

2005-2006 Annual Report

Life Skills Center of Southwestern Ohio

Prepared by:
Dr. Coletta Musick, Superintendent

Introduction

At Life Skills Center of Southwestern Ohio, we stand together to serve students in grades 9-12, realizing the importance of our young people's education while focusing on the accomplishments and planning for the future of our global community. As we prepare to embark on the coming year, we must stop and assess our progress.

Our programs focus on personal growth and increased self-confidence along with excellent academic performance. We believe that no significant student learning can take place without significant relationships. The development of self-respect, respect for others, and respect for life in general can sometimes be overlooked by tests. Our student's growth in personal pride and confidence proves that the Life Skills method is reaching our student population.

All of our staff are dedicated to ensuring all students receive a high standard of education. It is with great care that we set out to nurture our students and assist them in putting forth their very best effort on a consistent basis. We are committed to the academic and social development of our students and we strive to create lifelong learners who will become productive members of our community.

The success of any school can be measured in many different ways. The State of Ohio utilizes standardized tests such as the Ohio Graduation Test (OGT) to gauge school performance. As important as the statistics from these test are, we invite you to witness our programs, our student body and to experience our school. Our focus is on instilling our students with personal pride and confidence along with excellent academics. We feel the combination of skilled teachers, parents, and volunteers truly shows our young people how much we care about them. The young leaders of tomorrow will continue to progress and inspire us all with their efforts.

We invite you to visit our Center so that you can witness firsthand our efforts to promote leadership through innovation, education, inspiration, and love.

Mission/Vision of Life Skills Center

The mission of the Life Skills Center of Southwestern Columbus is to provide a comprehensive and positive educational experience for high school students who seek a non-traditional learning environment.

To each student, the Center will impart the knowledge, desire, and the confidence needed to succeed with academic, workplace, and life goals.

The Southeast Center strives to teach, guide, and support all students through their educational growth and development.

Staff Personnel

Ninety-one plus percent of Southwestern Center's teachers possess professional qualifications of at least a Bachelor's degree with 16.7% percent of the staff possessing Masters degrees. Although 100% of our core academic elementary and secondary classes are taught by certified/licensed teachers, 38.7%, of the core academic subjects in elementary and secondary are taught by teachers who have not achieved the highly qualified teacher status as mandated in the No Child Left Behind Educational Act.

Our school has an organized, and ongoing, preplanned Professional Staff Development Plan to educate, inform, and share educationally sound practices. Each teacher develops an Individual Professional Development Plan leading to a course of professional development, training, and coursework for continued licensure. Our Local Professional Development Committee (LPDC), which is part of our Professional Staff Development Plan, serves as the forum to implement state regulations for certified/licensed staff requirements. Our LPDC schedules meetings a minimum of once a month. The staff would attend as needed or as directed. The school has agreements with colleges and universities to provide additional coursework and education updates for all staff members.

The Southwest Life Skills Center requires lesson plans on a monthly and/or weekly basis depending on content or the program being taught. Each lab submits a lesson plan detailing the objectives and goals, materials, procedures, and/or needed accommodations to work with the students. The plan also includes assessment and follow-up procedures the staff will use during the month. The Life Skills Center requires the individual staff member teaching the lesson(s) to prepare a written plan that includes the title of the lesson, the lesson goals and objectives, materials to be used, procedures, and assessment techniques. This plan is submitted to the Master Teacher for review prior to its application. Teachers conducting Proficiency Preparation classes submit weekly lesson plans for review. The Proficiency Preparation plans include the lesson(s) goals and objectives, texts, materials, procedures, and assessment techniques.

