

**Youth Co-Op Charter School
A Program of
Youth Co-Op, Inc.
(A Nonprofit Organization)
Financial Statements
and
Independent Auditors' Report
June 30, 2005**

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SCHOOL CHOICE
AND PARENTAL OPTIONS

**OCARIZ, GITLIN & ZOMERFELD, LLP
CERTIFIED PUBLIC ACCOUNTANTS
CORAL GABLES, FLORIDA**

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INTRODUCTORY SECTION



YOUTH CO-OP, INC.

A NON-PROFIT ORGANIZATION

Serving South Florida Since 1973

Letter of Transmittal

August 19, 2005

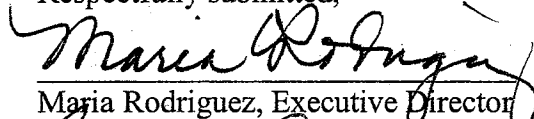
Board of Directors
Youth Co-Op Charter School

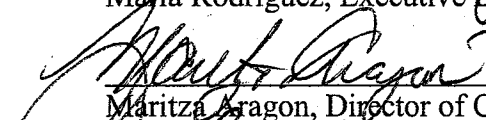
The accompanying report consists of management's representation concerning the finances of the Youth Co-Op Charter School, a program of Youth Co-Op, Inc., hereafter referred to as the Charter School. We, the management of the Charter School, assume full responsibility for the completeness and reliability of all of the information presented herein.

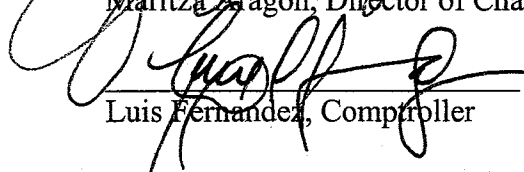
Youth Co-Op, Inc. (Youth) was incorporated as a non-profit organization under the laws of the State of Florida in 1974, for the purpose of providing training, education and employment opportunities to low and moderate-income persons. In 1998, the Board of Directors and administration of Youth approved a plan to open a charter school since this was in line with the Organization's mission. The Organization obtained approval and opened its charter school for the 1998 - 1999 school year under a charter of the sponsoring school district, the Miami-Dade County Public School Board (the District). The current charter is effective for five (5) years expiring in June 2008 and may be renewed by mutual written agreement between the School and the District.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Such MD&A is included herein on pages 6-7 and such analysis as well as the presentation of this report would not have been possible without the efficient and dedicated services of the entire staff of Youth Co-Op's fiscal department.

