |
| School and general administration                | 280,626             | -                                 | 280,626             |
| Operation of plant                               | 344,816             | -                                 | 344,816             |
| Maintenance of plant                             | 27,298              | -                                 | 27,298              |
| Fiscal services                                  | 554,566             | -                                 | 554,566             |
| Food services                                    | 297,398             | -                                 | 297,398             |
| Central services                                 | 522,189             | -                                 | 522,189             |
| Instructional media                              | 103,181             | -                                 | 103,181             |
| Depreciation                                     | <u>166,607</u>      | <u>-</u>                          | <u>166,607</u>      |
| <b>TOTAL EXPENSES</b>                            | <u>4,013,796</u>    | <u>-</u>                          | <u>4,013,796</u>    |
| <b>CHANGE IN NET ASSETS</b>                      | 322,308             | (85,964)                          | 236,344             |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>           | <u>2,872,092</u>    | <u>410,415</u>                    | <u>3,282,507</u>    |
| <b>NET ASSETS AT END OF YEAR</b>                 | <u>\$ 3,194,400</u> | <u>\$ 324,451</u>                 | <u>\$ 3,518,851</u> |

The accompanying notes are an integral part of these special purpose financial statements.

**YOUTH CO-OP CHARTER SCHOOL**  
**A Program of**  
**YOUTH CO-OP, INC.**  
**(a nonprofit organization)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

|  | 2011         | 2010         |
|--|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |              |
| Change in net assets   | \$ 158,207   | \$ 236,344   |
| Adjustments to reconcile change in net assets to<br>Net cash (used in) provided by operating activities: |              |              |
| Depreciation   | 218,008      | 166,607      |
| (Increase) Decrease in:  |              |              |
| Due from School Board of Miami-Dade County   |              |              |
| - State of Florida Capital Outlay Distribution   | (93,801)     | 85,964       |
| Due from Youth Co-Op, Inc.   | (300,066)    | 640,907      |
| Prepayment and other current assets  | -            | 48,986       |
| Increase (Decrease) in:  |              |              |
| Accounts payable and accrued expenses  | 17,816       | (27,975)     |
| Accrued Payroll  | (51,938)     | 4,906        |
| Due to Youth Co-op, Inc.   | (616,078)    | -            |
| Transfer from fiduciary fund   | 2,060        | 2,457        |
| Total adjustments  | (823,999)    | 921,852      |
| Net cash (used in) provided by operating activities:   | (665,792)    | 1,158,196    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |              |
| Purchase of property and equipment   | (52,177)     | (149,610)    |
| Net cash (used in) investing activities  | (52,177)     | (149,610)    |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>  | (717,969)    | 1,008,586    |
| <b>BEGINNING CASH AND CASH EQUIVALENTS</b>   | 3,170,245    | 2,161,659    |
| <b>ENDING CASH AND CASH EQUIVALENTS</b>  | \$ 2,452,276 | \$ 3,170,245 |

The accompanying notes are an integral part of these special purpose financial statements.



**YOUTH CO-OP CHARTER SCHOOL**  
**A Program of**  
**YOUTH CO-OP, INC.**  
**(a nonprofit organization)**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Youth Co-Op, Inc. (the "Organization") was incorporated as a not-for-profit organization under the laws of the State of Florida on May 9, 1974, for the purpose of providing training, education and employment opportunities to low and moderate-income persons. In 1998, the Board of Directors and administration approved a plan to open a charter school since this was in line with the Organization's mission. On May 13, 1998, the Miami-Dade County Public School approved the application submitted by the Board of Directors of the Organization for the creation of Youth Co-Op Charter School (the "School"). The School is accounted for as program of Youth Co-Op, Inc. The governing body of the School is the Organization's Board of Directors which comprises of eight (8) members.

The School operated under the charter of the sponsoring school district, the Miami-Dade County Public District School Board (the "School Board"). The current charter is effective for fifteen (15) years expiring in June 2023 and may be renewed 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 charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the course of the charter, the School Board may also terminate the charter if good caused is shown.

At June 30, 2011, the School has a total number of 525 students enrolled from kindergarten through eight grades.

**Governance Structure**

The Board of Directors of Youth Co-Op, Inc. serves as the governing body of the School on voluntary basis and is consists of the following members:

|                        |               |
|------------------------|---------------|
| Francisco Valladares   | Chairman      |
| Mario Hernandez-Fumero | Vice-Chairman |
| Jose Riesco            | Treasurer     |
| Ania Diaz              | Secretary     |
| Fidel Garcia           | Member        |
| Gerard Kouri, Jr.      | Member        |
| Francisco Sitjes       | Member        |
| Elena Zapatero George  | Member        |

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Financial Statements Presentation**

For financial reporting purpose, Youth Co-Op Charter School is a program of Youth Co-Op, Inc. and is included in the Organization's annual financial statements.