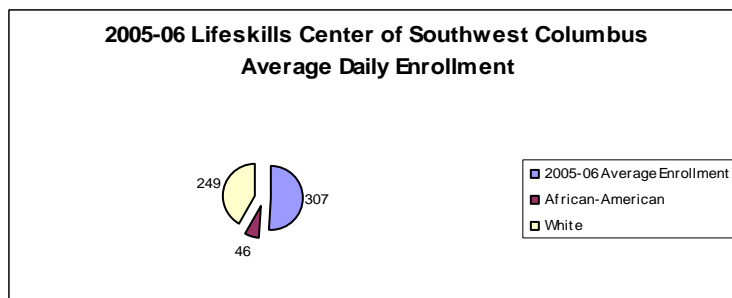
Our First Star Program is an entry-year program for beginning teachers, supported by the Ohio Department of Education and combined with quality in-school mentoring. The First Star Program is a step-by-step plan that leads beginning teachers from their two-year provisional license to obtaining a five-year license. The program also helps to enhance the quality of their skills and abilities to facilitate student learning and helps the candidates to develop the confidence needed to remain in the profession.

At our Life Skills Center, we incorporate the principles of the Capturing Kids' Hearts program. This program focuses on developing high-performing young people and recognizes that our students face very different obstacles than young people of the past. With that in mind, we know we must capture their hearts in order to improve their minds — and get them to graduation. Capturing Kids' Hearts gives our Life Skills Center staff the tools and strategies to make this happen!

School Choice

A commonality that applies to our students is that they and their parents were significantly dissatisfied with their school of last attendance and the education they were receiving. Specifically, parents and students come to us stating that their last school was not safe, that they were not respected by their former teachers, and that there was a lack of communication between the school, the parent, and the student. We strive to provide the best education possible — and we believe safety, security, and communication are the cornerstones to achieving that goal. We take every necessary step to insure that our students accomplish their educational goals and dreams.

The chart below depicts Southwestern Life Skills Center average daily student enrollment for the 2005-06 school year:



One-hundred fourteen (37.2%) of the 307 students who represented our Average Daily Enrollment were classified as economically disadvantaged.

Student Attendance

Students come to us with many needs, dreams, and endless possibilities. We must cultivate our students' excitement about their education and continually encourage their daily attendance, so that they may succeed academically as education can only occur if a student is present. Our graduating students had an attendance rate of 35 percent for the 2005-06 school year. This attendance rate reflected strongly in those students' credits earned toward graduation, as well as in their proficiency test scores. Although the entire student body, freshmen through seniors, averaged an attendance rate of 47.5 percent it is important to note that many of our students had previously dropped out of their traditional school settings because of significant life issues, such as child bearing, having to work to support themselves, or other social challenges that make regular school attendance difficult, if not impossible. As such, maintaining a high attendance rate is difficult and is a constant challenge that we wholeheartedly embrace. Some of the things we are doing to encourage our students' increased attendance include relationship-building with students and staff to create a warm and caring environment; providing social counseling to help students overcome the social barriers that make routine attendance a struggle; helping students arrange routine and regular transportation; and providing significant student attendance incentives throughout the year.

Graduation Rate

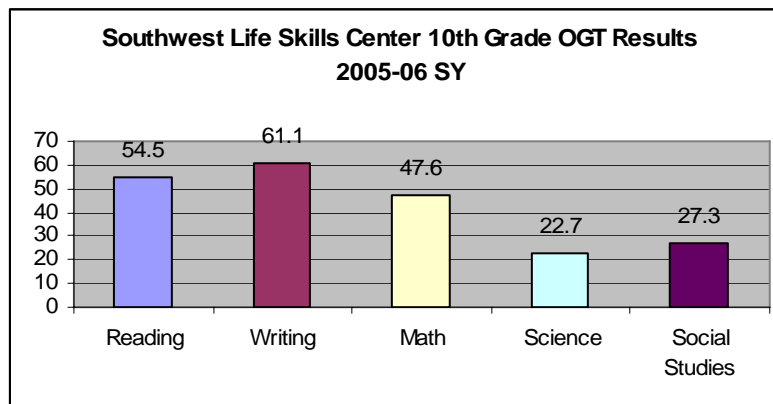
The graduation rate of 35 percent for the Southwestern Center for the 2005-06 school year is based on the National and State Standards and is reported by the State of Ohio for the previous academic year to allow for summer graduates to be counted. Essentially, the state in determining this calculation estimates the number of students who enter the 9th grade for the first time, makes some adjustments for changes in population, and then divides the resulting expected graduating cohort from the number of students who actually earn a diploma four years later.