Respectfully submitted,


Maria Rodriguez, Executive Director

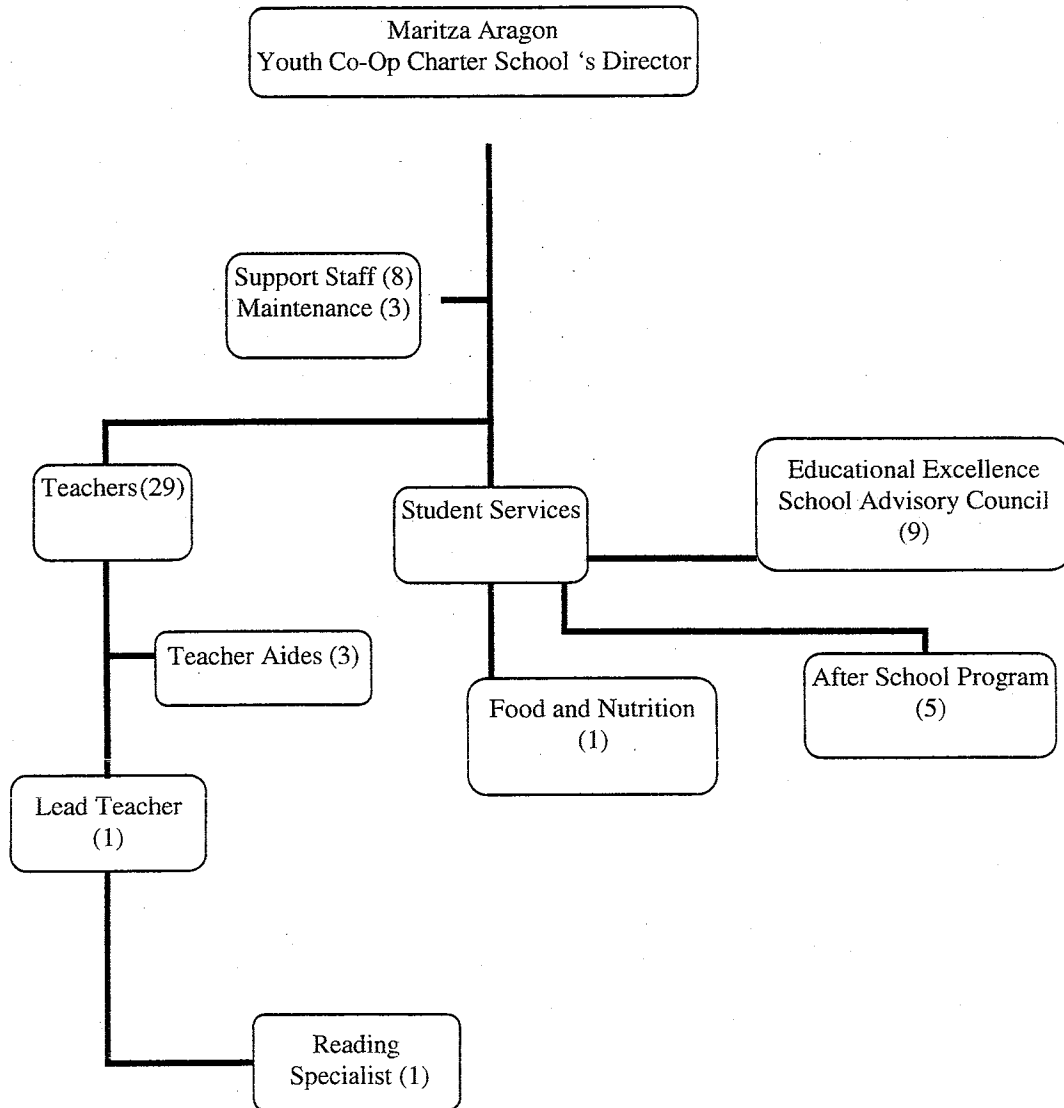

Maritza Aragon, Director of Charter School


Luis Fernandez, Comptroller

3525 Northwest 7 Street • Miami, Florida 33125 • Tel: (305) 643-6730

We are an equal opportunity employer/program. Auxiliary aids & services are available upon request to individuals with disabilities

Organizational Chart



Board of Directors

Chairman

Mr. Frank Valladares

Vice-chairman

Mr. Peter Bernal

Secretary

Ms. Ania Diaz

Treasurer

Mr. Fidel Garcia

Executive director

Mrs. Maria Rodriguez

Deputy directors

Mr. Luis Diaz

Ms. Alicia Sante

Charter School Members

Mr. Mario Hernandez-Fumero

Mr. Gerard Kouri, Jr.

Mr. Jose Riesco

Mr. Francisco Sitjes

FINANCIAL SECTION



**OCARIZ, GITLIN
& ZOMERFELD, LLP**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Youth Co-Op Charter School
Miami, Florida

We have audited the accompanying basic financial statements of Youth Co-Op Charter School, a program of Youth Co-Op, Inc. (a nonprofit organization), operating as a charter of Miami-Dade County Public Schools, as of June 30, 2005, as listed in the table of contents and for the year then ended. These financial statements are the responsibility of Youth Co-Op Charter School's management. Our responsibility is to express an opinion on these 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. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Co-Op Charter School, a program of Youth Co-Op, Inc. as of June 30, 2005, and the results of its changes in net assets/fund balances for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The School Profile and Management Discussion and Analysis and budgetary comparison information on pages 6 and 7 and page 22, are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Members of:

American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants
National Association of
Certified Valuation Analysts

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Youth Co-Op Charter School, a program of Youth Co-Op, Inc. taken as a whole. The introductory section, on pages 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report (pages 19-20) dated August 19, 2005, on our consideration of Youth Co-Op Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are 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.