The special purpose financial statements present the financial positions, activities and cash flows for the Youth Co-Op Charter School only and do not include the assets, liabilities, net assets and statement of activities and cash flows of Youth Co-Op, Inc (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of Youth Co-Op, Inc. as of June 30, 2011 and 2010 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### **Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal and State grant awards are classified as refundable advances until expended for the purposes of the grant since they are conditional promises to give. Unrestricted support increases unrestricted net assets.

Funds provided by the School Board through the State's Charter School Capital Outlay Funding pursuant to Section 1002.33(19) of the Florida Statutes are recorded primarily as temporarily restricted support until the Organization submits a Capital Outlay Plan to the School Board and the School Board accepts the Capital Outlay Plan and release the funds.

Funds received from the School Board and the State of Florida for the operations of the Charter School is recorded as exchange transactions.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, short-term marketable investments purchased with an original maturity date of three months or less are considered to be cash equivalents.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allowance for Doubtful Accounts**

Management believes that all receivables are collectible; therefore, the School has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. There were no uncollectible accounts during the years ended June 30, 2011 and 2010.

**Property and Equipment**

Property and equipment are recorded at cost when purchased or constructed, or at fair market value when donated. 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 donor stipulations regarding how long those assets must be maintained, the Organization reports expirations of donor imposed restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Normal repairs and maintenance are charged to expense as incurred. Depreciation is recorded as an expense of Unrestricted Net Assets and is computed on the straight-line method over the estimated useful life:

| <u>Assets</u>          | <u>Years</u> |
|------------------------|--------------|
| Property and equipment | 5            |
| Furniture and fixture  | 7            |
| Leasehold improvements | 7            |

The School capitalizes assets with a cost greater than \$1,000 and a useful life greater than one year.

**Due to/from Youth Co-Op, Inc.**

During the normal course of operation, the School received/made advances to Youth Co-Op, Inc. to cover eligible expenses of the Charter School. These advances are non-interest bearing and due on demand.

**Due to Fiduciary Fund**

Consist of amounts due to the students for cash held for the benefit of student organizations as a result of funds raised by the students of the School. The cash was deposited in a separate bank account and was included in the cash and cash equivalent in the statement of financial position of the School.

**Revenue Source**

Revenue for current operations is received primarily from the School Board pursuant to the funding provisions included in the School's Charter and Section 1002.33(17) of the Florida Statutes. Such revenues are determined based on the estimated number of full-time equivalent (FTE) students and related data reported by the School to the Department of Education (DOE) for funding through the Florida Education Finance Program (FEFP). The estimated FTE and the actual weighted FTE reported by the School during the year to reflect the revised calculation by the FDOE under the FEFP and the actual weighted FTE reported by the School during designated FTE survey periods.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Taxes

The School is exempt from income taxes, under Section 501(c) 3 of the Internal Revenue Code of 1954 (as amended) under the classification of other than a private foundation; accordingly, the financial statements reflect no provision for income taxes.

The Organization evaluates all significant tax position as required by generally accepted accounting principles in the United States. As of June 30, 2011, the Organization does not believe it has taken any tax position for the School that would required the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's federal tax returns are currently open for examination by the Internal Revenue Service. Statute of limitations generally is three years.

### Use of Estimates

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

### Indirect Cost

The Organization uses a provisional indirect cost rate of 11.27% that was negotiated and approved by its agent, the U.S. Department of Labor, during the fiscal year ended June 30, 2010, or the amount allowed per the specific grant agreements. The indirect cost rate is based on all direct salaries and fringe benefits charged to the programs, and are charged to those programs which allow for indirect cost allocation.

### Reclassification

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### Date of Management Review

The School has evaluated subsequent events through August 17, 2010, which is the date that the financial statements were available to be issued.

## 2. CASH AND CASH EQUIVALENTS

At fiscal year end, the School's carrying amount of deposits was \$2,452,276 and \$3,170,245 at June 30, 2011 and June 30, 2010, respectively. Bank balances before reconciling items were \$2,555,475 and \$3,173,600 as of June 30, 2011 and 2010, respectively, the total of which are insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Depository Act". Under this act, all qualified public depositories are required to pledge eligible collateral having a fair value to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

### 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were comprised of temporarily restricted contributions made from the State for Capital Outlay Funding.

|   | <u>2011</u>       | <u>2010</u>       |
|---|-------------------|-------------------|
| Due from Miami-Dade County School Board –<br>State of Florida Capital Outlay Distribution | <u>\$ 418,252</u> | <u>\$ 324,451</u> |

During the fiscal years 2011 and 2010, the School Board received an additional \$306,467 and \$304,095, respectively, of Section 1002.33(19) of the Florida Statutes, Charter School Capital Outlay Funding from the State on behalf of the School. The funds have been deposited with the School Board and will be distributed once the School incur expenses in accordance with approved Capital Outlay Plans by the School Board and follow other guidelines developed by the Florida Department of Education. As of June 30, 2011 and 2010, the School recorded a receivable from the School Board of \$418,252 and \$324,451, respectively, and recorded the amount as temporarily restricted support. In 2011 and 2010, the School released \$212,666 and \$390,059, respectively, from restrictions by incurring expenses in accordance with approved Capital Outlay Plans.