Academic Goals and Student Performance

Our goal is to provide all Life Skills Center students with the supportive academic, vocational, and life skills training they need to earn a high school diploma and succeed in life. Life Skills Centers accomplish this goal by:

- ✓ Providing development-level-appropriate academic instruction through state-of-the-art, research-based curricula that meet the educational needs of each student and that allows each student to begin at the correct academic level and advance at his or her own pace.
- ✓ Providing needed social counseling for students who face significant social barriers to attendance and educational advancement.
- ✓ Providing flexible scheduling so that each student can attend to his or her life's responsibilities such as childcare or work, while obtaining an education at the same time, instead of having to choose between life's necessities and education.
- ✓ Teaching valuable life skills courses, job readiness training, and employment preparation and placement in addition to the required basic academics, in order to prepare our students for success in the workplace in addition to the classroom.

The charts below depict the Southwestern Center's student performance on the Ohio Graduation Test for the 2005-06 school year:



Targeted Assistance Program (Title I)

We identify students who need additional services as a supplement to our regular education programs. Our focus of the Targeted Assistance Program is to help improve the achievement level of eligible students. The identified students will be assisted through the use of additional teacher-student instructional intervention time and supportive educational materials. One-hundred ninety or 51.2% of the Southwestern's average daily enrollment were classified as economically disadvantaged students.

Making Progress

The accomplishments students make and the life obstacles they overcome to achieve this success are not and often cannot be measured in the local report card.

Special Programs and Activities

Academic Achievement Programs

- Microsoft Office Certification
- Career Game
- Proficiency Prep
- Reading Room
- Winter Graduation 2005
- Summer Graduation 2006

Club or Special Interest Groups

- Parents Anonymous
- UPSHOTS

Parent or Family Activities

- Parent/Teacher Conferences
- Breakfast with Santa
- Open House
- Family Night

Curriculum and Technology

The Life Skills Center of Southwestern Columbus uses state-of-the-art technology for the primary delivery of its curriculum. Technology and the use of computers are critical to every student's learning experience. The Life Skills Center provides each of its students with the equipment and support necessary to succeed with the electronically delivered curriculum. To place students into our technology-based curriculum, our staff interviews each student, examines previous transcripts, and establishes the grade level and current number of credits. Then the student takes the Test of Adult Basic Education (TABE). All of this is combined to profile the individual needs of the student and direct the teacher in placing the student into the appropriate computer courses. Licensed teachers monitor and guide students through their individualized programs, leading to completing the curriculum components and the state's graduation requirements.

The Life Skills Center offers a unique curriculum combining academics, life skills preparation, and workplace training. The Life Skills student works at his or her own pace using individualized computer program assisted by licensed teachers. The instructional program includes reading, mathematics, writing, science, and citizenship. Through PLATO, Compass, A+, Fast ForWord, and MicroType III, all programs are aligned with the Ohio Department of Education academic content standards and with the Ohio Testing standards. Classes for life skills are offered on a daily basis for development of needed skills for daily living including finances, workplace skills, and family life. In addition to the academic curriculum, the student receives additional learning opportunities linked to vocational workplace experience. The student is also offered assistance with vocational goals and career planning through our vocational specialist.



**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Life Skills Center of Southwestern Columbus
Franklin County
3700 Corporate Drive, Suite 140
Columbus, Ohio 43231

To the Board of Directors:

We have audited the accompanying basic financial statements of Life Skills Center of Southwestern Columbus, Franklin County, Ohio (the School), as of and for the year ended June 30, 2005, 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 financial position of Life Skills Center of Southwestern Columbus, Franklin County, Ohio as of June 30, 2005, and the changes in its financial position and cash flows 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 April 30, 2006, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 30, 2006