The financial information for the year ended June 30, 2004 in the accompanying financial statements is presented for comparative purposes only and is not intended to be a complete financial statement presentation in accordance with generally accepted accounting principles. Such financial information was abstracted from the Youth Co-Op Charter School's June 30, 2004 audited financial statements upon which we expressed an unqualified opinion dated August 16, 2004.

Ocariz, Gitlin, & Zomerfeld, LLP

August 19, 2005.

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Management's Discussion and Analysis

August 19, 2005

Board of Directors
Youth Co-Op Charter School, a program of
Youth Co-Op, Inc. (Youth)

Youth Co-Op Charter School hereafter referred to as the Charter School, just completed its seventh school year of operations. The Charter School opened its doors in August 1998, with a total of 80 students comprising the six grade, and in this past school year the Charter School had increased the total number of students to 525 servicing Kindergarten through 8th grades.

A school profile and management's discussion and analysis of the results of operations follow:

1. **Name and address of the Charter School:**
Youth Co-Op Charter
12051 West Okeechobee Road
Hialeah Gardens, Florida 33018
2. **Youth Co-Op's Director of Charter School:**
Ms. Martiza Aragon
3. **School Principal:**
Ms. Maritza Aragon
4. **The Charter School's profile:**

<u>Grades</u>	<u>Number Of Students</u>
Kindergarten	18
First	22
Second	23
Third	29
Fourth	25
Fifth	50
Sixth	110
Seventh	126
Eighth	122
Total	<u>525</u>

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Management's Discussion and Analysis

5. Management analysis of operations and financial condition:

The Charter School's net assets increased from \$1,582,205 at the end of 2004 to \$1,636,352 as of June 30, 2005. The increase was due to the fact that the school received more School Recognition funds and local donations during the current year. A comparison of the 2005 revenues to 2004 follows:

	<u>2005</u>	<u>2004</u>
	(Rounded)	(Rounded)
School Board Fees	\$ 2,482,900	\$ 2,491,400
Federal through State	395,900	487,500
Incentive bonus	52,600	40,000
Capital outlay funds	232,700	261,800
Other contributions	420,100	288,000
	<u>\$ 3,584,200</u>	<u>\$ 3,568,700</u>

Once again, the State of Florida, for the fiscal year ended has ranked the Charter School an "A" school. Students have performed above the district wide average, when compared to the national median score in Standardized Reading and Mathematics tests such as the Florida Comprehensive Assessment Test.

FINANCIAL STATEMENTS

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)

Statement of Net Assets

June 30,

(With Comparative Totals for 2004)

		<u>2005</u>	<u>2004*</u>
<u>Assets</u>			
Current Assets			
1110	Cash and cash equivalents	\$ 1,066,646	\$ 652,414
1220	Due from sponsor company		12,166
1230	Prepaid expenses	1,274	
	Total current assets	<u>1,067,920</u>	<u>664,580</u>
1300	Property and equipment - less accumulated depreciation of \$815,326 in 2005 and \$456,544 in 2004	910,886	1,110,830
1210	Deposits	14,250	27,250
		<u>\$ 1,993,056</u>	<u>\$1,802,660</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities			
2120	Accounts payable and accrued expenses	\$ 10,250	\$ 18,932
2110	Accrued payroll	181,847	201,523
2230	Due to sponsor company	164,607	
	Total current liabilities	<u>356,704</u>	<u>220,455</u>
Net Assets			
2770	Invested in capital assets	910,886	1,110,830
2780	Restricted for capital outlays	191,036	33,229
2790	Unrestricted	534,430	438,146
	Total net assets	<u>1,636,352</u>	<u>1,582,205</u>
		<u>\$ 1,993,056</u>	<u>\$1,802,660</u>

* certain numbers were reclassified for financial statement purposes

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

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Statement of Activities
For the Year Ended June 30,
(With Comparative Totals for 2004)

