

Renaissance Middle Charter School
(A Component Unit of the School
Board of Miami-Dade County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2016

Renaissance Middle Charter School

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Renaissance Middle Charter School
A Department of Renaissance Charter School, Inc.
Doral, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Middle Charter School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2016, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2016 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2016 in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 25, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Renaissance Middle Charter School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2016 and 2015.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2016, the School's fund balance was \$ 266,157 as compared to \$ 373,151 at June 30, 2015.
- As of June 30, 2016, the School has net position of \$ 528,347, as compared to \$ 521,849 as of June 30, 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances. The General Fund, Special Revenue Fund and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 14 of this report.

Agency Fund: In addition, the School has one agency fund which is a student activity fund. This fund is formed for educational and school purposes.

The basic agency fund financial statement can be found on page 15 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 23 of this report.

Government-Wide Financial Analysis

The School has been in operation for eleven years; therefore, comparative government-wide data is presented. The School's net position was \$ 528,347 at June 30, 2016. Of this amount, \$ 275,011 represents net investment in capital assets and \$ 253,336 represents amounts which are unrestricted. The School's net position was \$ 521,849 at June 30, 2015. Of this amount, \$ 161,812 represents net investment in capital assets and \$ 360,037 represents amounts which are unrestricted.

**Renaissance Middle Charter School
Management's Discussion and Analysis
June 30, 2016**

Our analysis in the table below focuses on the net position of the School's governmental activities:

Renaissance Middle Charter School Net Position		
	June 30, 2016	June 30, 2015
ASSETS:		
Current and other assets	\$ 491,080	\$ 536,565
Capital assets, net of depreciation	409,155	161,812
Total assets	<u>900,235</u>	<u>698,377</u>
LIABILITIES:		
Current liabilities	273,809	173,250
Noncurrent liabilities	98,079	3,278
Total liabilities	<u>371,888</u>	<u>176,528</u>
NET POSITION:		
Net investment in capital assets	275,011	161,812
Unrestricted	253,336	360,037
Total net position	<u>\$ 528,347</u>	<u>\$ 521,849</u>

Governmental Activities: The results of this year's operations for the School as a whole are reported in the statement of activities on page 8. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2016 and 2015:

Renaissance Middle Charter School Change in Net Position		
	June 30, 2016	June 30, 2015
REVENUES:		
General revenues	\$ 2,774,880	\$ 2,773,529
Program revenues	420,166	415,807
Total revenues	<u>3,195,046</u>	<u>3,189,336</u>
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	1,563,107	1,492,090
Instructional support services	1,437,902	1,348,385
Non-instructional services	187,539	225,962
Total governmental activities	<u>3,188,548</u>	<u>3,066,437</u>
Change in net position	<u>\$ 6,498</u>	<u>\$ 122,899</u>

**Renaissance Middle Charter School
Management's Discussion and Analysis
June 30, 2016**

Governmental Fund Expenditures: In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2016		2015	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 1,473,198	41.1%	\$ 1,407,578	45.3%
Plant operations and maintenance	976,592	27.2%	972,085	31.3%
Facilities acquisition and construction	370,195	10.3%	133,118	4.3%
Administrative services	181,290	5.1%	149,087	4.8%
Debt service	166,206	4.6%	-	-
All other functions/programs	421,559	11.7%	442,656	14.3%
Total governmental expenditures	<u>\$ 3,589,040</u>	<u>100.0%</u>	<u>\$ 3,104,524</u>	<u>100.0%</u>

Capital Assets and Debt Administration

Capital assets: At June 30, 2016, the School had capital assets of \$ 409,155, net of accumulated depreciation, invested in computer equipment, furniture and equipment, and leasehold improvements, as compared to \$ 161,812 at June 30, 2015.

Debt: At June 30, 2016, the School had outstanding debt of \$ 134,144, as compared to zero at June 30, 2015. Additional information on the School's debt can be found in Notes 8 and 9 on page 22.

General Fund Budgetary Highlights

Although enrollment was slightly under budget, an increased rate per student resulted in revenues favorable to budget by approximately \$ 21,600. Unanticipated HVAC expenditures were offset by proceeds from a capital lease and the School ended the year with a net change in fund balance favorable to budget by approximately \$ 26,700.

Economic Factors and Next Year's Budget

The State of Florida has increased its Florida Education Finance Program funding for the next year by approximately 1%. This brings the per student funding to \$ 7,178.49. In addition, the Charter School Capital Outlay pool, which includes all charter schools, was increased to \$ 75,000,000.