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

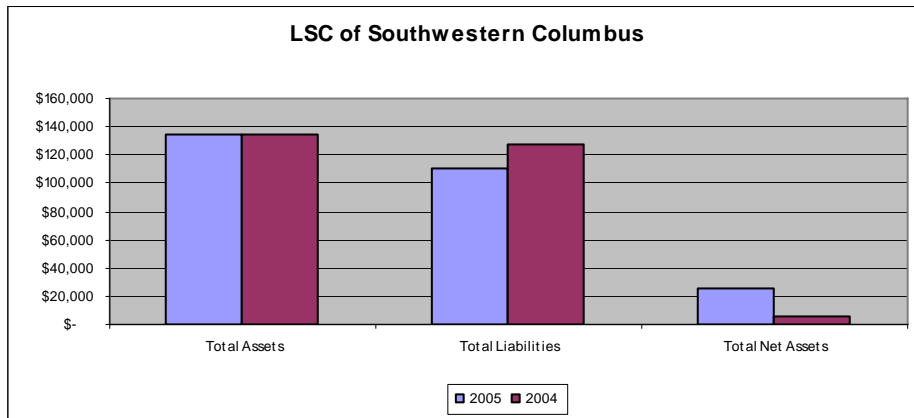
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

The discussion and analysis of Life Skills Center of Southwestern Columbus' (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2005. Readers should also review the basic financial statements and notes to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2005 are as follows:

- Total net assets increased \$19,419 in fiscal year 2005.
- Due to an increase in per pupil allotment, foundation revenue increased from \$2,200,590 in fiscal year 2004 to \$2,588,462 in fiscal year 2005.
- Grants increased from \$79,497 in fiscal year 2004 to \$396,714 in fiscal year 2005.
- Similarly, total expenses increased from \$2,247,899 in fiscal year 2004 to \$2,965,757 in fiscal year 2005.
- Current liabilities decreased \$18,198 with current assets increasing \$1,221 in fiscal year 2005.
- The School has no long term debt outstanding as of June 30, 2005.



Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* reflect how the School did financially during fiscal year 2005. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. The School uses enterprise presentation for all of its activities.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

Table 1 provides a summary of the School's net assets for 2005 compared to the prior year.

Table 1		
Net Assets		
	2005	2004
<u>Assets:</u>		
Cash and Other Current Assets	\$135,211	\$133,990
Total Assets	135,211	133,990
<u>Liabilities:</u>		
Current Liabilities	109,737	127,935
Total Liabilities	109,737	127,935
<u>Net Assets:</u>		
Unrestricted	25,474	6,055
Total Net Assets	\$25,474	\$6,055

Cash and other current assets remained constant with only a modest increase of \$1,221 from 2004 to 2005.

Accounts payable decreased from \$83,909 in 2004 to \$26,485 in 2005. But, intergovernmental payable increased from \$44,026 to \$83,252. This is due to a reversal in the Fulltime equivalency adjustment from not claiming enough students to over claiming students.

Total net assets increased by \$19,419. Two factors contribute to this increase. First, the per pupil allotment increased from \$5,058 in fiscal year 2004 to \$5,169 in fiscal year 2005. Second, the School received approximately \$300,000 more in fiscal year 2005 from grants.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

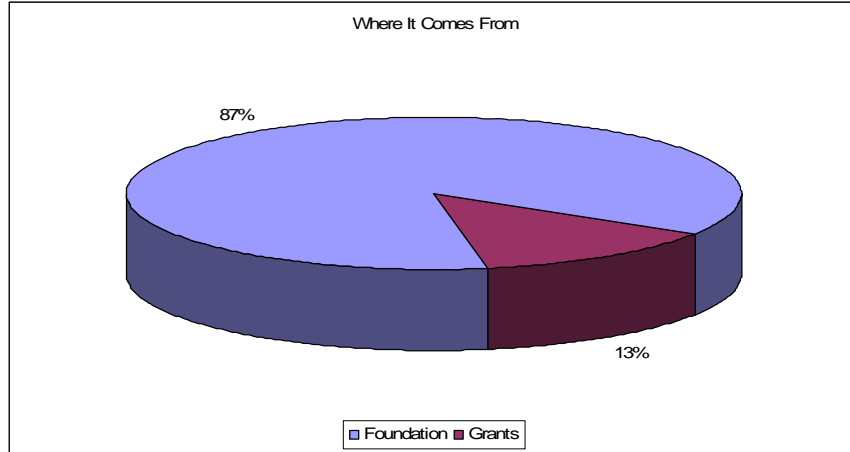
Table 2 shows Changes in Net Assets for the past 2 years.