		<u>2005</u>	<u>2004*</u>
Revenues			
3300	School Board of Miami-Dade County - FTE	\$ 2,482,931	\$ 2,491,362
	- Capital outlay	232,689	261,846
	- School Recognition	52,600	39,952
3200	Federal through State	395,872	487,489
3400	Interest and local sources	420,078	287,954
		<u>3,584,170</u>	<u>3,568,603</u>
Expenditures			
5000	Instructional	1,525,950	1,419,319
6100	Pupil personnel services	14,970	1,909
7000	School and general administration	239,164	210,059
7900	Operation of plant	262,086	266,233
8100	Maintenance of plant	31,804	19,261
7500	Fiscal services	511,137	486,765
7600	Food services	216,575	168,946
7700	Central services	268,341	248,689
6200	Instructional media	101,215	77,320
780	Depreciation	358,781	163,056
	Total expenditures	<u>3,530,023</u>	<u>3,061,557</u>
	Excess of revenues over expenditures	54,147	507,046
	Net assets - beginning	<u>1,582,205</u>	<u>1,075,159</u>
	Net assets - ending	<u>\$ 1,636,352</u>	<u>\$ 1,582,205</u>

* certain numbers were reclassified for financial statement purposes

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

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Governmental Funds Balance Sheets
June 30, 2005
(With Comparative Totals for 2004)

	General Fund	Special Revenue Fund	Capital Projects Fund	Combined Totals Governmental Funds	
				2005	2004
<u>Assets</u>					
Current Assets					
1110 Cash and cash equivalents	\$ 875,610		\$ 191,036	\$ 1,066,646	\$ 652,414
1220 Due from sponsor company		\$ 152,096		152,096	217,066
1230 Prepaid expenses	1,274			1,274	
Total current assets	<u>876,884</u>	<u>152,096</u>	<u>191,036</u>	<u>1,220,016</u>	<u>869,480</u>
1210 Deposits	14,250			14,250	27,250
	<u>\$ 891,134</u>	<u>\$ 152,096</u>	<u>\$ 191,036</u>	<u>\$ 1,234,266</u>	<u>\$ 896,730</u>
<u>Liabilities and Fund Balances</u>					
Current Liabilities					
2120 Accounts payable and accrued expenses	\$ 10,000	\$ 250		\$ 10,250	\$ 18,932
2110 Accrued payroll	172,323	9,524		181,847	201,523
2230 Due to sponsor company	305,030		\$ 11,673	316,703	204,900
Total current liabilities	<u>487,353</u>	<u>9,774</u>	<u>11,673</u>	<u>508,800</u>	<u>425,355</u>
Fund Balances					
2760 Unreserved	403,781	142,322	\$ (11,673)	534,430	438,146
2740 Reserved for capital outlays			191,036	191,036	33,229
	<u>403,781</u>	<u>142,322</u>	<u>179,363</u>	<u>725,466</u>	<u>471,375</u>
	<u>\$ 891,134</u>	<u>\$ 152,096</u>	<u>\$ 191,036</u>	<u>\$ 1,234,266</u>	<u>\$ 896,730</u>

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

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Statements of Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2005
(With Comparative Totals for 2004)

		General	Special	Capital	Combined Totals	
		Fund	Revenue	Outlay	Governmental Funds	
			Fund	Fund	2005	2004*
Revenues						
3300	School Board of Miami Dade County					
	- FTE	\$2,482,931			\$2,482,931	\$2,491,362
	- Capital outlay			\$ 232,689	232,689	261,846
	- Incentive bonus	52,600			52,600	39,952
3200	Federal through State		\$ 383,187	12,685	395,872	487,489
3400	Interest and other contributions	410,078		10,000	420,078	287,954
		<u>2,945,609</u>	<u>383,187</u>	<u>255,374</u>	<u>3,584,170</u>	<u>3,568,603</u>
Expenditures						
5000	Instructional	1,407,077	118,873	40,716	1,566,666	2,059,215
7000	School and general administration	239,164			239,164	210,059
7900	Operation of plant	237,788	24,298	105,436	367,522	466,896
8100	Maintenance of plant	31,804			31,804	19,261
7500	Fiscal services	477,023	34,114		511,137	486,765
7600	Food services		216,575	12,685	229,260	190,336
7700	Central services	268,341			268,341	248,689
6200	Instructional media	101,215			101,215	77,320
6100	Pupil personnel services	14,970			14,970	1,909
	Total expenditures	<u>2,777,382</u>	<u>393,860</u>	<u>158,837</u>	<u>3,330,079</u>	<u>3,760,450</u>
	Excess (deficit) of revenues over expenditures	168,227	(10,673)	96,537	254,091	(191,847)
	Fund balances - beginning	<u>235,554</u>	<u>152,995</u>	<u>82,826</u>	<u>471,375</u>	<u>663,222</u>
	Fund balances - ending	<u>\$ 403,781</u>	<u>\$ 142,322</u>	<u>\$ 179,363</u>	<u>\$ 725,466</u>	<u>\$ 471,375</u>

