



BEEMER, PRICHER, KUEHNHACKL & HEIDBRINK, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS



**LIFE SKILLS CENTER DADE COUNTY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF
DADE COUNTY, FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2006

MANAGEMENT AND
FINANCIAL STATEMENT
AUDIT
2006 SEP - 1 PM 2: 2

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**LIFE SKILLS CENTER DADE COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(Unaudited)**

The discussion and analysis of the Life Skills Center Dade County, Inc's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Since this is the first year of operations for the School, prior year comparisons are not meaningful. A comparative analysis of the School's finances will be provided in future years when prior year information is available.

Financial Highlights

The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$107,277 (net assets).

Using this Financial Report

This report consists of three parts, the management discussion and analysis, the basic financial statements, and notes to those statements. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements, the Statement of Net Assets and Statement of Activities, are government-wide financial statements that provide information about the School's overall financial status.
- The remaining statements, the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by the private sector. The Statement of Net Assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net assets and how they have changed. Net assets - the difference between the School's assets and liabilities - are one way to measure the School's financial position. Over time, increases or decreases in the School's net assets are an indicator of whether its financial position is improving or deteriorating.

**LIFE SKILLS CENTER DADE COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(Unaudited)**

Net Assets

Table 1 provides a summary of the School's net assets for fiscal year 2006.

(Table 1)
Net Assets

	2006
Assets	
Current Assets	\$ 88,376
Capital Assets, net	98,460
Total Assets	\$ 186,836
Liabilities	
Current Liabilities	\$ 79,559
Net Assets	
Invested in Capital Assets	\$ 98,460
Restricted Net Assets	903
Unrestricted	7,914
Total Net Assets	\$ 107,277

**LIFE SKILLS CENTER DADE COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(Unaudited)**

Changes in Net Assets

Table 2 shows the changes in net assets for fiscal year 2006, as well as a listing of revenues and expenses.

(Table 2)
Changes in Net Assets

	2006
Revenues	
State and Local Sources	\$ 544,989
Federal Start-up Grant	300,000
Working Capital Provided by EMO	2,049,153
Total Revenues	2,894,142
 Expenses	
Instruction	656,481
Pupil Personnel Services	32,121
Instructional Staff Training Services	29,397
Board	7,577
School Administration	440,765
Facilities Acquisition and Construction	1,517,706
Operation of Plant	44,549
Maintenance of Plant	58,269
Total Expenses	2,786,865
Change in Net Assets	\$ 107,277

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts, which the School uses to keep track of sources of funding and spending.

The School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending.

**LIFE SKILLS CENTER DADE COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(Unaudited)**

In particular, unreserved fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School's governmental funds reported a combined ending unreserved fund balance of \$7,914.

Budgetary Highlights

The School prepares an annual budget in June based on the expected funded enrollment figure for the following school year. The budget is revised once the School's final full-time equivalent enrollment is determined based on the required count dates.

The School's final general fund budget estimated a \$6,795 carryover to the following year. Actual results produced a carryover in the general fund of \$8,817.

Capital Assets

At the end of fiscal year 2006, the School had \$116,298 invested in furniture, fixtures and equipment and computer software. Table 3 shows the balance of certain capital assets for fiscal year 2006.

(Table 3)
**Capital Assets
(Net of Depreciation)**

		<u>2006</u>
Furniture, Fixtures and Equipment	\$	7,234
Computer Software		<u>91,226</u>
Totals	\$	<u>98,460</u>

For more information on capital assets, see Note 4 in the Notes to the Basic Financial Statements.

**LIFE SKILLS CENTER DADE COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(Unaudited)**

Current Financial Issues

As explained more fully in Note 7 to the Basic Financial Statements, the School contracts with WHLS of Florida, LLC (the Company) for the majority of its day-to-day services which includes facilities, equipment, technology, operational support services (including execution of the educational model), personnel and training, management and management consulting. The Company agrees to provide these services for a percentage share of the per-pupil revenues received by the School from the District School Board of Dade County and does so at its own risk. Under the indemnification provision of the management agreement between the School and the Company, the Company also agrees to indemnify the School against any losses incurred as a result of its operations where expenses incurred on behalf of the School exceed the amount of revenue provided by District sources. Such losses do not represent a loan or future obligation of the School to the Company.

