YOUTH CO-OP CHARTER SCHOOL
A Program of
YOUTH CO-OP, INC.
(a not-for-profit organization)

SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2020

GLSC & COMPANY, PLLC
certified public accountants

YOUTH CO-OP CHARTER SCHOOL
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SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Youth Co-Op, Inc.
(a not-for-profit 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. (YCI) (a not-for-profit organization) operating as a charter of the Miami- Dade County Public School Board, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the special purpose financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

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, 2020, and the changes in its net assets, its cash flows and statement of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of ASU 2014-09

As discussed in Note 2 to the consolidated financial statements, on July 1, 2019, the School adopted ASU 2014-09, *Revenue from Contracts with Customers,* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers within its scope. Our opinion is not modified with respect to that matter.

Other Matters

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements being presented are only for the School referred to on page 1, which is a program of YCI. The special purpose financial statements do not include the statements of financial position, activities and changes in net assets and of cash flows of YCI. Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of YCI as of June 30, 2020 or its changes in net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2020, 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.

In accordance with Section 218.39(4), Florida Statutes, and Sections 10.856(2)(d), Rules of the Auditor General, we have issued a Management Letter Pursuant to the Rules of the Auditor General for the State of Florida dated September 15, 2020.

GLSC & Company, PLLC

Miami, Florida
September 15, 2020

YOUTH CO-OP CHARTER SCHOOL
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STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 2,469,841
Accounts receivable	98,892
Due from YCPHS	232,901
TOTAL CURRENT ASSETS	2,801,634
Property and equipment, net	529,393
TOTAL ASSETS	$ 3,331,027

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	25,806
Accrued payroll	224,064
Due to Youth Co-Op, Inc.	20,590
TOTAL CURRENT LIABILITIES	270,460
TOTAL LIABILITIES	270,460
NET ASSETS	3,060,567
TOTAL LIABILITIES AND NET ASSETS	$ 3,331,027

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

YOUTH CO-OP CHARTER SCHOOL
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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

		Without Donor Restrictions
REVENUES AND SUPPORT		
School Board of Miami-Dade County		
FTE	$	5,284,030
Capital Outlay		565,673
School Recognition		94,656
Class size reduction		1,004,483
Federal through State		800,978
Other local sources		510,732
TOTAL REVENUES AND SUPPORT		8,260,552
EXPENSES		
Instructional		3,811,494
School and general administration		809,792
Operation and maintenance of plant		2,035,831
Instructional-related technology		206,411
Instructional media		54,968
Board		21,700
Fiscal services		59,756
Food services		363,014
Pupil services		587,054
Management and general administration		185,229
Fundraising		32,687
TOTAL EXPENSES		8,167,936
Change in net assets		92,616
NET ASSETS AT BEGINNING OF YEAR		2,967,951
NET ASSETS AT END OF YEAR	$	3,060,567

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

YOUTH CO-OP CHARTER SCHOOL
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	92,616
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation		152,624
(Increase) decrease in:		
Accounts receivable		(34,119)
Due from YCPHS		-
Due from Youth Co-Op, Inc.		3,105
Increase (decrease) in:		
Accounts payable and accrued expenses		(2,048)
Accrued payroll		(34,586)
Deferred revenue		(24,219)
Due to Youth Co-op, Inc.		(19,851)
Total adjustments		40,906
Net cash provided by operating activities		133,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment		(81,200)
Net cash used in investing activities		(81,200)
NET DECREASE IN CASH AND CASH EQUIVALENTS		52,322
BEGINNING CASH AND CASH EQUIVALENTS		2,417,519
ENDING CASH AND CASH EQUIVALENTS	$	2,469,841