* certain numbers were reclassified for financial statement purposes

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

Youth Co-Op Charter School
A Program Of Youth Co-Op, Inc.
(A Nonprofit Organization)

Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2005

Total fund balances-Governmental funds	\$ 725,466
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**Amounts reported for governmental activities in the
statement of net assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,726,212 and the accumulated depreciation is \$815,326	910,886
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Total net assets-governmental activities	<u><u>\$ 1,636,352</u></u>
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Youth Co-Op Charter School
A Program Youth Co-Op , Inc.
(A Nonprofit Organization)

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
June 30, 2005

Net change in fund balances -Governmental funds	\$ 254,091
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Amounts reported for governmental activities in the
statement of net assets are different because:

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

Expenditures for capital assets	158,837
Less current year depreciation expense	(358,781)

Change in net assets of governmental activities	<u><u>\$ 54,147</u></u>
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Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Notes to Financial Statements

Note A - Significant Accounting Policies

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. The Organization obtained approval and opened its charter school for the 1998 - 1999 school year under a charter of the sponsoring school district, the Miami-Dade County Public District School Board. The current charter is effective for five (5) years expiring in January 2008 and may be renewed by mutual written agreement between the School and the District. Since this charter school is a program of an existing nonprofit organization. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The accompanying financial statements are included in the financial statements of Youth Co-Op, Inc. using the nonprofit model of reporting. However, the accompanying financial statements are presented using a governmental model for purposes of reporting to the District.

1. Reporting Entity

The accompanying financial statements are for Youth Co-Op Charter School (the Charter School), a program of Youth Co-Op, Inc. The governing body of the Charter School is the Youth Co-Op Board of Directors. The Youth Co-Op Board of Directors is made up of eleven members. At June 30, 2005 a total number of 525 students were enrolled in grades kindergarten through eighth at the Charter School.

2. Basic Financial Statements

The basic financial statements include both government-wide (based on the Charter School as a whole) and fund financial statements according to Governmental Accounting Standard Board Statement No. 4 (GASB No. 34). The government-wide financial statements include a Statement of Net Assets and Statement of Activities, which measure all economic resources and are prepared using full accrual accounting. In the government-wide Statement of Net Assets, both the governmental and business-type activities are presented on a consolidated basis and are reflected, on a full accrual economic resource basis. The government-wide Statement of Activities reflects costs per functional categories.

In the fund financial statements, financial transactions and accounts of the Charter School are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts according to cash and/or financial resources. The Charter School's fund financial statements include the following funds: the General, Special Revenue, and Capital Projects. These funds are used for the following purposes:

Note A - Significant Accounting Policies (Continued)

2. Basic Financial Statements (Continued)

General Fund

The General Fund is used to account for the full-time equivalent fee received from the District, unrestricted contributions, interest and other income and the expenditures incurred under the Charter School contract with the District.

Special Revenue Fund

The special revenue fund is used to account for Federal monies received from the Grantors.

Capital Projects Fund

The Capital Projects Fund is used to account for monies received for the use of construction, renovations and maintenance of school facilities.

These funds are maintained and reported using the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period that they become measurable and available.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliation schedules are prepared which reflects the adjustment necessary to reconcile the fund financial statements to the government-wide financial statements.

3. Uses of Estimates

In preparing these 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.