Expenditures are budgeted in proportion to enrollment as well as strategic objectives at the School.

Requests for Information

If you have any questions about this report or need additional information, please write Hillary Daigle, Vice President of Finance, Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC FINANCIAL STATEMENTS

Renaissance Middle Charter School
Statement of Net Position
June 30, 2016

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 404,717
Due from Agency Fund	3,821
Due from management company	28,741
Due from related party	304
Due from other governments	9,690
Prepaid items	30,067
Deposits	<u>13,740</u>
Total current assets	491,080
Noncurrent Assets:	
Capital assets (depreciable), net of accumulated depreciation	<u>409,155</u>
Total assets	<u>900,235</u>
Current Liabilities:	
Accounts payable	40,125
Salaries and wages payable	154,666
Due to related parties	30,132
Compensated absences	9,616
Capital lease	<u>39,270</u>
Total current liabilities	<u>273,809</u>
Noncurrent Liabilities:	
Compensated absences	3,205
Capital lease	<u>94,874</u>
Total noncurrent liabilities	<u>98,079</u>
Total liabilities	<u>371,888</u>
Commitments (Note 10)	-
Net Position:	
Net investment in capital assets	275,011
Unrestricted	<u>253,336</u>
Total net position	<u>\$ 528,347</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
Statement of Activities
For the Year Ended June 30, 2016**

	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 1,563,107	\$ -	\$ 49,814	\$ -	\$ (1,513,293)
Pupil personnel services	62,625	-	-	-	(62,625)
Instructional and curriculum development services	2,499	-	-	-	(2,499)
Instruction related technology	66,746	-	2,011	-	(64,735)
School Board	12,948	-	-	-	(12,948)
School administration	181,290	-	-	-	(181,290)
Fiscal services	3,211	-	-	-	(3,211)
Food services	120,580	28,431	81,860	-	(10,289)
Central services	1,015	-	-	-	(1,015)
Pupil transportation services	115,500	-	43,152	-	(72,348)
Operation of plant	895,895	-	24,557	83,119	(788,219)
Maintenance of plant	113,347	-	-	-	(113,347)
Community services	36,435	107,222	-	-	70,787
Interest on long-term debt	13,350	-	-	-	(13,350)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ <u>3,188,548</u>	\$ <u>135,653</u>	\$ <u>201,394</u>	\$ <u>83,119</u>	<u>(2,768,382)</u>
General revenues:					
Grants and entitlements					2,774,255
Other income					625
					<u> </u>
					Total general revenues
					<u>2,774,880</u>
					Change in net position
					6,498
					Net position, July 1, 2015
					<u>521,849</u>
					Net position, June 30, 2016
					<u>\$ 528,347</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
Balance Sheet - Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 404,717	\$ -	\$ -	\$ 404,717
Due from Agency Fund	3,821	-	-	3,821
Due from management company	28,741	-	-	28,741
Due from related party	304	-	-	304
Due from other governments	-	2,468	7,222	9,690
Due from other funds	9,690	-	-	9,690
Prepaid items	30,067	-	-	30,067
Deposits	13,740	-	-	13,740
	<u>491,080</u>	<u>2,468</u>	<u>7,222</u>	<u>500,770</u>
Total assets	<u>\$ 491,080</u>	<u>\$ 2,468</u>	<u>\$ 7,222</u>	<u>\$ 500,770</u>
Liabilities:				
Accounts payable	\$ 40,125	\$ -	\$ -	\$ 40,125
Salaries and wages payable	154,666	-	-	154,666
Due to related parties	30,132	-	-	30,132
Due to other funds	-	2,468	7,222	9,690
	<u>224,923</u>	<u>2,468</u>	<u>7,222</u>	<u>234,613</u>
Total liabilities	<u>224,923</u>	<u>2,468</u>	<u>7,222</u>	<u>234,613</u>
Commitments (Note 10)	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid items	30,067	-	-	30,067
Deposits	13,740	-	-	13,740
Unassigned	222,350	-	-	222,350
	<u>266,157</u>	<u>-</u>	<u>-</u>	<u>266,157</u>
Total fund balances	<u>266,157</u>	<u>-</u>	<u>-</u>	<u>266,157</u>
Total liabilities and fund balances	<u>\$ 491,080</u>	<u>\$ 2,468</u>	<u>\$ 7,222</u>	<u>\$ 500,770</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2016**