For fiscal year 2006, the School's initial year of operation, the Company provided approximately \$2,049,000 of additional support to the School. These costs were incurred solely by the Company on behalf of the School and its operations. The School projects that with the absence of upfront capital investments in the facility, the School will not require this level of additional support from the Company during fiscal year 2007.

Contacting the School's Financial Management

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mollie Gilbride, Government Business Services Manager for the Life Skills Center Dade County, 159 South Main Street, Akron, Ohio 44308.



Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of Life Skills Center Dade County, Inc.,
a Charter School and Component Unit of the District
School Board of Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Life Skills Center Dade County, Inc. (the "School"), a charter school and component unit of the District School Board of Dade County, Florida, as of and for the year ended June 30, 2006, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Life Skills Center Dade County, Inc. at June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2006 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 1 – 5 and the budgetary comparison schedules on pages 21 and 22 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Beemer, Richter, Kuehnackel & Heidbrink P.A.

Winter Park, Florida
August 24, 2006

LIFE SKILLS CENTER DADE COUNTY, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2006

		<u>Governmental Activities</u>
<u>ASSETS</u>		
Cash	\$	88,376
Capital assets:		
Furniture, Fixtures and Equipment		8,641
Less Accumulated Depreciation		(1,407)
Computer Software		107,657
Less Accumulated Amortization		(16,431)
Total assets	\$	<u>186,836</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Management Company/EMO	\$	79,559
Total liabilities		<u>79,559</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets		98,460
Restricted for:		
Categorical Carryover Programs		903
Unrestricted		7,914
Total net assets		<u>107,277</u>
 Total liabilities and net assets	 \$	 <u>186,836</u>

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

LIFE SKILLS CENTER DADE COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

**Net (Expense) Revenue
and Changes in Net Assets**

FUNCTIONS	Expenses	Governmental Activities
Governmental activities:		
Instruction	\$ 656,481	\$ (656,481)
Pupil Personnel Services	32,121	(32,121)
Instructional Staff Training Services	29,397	(29,397)
Board	7,577	(7,577)
School Administration	440,765	(440,765)
Facilities Acquisition and Construction	1,517,706	(1,517,706)
Operation of Plant	44,549	(44,549)
Maintenance of Plant	58,269	(58,269)
Total governmental activities	\$ 2,786,865	(2,786,865)
General Revenues:		
Federal start-up grant		300,000
FEFP		544,989
Special items (Working Capital provided by EMO)		2,049,153
		2,894,142
		Change in net assets 107,277
Net assets-beginning		-
Net assets-ending		\$ 107,277

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

LIFE SKILLS CENTER DADE COUNTY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 15,259	\$ 73,117	\$ 88,376
Total Assets	<u>\$ 15,259</u>	<u>\$ 73,117</u>	<u>\$ 88,376</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to Management Company/EMO	\$ 6,442	\$ 73,117	\$ 79,559
Total Liabilities	6,442	73,117	79,559
FUND BALANCE			
Unreserved	7,914	-	7,914
Reserved Lottery Funds	903	-	903
Total Fund Balance	<u>8,817</u>	<u>-</u>	<u>8,817</u>
Total Liabilities and Fund Balance	<u>\$ 15,259</u>	<u>\$ 73,117</u>	<u>\$ 88,376</u>

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

LIFE SKILLS CENTER DADE COUNTY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total fund balances - governmental funds \$ 8,817

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 98,460

Total net assets - governmental activities \$ 107,277

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

LIFE SKILLS CENTER DADE COUNTY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal thru State	\$ -	\$ 300,000	\$ 300,000
State and Local Sources	544,989	-	544,989
Working Capital provided by WHLS of FL, LLC	2,049,153	-	2,049,153
Total Revenues	<u>2,594,142</u>	<u>300,000</u>	<u>2,894,142</u>
EXPENDITURES			
Instructional	602,101	128,906	731,007
Pupil Personnel Services	32,121	-	32,121
Instructional Staff Training Services	11,303	34,794	46,097
Board	7,577	-	7,577
School Administration	381,331	66,669	448,000
Facilities Acquisiton and Construction	1,466,225	51,481	1,517,706
Operation of Plant	44,549	18,150	62,699
Maintenance of Plant	40,118	-	40,118
Total Expenditures	<u>2,585,325</u>	<u>300,000</u>	<u>2,885,325</u>
Net Changes in Fund Balance	8,817	-	8,817
Fund Balance, July 1, 2005	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2006	<u>\$ 8,817</u>	<u>\$ -</u>	<u>\$ 8,817</u>