4. Cash and Cash Equivalents

The Charter School considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

5. Accounts Receivable

The Charter 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.

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Notes to Financial Statements

Note A - Significant Accounting Policies (Continued)

6. Revenue Sources

General Fund

Revenues in the general fund reflect the funds received from the Miami-Dade County Public School District pursuant to 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 (FDOE) for funding through the Florida Education Finance Program (FEFP). The estimated FTE is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE reported by the School during designated FTE survey periods. In this connection, the School reported 531 weighted FTE (69% of the School's total funding) for the 2004 – 2005 school-year.

Special Revenue Fund

The special revenue fund reflects the School's federal awards for the enhancement of various educational programs. Revenues on the federal awards are recognized based on a)- amounts allocated under the terms of the grant, or b)- the amount of eligible expenditures incurred.

Capital Projects Fund

The capital projects fund reflects awards from the Miami Dade County Public School District for capital outlay as described in the award. The amount received under the award is based on the School's actual and projected student enrollment during the year.

7. Property and Equipment

The Charter School records in the statement of net assets property and equipment at cost when purchased or constructed, or at 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 Charter School reports expirations of donor imposed restrictions when the donated or acquired assets are placed in service as instructed by the donor.

8. Depreciation

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

Youth Co-Op Charter School
A Program of Youth Co-Op, Inc.
(A Nonprofit Organization)
Notes to Financial Statements

Note A - Significant Accounting Policies (Continued)

9. Transfers

The interfund loans and advances receivable/payable consists of cash advances from Youth Co-Op's current unrestricted fund to cover eligible expenses of the Charter School. Interest is not recorded on interfund loans and advances.

10. Recognition of 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 restricted net assets depending on the nature of the restriction. When a restriction expires, restricted net assets are classified to unrestricted net assets.

11. 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. Accordingly, no provision for income taxes is required.

Note B - Property and Equipment

Property and equipment consist of the following:

	June 30,		Estimated Useful Lives (In Years)
	2005	2004	
Property and equipment	\$ 347,149	\$ 268,344	5
Furniture and fixtures	70,455	67,960	7
Leasehold improvements	1,308,608	1,231,070	5
	1,726,212	1,567,374	
Less – accumulated depreciation	815,326	456,544	
	<u>\$ 910,886</u>	<u>\$ 1,110,830</u>	

Note C - Commitments and Contingency

Commitments

The Charter School program operates from a leased facility, which expires 2008. Minimum annual rentals for such lease at June 30, 2005 amount to \$80,340 through 2008. The Charter School's rent expense for the years ended June 30, 2005 and 2004 amounted to \$80,340 and \$77,500, respectively.

Note C - Commitments and Contingency (Continued)

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, 2005.

Note D - Employee Benefits - Profit-Sharing 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 Charter School. The Charter School's contribution to the plan for the years ended June 30, 2005 and 2004 aggregated \$102,555 and \$101,311, respectively.

Note E - Business and Credit Concentration

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.

At June 30, 2005, the Charter School had deposits in excess of federally insured limits of \$100,000.

Note F - Related Party Transaction

Pursuant to the Charter School contract with the School District, the District is paid a management fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2005 and 2004, management fees paid to the School District totaled \$135,629 and \$130,913, respectively.

COMPLIANCE REPORTS SECTION



**OCARIZ, GITLIN
& ZOMERFELD, LLP**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Youth Co-Op Charter School

We have audited the financial statements of Youth Co-Op Charter School, a program of Youth Co-Op, Inc. (a nonprofit organization) as of and for the period ended June 30, 2005, and have issued our report thereon dated August 19, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Youth Co-Op Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 and State of Florida Office of the Auditor General.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youth Co-Op Charter School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Florida Institute of
Certified Public Accountants

National Association of
Certified Valuation Analysts

This report is intended for the information of the board of directors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Ocariz, Gitlin, & Zomerfeld, LLP

August 19, 2005

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



**OCARIZ, GITLIN
& ZOMERFELD, LLP**
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Youth Co-Op Charter School

We have audited the general-purpose financial statements of Youth Co-Op Charter School a program of Youth Co-Op, Inc. (a nonprofit organization), as June 30, 2005, and have issued our report thereon dated August 19, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