### 4. PROPERTY AND EQUIPMENT- NET

Property and equipment consists of the following:

|                                | <u>2011</u>        | <u>2010</u>        |
|--------------------------------|--------------------|--------------------|
| Property and equipment         | \$ 612,870         | \$ 600,811         |
| Furniture and fixtures         | 97,065             | 94,328             |
| Leasehold improvement          | <u>2,024,172</u>   | <u>1,986,792</u>   |
|                                | 2,734,107          | 2,681,930          |
| Less: accumulated depreciation | <u>(2,064,036)</u> | <u>(1,846,028)</u> |
|                                | <u>\$ 670,071</u>  | <u>\$ 835,902</u>  |

Depreciation expenses for the year ending June 30, 2011 and 2010 amounted to \$218,008 and \$166,607, respectively.

### 5. COMMITMENTS

The School program leases the school facility under the terms of an operating lease, which expires on January 31, 2013. Annual rental for such lease amounted to approximately \$87,000 subject to annual rate adjustment based on the Consumer Price Index (CPI) as published by U.S. Department of Labor, Bureau of Labor Statistics. The Charter School's rent expenses for the year ended June 30, 2011 and 2010 amounted to \$93,218 and \$91,143, respectively, and is included in the school operation of plant expenses in the accompanying statement of activities.

Minimum rental payments for the remainder of the lease term are as follows:

|                 |                   |
|-----------------|-------------------|
| <u>June 30,</u> |                   |
| 2012            | \$ 86,518         |
| 2013            | <u>86,518</u>     |
|                 | <u>\$ 173,036</u> |

**6. CONTINGENCIES**

**Grants from the Government and Other Agencies**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the School. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

**7. MANAGEMENT FEE**

Pursuant to the Charter School contract with the School Board, the School Board is paid a management fee of 5% of the qualifying revenues of the School. For the years ended June 30, 2011 and 2010, management fees paid to the School Board amounted to \$162,234 and \$152,665, respectively.

**8. EMPLOYEE BENEFIT PLAN**

The Organization's profit-sharing plan and trust provides 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. Annual Organization's contributions are allocable to participants based upon annual compensation with the School. The School's contribution to the plan for the year ended June 30, 2011 and 2010 amounted to \$124,501 and \$115,730, respectively.

**9. CURRENT VULNERABILITY DUE TO CONCENTRATION**

For the fiscal year ended June 30, 2011 and 2010, the School received approximately 82% and 83%, respectively of its support from the Miami-Dade County School Board. It is reasonably possible that in the near term these programs could decrease due to budget cut at the School Board, which could affect the School and its ability to continue operations.



**INDEPENDENT AUDITORS' REPORT 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  
Youth Co-Op, Inc.  
(a nonprofit organization)

We have audited the special purpose financial statements of Youth Co-Op Charter School (the "School"), as of and for the year ended June 30, 2011, and have issued our report thereon dated August 17, 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 opinion 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 a 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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

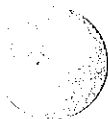
To the Board of Directors of  
Youth Co-Op, Inc.  
(a nonprofit organization)

**Compliance and Other Matters**

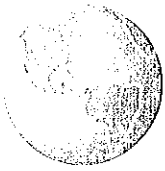
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 that are required to be reported under *Government Auditing Standards*.

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

GLSC & Company, PLLC  
August 17, 2011







**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES  
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors  
Youth Co-Op, Inc.  
(a nonprofit organization)  
Miami, Florida

We have audited the special purpose financial statements of Youth Co-Op Charter School (the "School"), as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 17, 2011. We conducted our audits 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 and Chapter 10.850, Rules of the Auditor General. We have also issued our report on compliance and on internal control over financial reporting; which is dated August 17, 2011, and should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters described in Rule 10.856(2) as required by the Auditor General for the State of Florida. Accordingly in connection with our audit of the special purpose financial statements of the School, as described in the first paragraph, we report the following:

1. There were no recommendations made in the preceding annual financial audit report.
2. The School has not met one or more of the conditions pursuant in Section 218.503(1), Florida Statutes.
3. There are no recommendations to improve the school's financial management, accounting procedures, and internal control noted for the fiscal year ended June 30, 2011.
4. There were no violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but more than inconsequential.
5. Based on our professional judgment, we may report on the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
6. The name of the charter school is Youth Co-Op Charter School, a program of Youth Co-Op, Inc.

To the Board of Directors  
Youth Co-Op, Inc.  
(a nonprofit organization)  
Miami, Florida

7. We applied financial condition assessment procedures pursuant to Rule 10.855(10) and no deteriorating financial conditions were noted. It is management's responsibility to monitor the financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same

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

*GLSC & Company, PLLC*

August 17, 2011