Total Fund Balances - Governmental Funds, Page 9 \$ 266,157

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental cost of capital assets	\$ 987,700	
Less accumulated depreciation	<u>(578,545)</u>	409,155

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(12,821)	
Capital lease payable	<u>(134,144)</u>	<u>(146,965)</u>

Net Position of Governmental Activities, Page 7 \$ 528,347

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
Statement of Revenues, Expenditures and
Change in Fund Balance - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
Federal through state	\$ -	\$ 81,378	\$ -	\$ 81,378
State sources	2,867,221	2,493	83,119	2,952,833
Local sources	53,613	-	-	53,613
Aftercare	107,222	-	-	107,222
	<u>3,028,056</u>	<u>83,871</u>	<u>83,119</u>	<u>3,195,046</u>
Total revenues				
Expenditures:				
Instruction	1,473,198	-	-	1,473,198
Pupil personnel services	62,625	-	-	62,625
Instructional and curriculum development services	2,499	-	-	2,499
Instruction related technology	64,735	2,011	-	66,746
School Board	12,948	-	-	12,948
School administration	181,290	-	-	181,290
Facilities acquisition and construction	370,195	-	-	370,195
Fiscal services	3,211	-	-	3,211
Food services	38,720	81,860	-	120,580
Central services	1,015	-	-	1,015
Pupil transportation services	115,500	-	-	115,500
Operation of plant	780,126	-	83,119	863,245
Maintenance of plant	113,347	-	-	113,347
Community services	36,435	-	-	36,435
Debt service:				
Principal	152,856	-	-	152,856
Interest	13,350	-	-	13,350
	<u>3,422,050</u>	<u>83,871</u>	<u>83,119</u>	<u>3,589,040</u>
Total expenditures				
Change in fund balances before other financing sources	(393,994)	-	-	(393,994)
Other Financing Sources:				
Proceeds from capital lease	287,000	-	-	287,000
	<u>287,000</u>	<u>-</u>	<u>-</u>	<u>287,000</u>
Net change in fund balances	(106,994)	-	-	(106,994)
Fund Balances, July 1, 2015	<u>373,151</u>	<u>-</u>	<u>-</u>	<u>373,151</u>
Fund Balances, June 30, 2016	<u>\$ 266,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,157</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
 Reconciliation of the Statement of Revenues,
 Expenditures and Change in Fund Balances
 of the Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2016**

**Amounts Reported for Governmental Activities in the
 Statement of Activities are Different Because:**

Change in fund balances - governmental fund, page 11 \$ (106,994)

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets is depreciated over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$ 370,195	
Provision for depreciation	<u>(122,852)</u>	247,343

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Proceeds from capital lease (287,000)

Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	293	
Repayment of debt principal	<u>152,856</u>	<u>153,149</u>

Change in Net Position of Governmental Activities, Page 8 \$ 6,498

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
Statement of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	\$ 2,901,582	\$ 2,924,211	\$ 22,629
Local sources	50,503	53,613	3,110
Aftercare	111,312	107,222	(4,090)
	<u>3,063,397</u>	<u>3,085,046</u>	<u>21,649</u>
Expenditures:			
Instruction	1,466,603	1,473,198	(6,595)
Pupil personnel services	53,276	62,625	(9,349)
Instruction and curriculum development services	4,770	2,499	2,271
Instructional staff training services	4,800	-	4,800
Instruction related technology	67,920	64,735	3,185
School Board	18,000	12,948	5,052
School administration	234,101	181,290	52,811
Facilities acquisition and construction	162,140	370,195	(208,055)
Fiscal services	6,083	3,211	2,872
Food services	48,901	38,720	10,181
Central services	58,326	58,005	321
Pupil transportation services	118,800	115,500	3,300
Operation of plant	717,609	780,126	(62,517)
Maintenance of plant	110,790	113,347	(2,557)
Community services	68,542	36,435	32,107
Debt service:			
Principal	56,443	152,856	(96,413)
Interest	-	13,350	(13,350)
	<u>3,197,104</u>	<u>3,479,040</u>	<u>(281,936)</u>
Change in fund balances before other financing sources	(133,707)	(393,994)	(260,287)
Other Financing Sources:			
Proceeds from capital lease	-	287,000	287,000
Net change in fund balance	<u>\$ (133,707)</u>	<u>\$ (106,994)</u>	<u>\$ 26,713</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Middle Charter School
Statement of Revenues and Expenditures
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources:			
National School Lunch Program	\$ 74,178	\$ 79,367	\$ 5,189
Race to the Top	-	2,011	2,011
State sources:			
National School Lunch Program	<u>2,330</u>	<u>2,493</u>	<u>163</u>
Total revenues	<u>76,508</u>	<u>83,871</u>	<u>7,363</u>
Expenditures:			
Instruction related technology	-	2,011	(2,011)
Food services	<u>76,508</u>	<u>81,860</u>	<u>(5,352)</u>
Total expenditures	<u>76,508</u>	<u>83,871</u>	<u>(7,363)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Renaissance Middle Charter School
Statement of Assets and Liabilities - Agency Fund
June 30, 2016