In connection with our Audit of the general-purpose financial statements of Youth Co-Op Charter School, we report the following matters described in Rule 10.854(1)(d) as required by the Rules of the Auditor General for the State of Florida:

1. No inaccuracies, irregularities, shortages, defalcations, and/or violations of laws, rules, regulations, and contractual provisions were reported in the preceding annual financial audit.
2. No prior year or current year findings and recommendations to improve Youth Co-Op Charter School's financial management, accounting procedures, and internal controls.
3. No violations of laws, rules, regulations and contractual provisions were discovered within the scope of the financial audit that may or may not have materially affected the financial statements.
4. No illegal or improper expenditures were discovered within the scope of the financial audit that may or may not materially affect the financial statements.
5. No matters requiring correction (as defined by the Rules of The Auditor General 10.854(1)(d)(6) that may or may not materially affect the financial were noted.

This report is intended for the information of the Board of Directors, management of Youth Co-Op Charter School, and the Auditor General for the State of Florida. However, this report is a matter of public record and its distribution is not limited.

Ocariz, Gitlin, & Zomerfeld, LLP

August 19, 2005

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SUPPLEMENTARY INFORMATION

**Youth Co-Op Charter School
A Program Of Youth Co-Op, Inc.
(A Nonprofit Organization)**

**Statements of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual-Governmental Funds
For the Year Ended June 30, 2005**

	General Fund		Special Revenue Fund		Capital Projects Fund		Governmental Funds		Variance Positive (Negative)
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues									
School Board of Miami Dade County - FTE	\$ 2,533,893	\$ 2,482,931			\$ 225,948	\$ 232,689	\$ 2,533,893	\$ 2,482,931	\$ (50,962)
- Capital outlay							225,948	232,689	6,741
- Incentive bonus	52,600	52,600					52,600	52,600	
Federal through state			\$ 395,876	\$ 383,187		12,685	395,876	395,872	(4)
Interest and other income	391,983	410,078				10,000	391,983	420,078	28,095
	<u>2,978,476</u>	<u>2,945,609</u>	<u>395,876</u>	<u>383,187</u>	<u>225,948</u>	<u>255,374</u>	<u>3,600,300</u>	<u>3,584,170</u>	<u>(16,130)</u>
Expenditures									
Instructional	1,360,504	1,407,077	118,850	118,873	75,000	40,716	1,554,354	1,566,666	(12,312)
School and general administration	240,089	239,164					240,089	239,164	925
Operation of plant	272,600	237,788	24,864	24,298	110,000	105,436	407,464	367,522	39,942
Maintenance of plant	33,200	31,804					33,200	31,804	1,396
Fiscal services	545,811	477,023	34,262	34,114			580,073	511,137	68,936
Food services			217,000	216,575	75,000	12,685	292,000	229,260	62,740
Central services	87,725	268,341					87,725	268,341	(180,616)
Instructional media	90,000	101,215					90,000	101,215	(11,215)
Pupil personnel services	35,000	14,970					35,000	14,970	20,030
Total expenditures	<u>2,664,929</u>	<u>2,777,382</u>	<u>394,976</u>	<u>393,860</u>	<u>260,000</u>	<u>158,837</u>	<u>3,319,905</u>	<u>3,330,079</u>	<u>(10,174)</u>
Excess (deficiency) of revenues over expenditures	313,547	168,227	900	(10,673)	(34,052)	96,537	280,395	254,091	(26,304)
Fund balance - beginning	<u>235,554</u>	<u>235,554</u>	<u>152,995</u>	<u>152,995</u>	<u>82,826</u>	<u>82,826</u>	<u>471,375</u>	<u>471,375</u>	
Fund balance - ending	<u>\$ 549,101</u>	<u>\$ 403,781</u>	<u>\$ 153,895</u>	<u>\$ 142,322</u>	<u>\$ 48,774</u>	<u>\$ 179,363</u>	<u>\$ 751,770</u>	<u>\$ 725,466</u>	<u>\$ (26,304)</u>

Attention is directed to independent auditors' report.
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