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

LIFE SKILLS CENTER DADE COUNTY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Net changes in fund balance - governmental funds \$ 8,817

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

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

98,460

Total net assets - governmental activities

\$ 107,277

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

**LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center Dade County, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes.

The School contracts with WHLS of Florida, LLC ("WHLS") the School's management company (see Note 7).

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Dade County (the District). The current charter is effective until June 30, 2010 and may be renewed for up to an additional fifteen years by mutual agreement between the School and the District. At the end of the term of the charter, the School Board may choose not to renew the charter under the grounds specified in the charter. In this case, the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate if any good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the District. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governments.

The School operates under a self-appointing, ten-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the District, which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provided services to 90 full-time equivalent students in fiscal 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the School consist of governmental activities. The School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

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

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

C. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level.

D. CASH AND CASH EQUIVALENTS

All cash received by the School is maintained in a demand deposit account. For purposes of presentation on the Statement of Net Assets, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

E. REVENUE SOURCES

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The District receives a 5% administrative fee from the School, which is reflected as a school administration expenditure in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenues up to 500 students. Amounts awarded under FEFP for the 2006 school year totaled \$544,989.

LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. REVENUE SOURCES (Continued)

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent eligible expenditures have been incurred.

F. CAPITAL ASSETS AND DEPRECIATION

For purposes of recording capital assets, the Board has a capitalization threshold of \$5,000. The School capitalizes all assets over the capitalization threshold purchased with funds in the Board discretionary account as well as with federal funds.

The capital assets are recorded on the accompanying Statement of Net Assets at cost, net of accumulated depreciation of \$17,838. Depreciation is computed by the straight-line method over three years for Computer Software and five years for Furniture, Fixtures and Equipment.

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see Note 7).

G. USE OF ESTIMATES

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. NET ASSETS

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

LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

3. DEPOSITS

At June 30, 2006, the carrying amount of all School deposits was \$88,376. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2006, none of the School's deposits were exposed to custodial risk as discussed below. The Federal Deposit Insurance Corporation covered the School's deposits.

4. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2006, the School's capital assets consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Furniture, Fixtures & Equipment	\$ -	\$ 8,641	\$ -	\$ 8,641
Computer Software	-	107,657	-	107,657
Total Capital Assets Being Depreciated	<u>-</u>	<u>116,298</u>	<u>-</u>	<u>116,298</u>
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	-	(1,407)	-	(1,407)
Computer Software	-	(16,431)	-	(16,431)
Total Accumulated Depreciation	<u>-</u>	<u>(17,838)</u>	<u>-</u>	<u>(17,838)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ -</u>	<u>\$ 98,460</u>	<u>\$ -</u>	<u>\$ 98,460</u>

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Instruction	\$ 11,361
Instructional Staff Training Services	5,070
School Administration	<u>1,407</u>
 Total governmental activities depreciation expense	 <u>\$ 17,838</u>

LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

5. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

For the year ended June 30, 2006, state and local revenues were received from the District as follows:

	2006
Florida Education Finance Program	\$ 475,017
Discretionary Lottery Funds	4,700
Instructional Materials	8,051
Public School Technology	1,683
Teacher Training	637
Florida Teacher Lead	500
Class Size Reduction	54,401
Total Revenues	\$ 544,989

6. RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement. Claims have not exceeded insurance coverage over the past year (see Note 7).

Director and Officer - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and no deductible.