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

YOUTH CO-OP CHARTER SCHOOL
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Programmatic									Supporting Services		
	Instructional	**School and General Administration**	**Operation and Maintenance of Plant**	**Instructional-related Technology**	**Instructional Media**	**Board**	**Fiscal Services**	**Food Services**	**Pupil Services**	**Management and General Administration**	**Fundraising**	**2020 Total Expenses**
Salaries and benefits	$ 3,462,379	$ 630,160	$ 449,518	$ 104,591	$ -	$ -	$ 51,355	$ 142,617	$ 562,990	$ 130,862	$ 23,093	$ 5,557,565
Student related expenses	30,036	5,949	4,009	-	-	-	-	211,644	1,569	49,466	8,729	311,402
Trainings	-	100	-	-	-	-	-	-	13,836	-	-	13,936
General and administrative expenses	247	127,883	338,343	1,697	140	21,700	-	615	-	4,868	858	496,351
Rent	-	-	1,180,200	-	-	-	-	-	-	-	-	1,180,200
Other expenses	1,328	4,420	418	9,455	54,828	-	8,401	539	1,153	34	6	80,582
Expenses before depreciation expense and indirect costs	3,493,990	768,512	1,972,488	115,743	54,968	21,700	59,756	355,415	579,548	185,229	32,687	7,640,036
Depreciation	66,069	-	3,299	75,657	-	-	-	7,599	-	-	-	152,624
Indirect costs	251,435	41,280	60,044	15,011	-	-	-	-	7,506	-	-	375,276
Total Expenses	$ 3,811,494	$ 809,792	$ 2,035,831	$ 206,411	$ 54,968	$ 21,700	$ 59,756	$ 363,014	$ 587,054	$ 185,229	$ 32,687	$ 8,167,936

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

YOUTH CO-OP CHARTER SCHOOL
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Youth Co-Op, Inc. (YCI or the Organization) was incorporated as a not-for-profit organization under the laws of the State of Florida on October 23, 1973, for the purpose of providing training, education and employment opportunities to low and moderate-income persons. In 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 Youth Co-Op Charter School (the Charter School or the School) for the 1998-1999 school year under a charter of the sponsoring school district, the Miami-Dade County Public School Board (the District or School Board). The original charter school's contract (the Contract) was effective for 10 years expiring in 2008. In 2008, the Contract with the School Board was renewed for another fifteen (15) years expiring in June 2023.

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

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

At June 30, 2020, the School has a total number of 908 students enrolled from kindergarten through eighth grades.

Reporting Entity

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

The Charter School and Youth Co-Op Preparatory High School, another program of YCI ("YCPHS"), report individually as required under Chapter 10.850 of the Florida Statutes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

For financial reporting purposes, 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 position, activities and change in net assets and cash flows for the Youth Co-Op Charter School only and do not include the assets, liabilities, net assets, statement of activities and changes in net assets, and cash flows of Youth Co-Op, Inc. (a not-for-profit 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, 2020 or its results of operations and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Reporting Requirements

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

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. These net assets may be used at the discretion of the School's management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donor and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets. There were no net assets with donor restrictions at June 30, 2020.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support With and Without Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets 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 net assets without donor restriction.

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. Included in cash, which is required to be kept in a separate bank account, are amounts received from students which are designated for use by student organizations only. These funds amounted to $7,242 as of June 30, 2020, and are held in a separate bank account and due on demand.

Allowance for Doubtful Accounts

Management believes that all receivables are collectible; therefore, the School has not included an allowance for doubtful accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. The amount in accounts receivables consists of funds due from Miami- Dade County which amounted to $98,892 as of June 30, 2020. No provision for uncollectible accounts was recorded during the year ended June 30, 2020.

Property and Equipment

Property and equipment are recorded at cost when purchased or constructed, or at fair 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 School reports expirations of donor-imposed restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Normal repairs and maintenance are charged to expense as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Depreciation is recorded as an expense in the statement of activities and changes in net assets and is computed on the straight-line method over the estimated useful life:

Assets	Years
Educational materials	3
Furniture and fixtures	5
Property and equipment	7

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

Property and equipment are considered long-lived assets and are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long-lived assets will be written down to their fair value with a corresponding charge to earnings. No such impairment was recorded for the fiscal year ended June 30, 2020.