Table 2 Changes in Net Assets		
	2005	2004
<u>Operating Revenues</u>		
Foundation	\$2,588,462	2,200,590
<u>Non-Operating Revenues</u>		
Grants	396,714	79,497
Total Revenues	2,985,176	2,280,087
<u>Operating Expenses</u>		
Fringe Benefits	96,139	79,018
Advertising	97	200
Board Meeting Expense	8,250	3,125
Liability Insurance	5,344	264
Other Services	43,663	1,200
Professional Services	2,775,593	2,153,500
Rent	9,000	9,000
Sponsor Fees	25,880	0
<u>Non-Operating Expenses</u>		
Income Tax Expense	1,791	1,592
Total Expenses	2,965,757	2,247,899
Total Increase in Net Assets	\$19,419	\$32,188

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. Foundation payments made up 87% of revenues for the School in fiscal year 2005. Grant revenues increased substantially due to the receipt of federal startup funding. The growth in funding and expenses corresponds to the growth in grants received. Grants were \$79,497 in 2004 compared to \$396,714 in 2005. While enrollment (based on FTE) was stagnant (359 in fiscal year 2004 compared to 353 in fiscal year 2005), revenue was up 31 percent.

LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)



Budgeting Highlights

The School is not required to follow the budgetary provisions set forth in Ohio Revised Code Section 5705.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the School had no capital assets. Per the management agreement, all capital assets are owned by WHLS of Ohio, LLC (dba LS Northern LLC).

Debt

At June 30, 2005, the School had no long term debt.

Current Financial Related Activities

The School's financial outlook over the next several years shows continued growth as enrollment is projected to increase.

Contacting Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Anthony English, Treasurer of Board, Life Skills Center of Southwestern Columbus, 3700 Corporate Drive, Suite 140, Columbus, Ohio 43231.

Life Skills Center of Southwestern Columbus
Franklin County
Statement of Net Assets
June 30, 2005

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents \$41,135

Receivables:

 Accounts 81,483

 Intergovernmental 12,593

Total Assets 135,211

Liabilities

Current Liabilities:

Accounts Payable 26,485

Intergovernmental Payable 83,252

Total Liabilities 109,737

Net Assets

Unrestricted \$25,474

See accompanying notes to the basic financial statements

Life Skills Center of Southwestern Columbus
Franklin County
Statement of Revenues,
Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2005

<u>Operating Revenues</u>	
Foundation	<u>\$2,588,462</u>
 Total Operating Revenues	 <u>2,588,462</u>
<u>Operating Expenses</u>	
Fringe Benefits	96,139
Advertising	97
Board Meeting Expense	8,250
Liability Insurance	5,344
Other Services	43,663
Professional Services	2,775,593
Rent	9,000
Sponsor Fees	<u>25,880</u>
 Total Operating Expenses	 <u>2,963,966</u>
 Operating Loss	 (375,504)
<u>Non-Operating Revenues (Expenses)</u>	
Income Tax Expense	(1,791)
Grants	<u>396,714</u>
 Total Non-Operating Revenues (Expenses)	 <u>394,923</u>
 Change in Net Assets	 19,419
 Net Assets Beginning of Year	 <u>6,055</u>
 Net Assets End of Year	 <u><u>\$25,474</u></u>

See accompanying notes to the basic financial statements

Life Skills Center of Southwestern Columbus
Franklin County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2005