LIFE SKILLS CENTER DADE COUNTY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

7. AGREEMENT WITH WHLS

Effective August 4, 2004, the School entered into a five-year Management Agreement (the "Agreement") with WHLS, which is an educational consulting and management company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 97 percent of the School's "Qualified Gross Revenues," defined in the Agreement as, "...all revenues and income received by the School except for charitable contributions" and "WHLS shall receive 100 percent of any and all grants or funding of any kind generated by WHLS, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any." The continuing fee is paid to WHLS based on the previous month's qualified gross revenues less any fees the School is required to remit to the District. The continuing fee paid to WHLS for the year ended June 30, 2006 was \$802,207. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

During the year ended June 30, 2006, WHLS expended \$2,049,153 more than the management fee required by the management agreement. Per the management agreement, no other amounts are required other than the management fee as calculated above. All amounts expended by the management company above the fee are not required to be repaid, and, consequently, are recorded as contributions to the School in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

8. CONTINGENCES

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts that may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**LIFE SKILLS CENTER DADE COUNTY, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
State Sources	\$ 1,617,320	\$ 519,666	\$ 544,989	\$ 25,323
Working Capital provided by WHLS of FL, LLC	-	1,610,000	2,049,153	439,153
Total Revenues	<u>1,617,320</u>	<u>2,129,666</u>	<u>2,594,142</u>	<u>464,476</u>
EXPENDITURES				
Instruction	533,967	628,961	602,101	26,860
Pupil Personnel Services	42,882	83,182	32,121	51,061
Instructional Staff Training Services	-	15,490	11,303	4,187
Board	17,500	8,537	7,577	960
School Administration	338,641	297,701	381,331	(83,630)
Facilities Acquisiton and Construction	499,830	983,000	1,466,225	(483,225)
Operation of Plant	72,000	56,000	44,549	11,451
Maintenance of Plant	112,500	50,000	40,118	9,882
Total Expenditures	<u>1,617,320</u>	<u>2,122,871</u>	<u>2,585,325</u>	<u>(462,454)</u>
Net Changes in Fund Balance	-	6,795	8,817	2,022
Fund Balance, July 1, 2005	-	-	-	-
Fund Balance, June 30, 2006	<u>\$ -</u>	<u>\$ 6,795</u>	<u>\$ 8,817</u>	<u>\$ 2,022</u>

See independent auditors' report.

**LIFE SKILLS CENTER DADE COUNTY, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
Federal Sources	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
EXPENDITURES				
Instructional	75,675	75,675	128,906	(53,231)
Instructional Staff Training Services	40,000	40,000	34,794	5,206
School Administration	98,425	98,425	66,669	31,756
Facilities Acquisition and Construction	69,400	69,400	51,481	17,919
Operation of Plant	16,500	16,500	18,150	(1,650)
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Changes in Fund Balance	-	-	-	-
Fund Balance, July 1, 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



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

To the Board of Directors of Life Skills Center Dade County, Inc.,
a Charter School and Component Unit of the District
School Board of Dade County, Florida

We have audited the basic financial statements of Life Skills Center Dade County, Inc. (the "School"), a charter school and component unit of the District School Board of Dade County, Florida, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 24, 2006. 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 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 reportable 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's basic 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 for the information and use of management of the School, the District School Board of Dade County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Beemer, Picher, Kuehnhackel & Heidbink P.A.

Winter Park, Florida
August 24, 2006

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND
SIMILAR ENTITIES***



To the Board of Directors of Life Skills Center Dade County, Inc.
a Charter School and Component Unit of the District
School Board of Dade County, Florida

In planning and performing our audit of the financial statements of Life Skills Center Dade County, Inc., a charter school and component unit of the District School Board of Dade County, Florida, for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, not for the purpose of providing assurance on the internal control.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material 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.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no items that are believed to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and others within Life Skills Center Dade County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Beemer, Pricher, Kuehnhackl & Heidbrink P.A.

Winter Park, Florida
August 24, 2006

**LIFE SKILLS CENTER DADE COUNTY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF DADE COUNTY, FLORIDA**

**RECOMMENDATIONS TO IMPROVE COMPLIANCE, INTERNAL CONTROL
AND THE FINANCIAL REPORTING PROCESS**

JUNE 30, 2006

There were no recommendations for the current year.

STATUS OF PRIOR YEAR RECOMMENDATIONS

This is the first year of operations for this school; therefore, there were no prior year recommendations.