Due to/from Youth Co-Op, Inc. and YCPHS

During the normal course of operation, the School receives/makes advances to Youth Co-Op, Inc. to cover eligible expenses of the Charter School. In addition, the School may pay certain amounts on behalf of YCPHS. These advances are non-interest bearing and due on demand. Due to/from Youth Co-Op and YCPHS consists of the following:

	YCI	YCPHS
Due (to) from	$(20,590)	$232,901

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. Significant estimates by management include the allocation of expenses between the School, and other related programs that are part of YCI. It is at least reasonably possible that management's opinion on these estimates will change in the near term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Miami-Dade County Public Schools

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

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

Such records include the following:

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

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

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

Other sources

The School receives federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenues are recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Youth Co-Op, Inc. is a not-for-profit entity and 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. Therefore, the School is also exempt from income taxes as a program of Youth Co-Op, Inc. Accordingly, the special purpose financial statements reflect no provision for income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of June 30, 2020, the Organization does not believe it has taken any tax position for the School that would require 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 recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense. YCI has determined that no amount is required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2020. The Organization's federal tax returns are currently open for examination by the Internal Revenue Service. The statute of limitations is generally three years.

Accrued Payroll

The School provides the option for teachers to be paid in two different options: (1) allocated accordingly with the schedule of the school year, approximately 10-month basis or (2) allocated according to the calendar year, over a 12-month basis. As of June 30, 2020 the amount owed to teachers who chose to be paid on a 12-month basis was $224,064.

Functional Expenses

The costs related to the School operations and other activities have been summarized on a functional basis in the statement of activities. The allocations are determined based on three primary methods of allocation: student head count, employee count, and time and effort.

Indirect Cost

The Organization uses a provisional indirect cost rate of 10.12% of modified total direct cost for administrative services which is based on all direct salaries and fringe benefits charged to the various activities and is directly charged to certain activities and allocated to the remaining activities of the School.

Measurement of Operations

The Statement of Activities and Changes in Net Assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of County, Federal and State contributions attributable to the funding and operations of the School and additional school related functions and services. Non-operating activities are activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement

On July 1, 2019, the School adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a comprehensive, principles-based framework for recognizing revenue and creates more consistency and comparability of revenue recognition practices across entities and industries. The adoption of these standards did not have a material effect on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management Review

The School has evaluated subsequent events through September 15, 2020, which is the date that the special purpose financial statements were available to be issued.

2. CASH AND CASH EQUIVALENTS

Bank balances before reconciling items were $2,468,645 as of June 30, 2020, for the School and YCPHS, 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. PROPERTY AND EQUIPMENT- NET

Property and equipment as of June 30, 2020 consists of the following:

Property and equipment	$	506,789
Building cost		265,951
Furniture and fixtures		205,100
Educational materials		217,898
Leasehold improvements		20,473
		1,216,211
Less: accumulated depreciation		(686,818)
	$	529,393

Depreciation expense for the year ended June 30, 2020 amounted to $152,624. Certain equipment was acquired with grant funds received from the grantors. Under terms of the grant agreement, the equipment reverts back to the grantor upon disposal.

4. 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.

4. CONTINGENCIES (CONTINUED)

Long-term obligations

In September 2015, the Board of Directors of Youth Co-Op, Inc. issued approximately $19.6 million in 6.5% tax-exempt bonds (Series 2015A) and $330,000 in 6% taxable bonds (Series 2015B) through the Miami-Dade County Industrial Development Authority. The funds were used to construct additional building facilities to be used by the Charter School and the YCPHS in order to increase enrollment and to refinance a previous mortgage and other debts of the schools and to pay the bond issuance costs. The bonds were issued based on, amongst other things, student enrollment and future revenue and expenses forecasted by the Schools. These bonds are not recorded in the accompanying special purpose financial statements as they are obligations of Youth Co-Op, Inc.

The Charter School and YCPHS have a space sharing agreement with YCI and remit an annual rental fee to YCI for the use of the facilities that were constructed using proceeds from the aforementioned bonds. Refer to Note 8 - Related Party Transactions.

5. 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, 2020, management fees paid to the School Board amounted to approximately $88,000.

6. EMPLOYEE BENEFIT PLAN

The Organization's profit-sharing plan and trust provides retirement, death and disability benefits for qualified full-time 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, 2020 amounted to approximately $276,000.

7. CURRENT VULNERABILITY DUE TO CONCENTRATION

For the fiscal year ended June 30, 2020, the School received approximately 84% 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 cuts at the School Board, which could affect the School and its ability to continue operations.