Increase (Decrease) in Cash and Cash Equivalents	
<u>Cash Flows from Operating Activities</u>	
Cash Received from State	\$2,533,141
Cash Payments for Goods and Services	<u>(2,966,436)</u>
Net Cash Used for Operating Activities	<u>(433,295)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Grants Received	7,925
Federal Grants Received	424,190
Cash Payments for Income Tax	<u>(1,791)</u>
Net Cash Provided by Noncapital Financing Activities	<u>430,324</u>
Net Decrease in Cash and Cash Equivalents	(2,971)
Cash and Cash Equivalents Beginning of Year	<u>44,106</u>
Cash and Cash Equivalents End of Year	<u><u>\$41,135</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>	
Operating Loss	(\$375,504)
Adjustments:	
(Increase) Decrease in Assets:	
Accounts Receivable	(39,593)
Increase (Decrease) in Liabilities:	
Accounts Payable	(57,424)
Intergovernmental Payable	<u>39,226</u>
Net Cash Used For Operating Activities	<u><u>(\$433,295)</u></u>

See accompanying notes to the basic financial statements

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**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Southwestern Columbus (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with WHLS of Ohio, LLC (dba LS Northern LLC) for most functions. See Note 6.

The School was approved for operation under contract with the Ohio State Board of Education (the Sponsor) for a period of five years from May 16, 2000 through June 30, 2005. The School operates under a self-appointing four-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 trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor 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 provide services to 353 students. Certain members of the Board are also members of the Board of the Life Skills Center of Southeastern Columbus, the Life Skills Center of Southwestern Columbus and the YouthBuild Columbus Community School.

The Ellendale Group, a state nonprofit organization established pursuant to Ohio Rev. Code Chapter 1702, was originally formed in September 2001 to provide a fostering structure for the provision, development and management of one or more community schools in Franklin County, Ohio, and for any and all lawful purposes for which a corporation may be formed under Chapter 1702 of the Revised Code. The Ellendale Group intended to govern approved contracts for community schools with the following names: the Life Skills Center of Columbus, the Life Skills Center of Southwestern Ohio and the Life Skills Center of Montgomery County (name to be changed once location of school was determined).

Pursuant to the instruction and requirement of the Ohio Department of Education with respect to the three (3) Life Skills Centers in the Columbus area, and the assignments of each community school contract, a separate nonprofit entity had to be formed to govern each School. As a result, the Ellendale Group amended its articles of incorporation in June 2002 in order to change the name of the nonprofit to the Life Skills Center of Southeastern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Columbus. A nonprofit was formed May 2002 in the name of the Life Skills Center of Southwestern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Montgomery County. Also formed in May 2002 was the nonprofit entity the Life Skills Center of Southwestern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Southwestern Ohio.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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. The School also applies Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989, provided they do not conflict with GASB pronouncements. The more significant of the School's accounting policies are described below.

A. BASIS OF PRESENTATION

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

The School uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows reflects how the School finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting purposes. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

C. BUDGETARY PROCESS

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705.

D. CASH AND CASH EQUIVALENTS

All cash received by the School is maintained in a demand deposit account. The School did not have any investments during fiscal year 2005.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CAPITAL ASSETS AND DEPRECIATION

The School operates under a management agreement with WHLS, and as such the School has no capital assets. (See Note 6)

F. INTERGOVERNMENTAL REVENUES

The School currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenue received from these programs are recognized as operating revenues. Amounts awarded under the above programs for the 2005 school year totaled \$2,588,462.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the school must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. The School received \$7,925 in state grants during fiscal year 2005.

The School also participates in the Comprehensive Continuous Improvement Planning Program through the Ohio Department of Education. Under this program, the School was awarded \$88,789 during the year ended June 30, 2005. The School also received a charter school grant in the amount of \$300,000.

G. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

H. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. 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.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2005, the School has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosure", which modifies the disclosures for deposits and investments. See Note 4 "Deposits" for the required disclosures. The implementation of this statement did not result in any change to the School's financial statements.

4. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2005, the carrying amount of the School's deposits was \$41,135 and the bank balance was \$41,135. Of the bank balance, all was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure, no amounts were uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

5. 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 (See Note 6).

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

Worker's Compensation - WHLS is responsible for paying the State Workers Compensation System a premium for employee injury coverage.

6. AGREEMENT WITH WHLS

Effective January 27, 2004, the School entered into a three-year Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. The agreement's termination date is June 30, 2005. WHLS is responsible and accountable to the Board for the administration, operation and performance of the School in accordance with the School's contract with the Ohio State Board of Education to operate the School. The School had purchased service expenses for the year ended June 30, 2005 to WHLS of \$2,775,593. Significant provisions of the Agreement are as follows:

Management, Consulting, and Operation Fee. The School is required to pay WHLS a monthly continuing fee of 97% of the School's "Qualified Gross Revenues", defined in the Agreement as, "...all educational revenues received from the federal, state, and/or local government...does not include student fees, contributions and PTA/PTO income and misc. revenue received...also does not include any state or federal funding that is meant to be a dollar for dollar reimbursement for expenditures made by the company" and "shall be paid 100% of all contributions and grants not specifically referenced above received by the Non Profit as a result of the company's efforts" The continuing fee is paid to WHLS based on the previous month's qualified gross revenues.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

6. AGREEMENT WITH WHLS (Continued)

Other School Financial Responsibilities. The School is responsible for its directors' and officers' insurance, legal fees for School Board representation and general corporate matters, accounting, audit, tax and consulting fees for the School, and other miscellaneous expenses not incurred in the normal day-to-day operation of the School.

WHLS Financial Responsibilities Except as otherwise provided in the Agreement, all costs incurred in providing the educational program at the School are to be paid by WHLS. Such costs include, but are not limited to, salaries and benefits for all personnel, curriculum materials, textbooks, library books, computer and other equipment, software, supplies, building payments, maintenance, and capital improvements. All personal property used in the operation of the School is the property of WHLS, unless purchased directly by the School with Federal funds.

WHLS is required to maintain, at WHLS' expense, commercial general liability insurance in the name of the School in an amount not less than \$1 million per occurrence and \$2 million in the aggregate, and excess umbrella liability insurance of not less than \$10 million per occurrence and \$15 million in the aggregate.

Personnel WHLS has the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel, consistent with state and federal law and the Contract.

Compensation and benefits of all employees of the School is paid by WHLS. If WHLS fails to pay this compensation, the School, in its sole discretion, may pay such compensation and offset the amount by withholding an equal amount from the fees owed to WHLS under the Agreement.

Termination by the School. The School may terminate the Agreement in the event WHLS materially breaches the Agreement or the Contract and WHLS does not cure the material breach within 30 days of its receipt of written notice from the School, unless the breach cannot be reasonably cured within 30 days, in which case the WHLS shall promptly undertake and continue efforts to cure said material breach within a reasonable time.

Termination by WHLS. WHLS may, at its option, terminate the Agreement upon the occurrence of certain events as defined in the Agreement.

7. PROFESSIONAL SERVICES CONTRACT

The School contracts with Youth Over Us, Inc., a nonprofit corporation, to provide office facilities space and professional services relating to financial record keeping, audit preparation and grants research. Monthly services are billed as follows:

<u>Description</u>	<u>Amount</u>
Office Rental Space	\$ 750
Office Support	\$ 100
Bookkeeping	\$ 1,000
Grants Research	\$ 250
Total	\$ 2,100

During fiscal year 2005, \$25,200 was paid to Youth Over Us, Inc for services provided during to fiscal year 2005 and \$25,200 for services provided in previous fiscal years.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

7. PROFESSIONAL SERVICES CONTRACT (Continued)

The School also contracts with Ohio Community School Consultants (OCSC) for preparing the MD&A and notes to the financial statements. During fiscal year 2005, \$500 was paid to OCSC.

8. DEFINED BENEFIT PENSION PLANS

The School has contracted with WHLS to provide employee services and to pay those employees. However, these contract services do not relieve the school of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to each of the systems noted below:

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

WHLS, on behalf of the School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and WHLS (on behalf of the School) is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of WHLS' contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for the fiscal year 2005, 10.57 percent of annual covered salary was the portion to fund pension obligations. For fiscal year 2004, 9.09 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2005 and 2004 were \$0 as WHLS has financial responsibility for these payments.

B. STATE TEACHERS RETIREMENT SYSTEM

WHLS, on behalf of the School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members, and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215 or by calling (614) 227-4090.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

B. STATE TEACHERS RETIREMENT SYSTEM (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service that becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. WHLS (on behalf of the School) was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2005 and 2004 were \$0 as WHLS has financial responsibility for these payments.