8. RELATED-PARTY TRANSACTIONS

During the year, expenses specific to the School are paid by the Charter School or by YCI and then reimbursed by the Charter School. Amounts due to YCI for such expenses are due on demand. The transfers of funds occur between the Charter School and YCI as needed and are recorded as related party transactions. At June 30, 2020, the net balance due to YCI was $20,590.

During the year, the School will also make payments on behalf of YCPHS as expenses related to the schools are allocated among both the School and YCPHS. At June 30, 2020, the outstanding balance due from YCPHS was $232,901.

8. RELATED-PARTY TRANSACTIONS (CONTINUED)

Space Sharing Agreement

During the year ended June 30, 2020, the Charter School and YCPHS entered into a space sharing agreement with YCI for the schools' use of the buildings that were constructed using proceeds from the Series 2015A and 2015B bonds issued by YCI. Rent expense for the year ended June 30, 2020 was $1,180,200.

Sponsor Organization

Effective July 1, 2018, in accordance with the Uniform guidance, YCI charged the School an indirect fee of 10.12% of modified total direct cost for administrative support services. These fees paid to YCI for the fiscal year ended June 30, 2020 were $530,521, of which $155,245 is charged directly to School and General Administration and Fiscal Services programs.

9. AVAILABILITY AND LIQUIDITY

The Schools financial assets at June 30, 2020 consist of:

Cash and cash equivalents	$	2,469,841
Accounts receivable		98,892
	$	2,568,733

Total financial assets are available to pay for operating expenses during the current year. As part of the liquidity plan, the School receives funding from Miami-Dade County for the operations of the School, see Note 1 – Summary of Significant Accounting Policies. Funding is received throughout the year is used to support the School's operations as necessary. Due to the timing of the school year, there are months in which normal school operations do not take place, July and most of August. Funding is received from Miami-Dade County, prior to the beginning of the school year, beginning in July, and this funding is used to pay for general expenditures during the time frame out of school and provide a supplemental cash surplus prior to normal operations of the School during the school year.

The School may also receive assistance from YCI as necessary if there is a cash flow shortfall and amounts will be paid on demand.

10. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic and state and local governments instituted school closures, which prompted the School to transition to a virtual learning environment. The School has taken numerous measures to respond to the outbreak, including sanitizing all areas of the School in accordance with guidelines provided by various authorities including the State of Florida, Miami-Dade County and the Centers for Disease Control (CDC). While the School has adopted an instructional continuity plan to address the threats posed by Covid-19, the School expects the closure may impact enrollment and overall productivity. These disruptions are expected to be temporary, but there is uncertainty around the duration of such disruptions. Accordingly, these conditions may have a negative impact on the School's financial performance and the full impact on the School's financial position is not yet determinable.

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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 not-for-profit organization)
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Youth Co-Op Charter School (the School), a program of Youth Co-Op, Inc. (YCI) (a not-for-profit organization), operating as a charter of the Miami-Dade County Public Schools, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the special purpose financial statements, and have issued our report thereon dated September 15, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

GLSC & Company, PLLC

Miami, Florida
September 15, 2020

GLSC & COMPANY, PLLC
certified public accountants

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

To the Board of Directors of
Youth Co-Op, Inc.
(a not-for-profit organization)
Miami, Florida

Report on the Special Purpose Financial Statements

We have audited the special purpose financial statements of Youth Co-Op Charter School (the Charter School or School), a program of Youth Co-Op, Inc. (YCI) (a not-for-profit organization), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 15, 2020.

Auditors' Responsibility

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; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Special Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated September 15, 2020, should be considered in conjunction with this management letter.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity are Youth Co-Op Charter School - 1020.

Financial Condition and Management

Section 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Youth Co-Op Charter School has met one or more of conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Youth Co-Op Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.854(1)(e) 6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Youth Co-Op Charter School**.** It is management's responsibility to monitor Youth Co-Op Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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Section 10.854(1)(e)3, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Youth Co-Op Charter School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Youth Co-Op Charter School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

GLSC & Company, PLLC

Miami, Florida
September 15, 2020