9. POSTEMPLOYMENT BENEFITS

WHLS, on behalf of the School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired noncertified employees and their dependents through the State Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve fund. STRS Ohio pays health care benefits from the Health Care Reserve fund. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254.780 million and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004.

In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, the School paid \$4,969 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 (latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2005, White Hat Management Company, LLC incurred the following expenses on behalf of the School.

	2005
Expenses	
Direct Expenses:	
Salaries & wages	\$ 697,352
Employees' benefits	197,043
Professional & technical services	369,605
Property services	306,404
Communications	48,825
Utilities	30,220
Books, periodicals, & films	9,480
Other supplies	143,691
Depreciation	193,682
Other direct costs	154,724
Indirect Expenses:	
Overhead	616,525
Total Expenses	\$ 2,767,551

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

11. CONTINGENCIES

A. 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 which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School.

B. PENDING LITIGATION

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e., Charter) Schools program violates the state Constitution and state laws. On April 21, 2003, the court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed and the case was heard on November 18, 2003.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

11. CONTINGENCIES (Continued)

B. PENDING LITIGATION (Continued)

On August 24, 2005, the Court of Appeals rendered a decision that community schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The Ohio Supreme Court accepted the appeal from the Court of Appeals for review on February 16, 2005. Oral argument occurred November 29, 2005. The effect of this suit, if any, on the School is not presently determinable.

C. FULL TIME EQUIVALENCY

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review for fiscal year 2005 resulted in the discovery of an overpayment to the School in the amount of \$83,252. This amount has been recorded as intergovernmental payable in the financial statements. Under the terms of the management agreement with WHLS (See Note 6), a related accounts receivable in the amount of \$80,754 has been recorded by the School for 97% of the amount due to WHLS.

D. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

12. FEDERAL TAX STATUS

In accordance with the options granted under existing Ohio law, the School has not filed for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. The School has indicated that it will operate the School as an Ohio not-for-profit corporation but will not currently apply for tax exempt status under any Internal Revenue Code Section, including, but not limited to, Internal Revenue Code Section 501(c)(3). As such, the School is subject to federal income tax.

13. RELATED PARTY TRANSACTIONS

The transactions with Youth Over Us described in Note 7 are related party transactions.

The School contracts with Buckeye Community Hope Foundation, sponsor (beginning April 2005). Mr. Guthrie and Mr. Boone resigned from the Board of Life Skills Center of Northern, Southeastern, and Southwestern Columbus to become board member of Buckeye Community Hope Foundation. Mr. Riemenschneider resigned from the Board of Life Skills Center of Northern, Southeastern, and Southwestern Columbus to work full time at Buckeye Community Hope Foundation. Mr. English is employed full time by Buckeye Community Hope Foundation while serving as the Treasurer of the Board of the Life Skills Center of Northern, Southeastern, and Southwestern Columbus. Per review of the School's contract with Buckeye Community Hope Foundation, these relationships are allowed. The contract states "...the annual sponsorship fee to be paid to Buckeye Community Hope Foundation be set at 3% of the State's annual School Foundation support.

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005
(Continued)**

14. SUBSEQUENT EVENT

On November 30, 2005, the School began the process of filing for tax exempt status under section 501(c)(3) of the Internal Revenue Code.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Life Skills Center of Southwestern Columbus
Franklin County
3700 Corporate Drive, Suite 140
Columbus, Ohio 43231

To the Board of Directors:

We have audited the financial statements of Life Skills Center of Southwestern Columbus, Franklin County, Ohio (the School) as of and for the year ended June 30, 2005 and have issued our report thereon dated April 30, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the School's management dated April 30, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*. In a separate letter to the School's management dated April 30, 2006, we reported other matters related to noncompliance we deemed immaterial.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Life Skills Center of Southwestern Columbus
Franklin County
Independent Accountants' Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Required by Government Auditing Standards
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 30, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**LIFE SKILLS CENTER OF SOUTHWESTERN COLUMBUS
FRANKLIN COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 20, 2006**