	<u>Student Activity</u>
Assets:	
Cash	\$ <u>10,447</u>
Total assets	\$ <u><u>10,447</u></u>
Liabilities:	
Due to General Fund	\$ 3,821
Due to students	<u>6,626</u>
Total liabilities	\$ <u><u>10,447</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Renaissance Middle Charter School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, was established in June 2005 as a public charter middle school to serve students from sixth to eighth grade in Miami-Dade County. The School is a Department of Renaissance Charter School, Inc., a Florida nonprofit corporation organized in August 1998. There were 441 students enrolled for the 2015/2016 school year.

The basic financial statements of the School, present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present the financial position of the Renaissance Charter School, Inc. as of June 30, 2016, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District. The current charter is effective until June 30, 2030, and may be renewed for up to an additional fifteen years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case, the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Miami-Dade County Public School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide statements: The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2016 the School had program revenues of \$ 420,166.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Fund financial statements: The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The School reports the following major governmental funds:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Measurement focus and basis of accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Note 2 - Summary of Significant Accounting Policies (continued)

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to and due from other funds: Interfund receivables and payable arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payment between funds are made.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 2% administration fee retained by the School Board. This funding is received on a pro rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a division of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Furniture and equipment	5 years
Computer equipment	3-5 years
Leasehold improvements	10 years

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has legal claim to them.

Note 2 - Summary of Significant Accounting Policies (continued)

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Note 2 - Summary of Significant Accounting Policies (continued)

- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 9.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements, except for the reporting of a 2% administration fee retained by the School Board.

A reconciliation of the General Fund presented on a budgetary basis to the amount presented in accordance with generally accepted accounting principles (GAAP) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis, page 13	\$ 3,085,046	\$ 3,479,040
Less: 2% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(56,990)</u>	<u>(56,990)</u>
GAAP basis, page 11	<u>\$ 3,028,056</u>	<u>\$ 3,422,050</u>

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management Review: The School has evaluated subsequent events through August 25, 2016, which is the date that the financial statements were available to be issued.

Note 3 - Deposits

At June 30, 2016, the carrying amount of the deposits and cash on hand totaled \$ 415,164 with a bank balance of \$ 424,567.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2016.

**Renaissance Middle Charter School
Notes to Basic Financial Statements
June 30, 2016**

Note 4 - Due From Other Governments

Due from other governments at June 30, 2016 consists of amounts due from the Florida Department of Agriculture for National School Lunch Program and from the Florida Department of Education for capital outlay funding.

Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2016 are as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets, depreciable:				
Furniture and equipment	\$ 142,022	\$ 4,600	\$ -	\$ 146,622
Computer equipment	435,984	73,555	-	509,539
Leasehold improvements	<u>39,499</u>	<u>292,040</u>	<u>-</u>	<u>331,539</u>
Total capital assets, depreciable	<u>617,505</u>	<u>370,195</u>	<u>-</u>	<u>987,700</u>
Accumulated depreciation:				
Furniture and equipment	92,320	19,896	-	112,216
Computer equipment	352,746	70,306	-	423,052
Leasehold improvements	<u>10,627</u>	<u>32,650</u>	<u>-</u>	<u>43,277</u>
Total accumulated depreciation	<u>455,693</u>	<u>122,852</u>	<u>-</u>	<u>578,545</u>
Net capital assets	<u>\$ 161,812</u>	<u>\$ 247,343</u>	<u>\$ -</u>	<u>\$ 409,155</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 90,202
Operation of plant	<u>32,650</u>
	<u>\$ 122,852</u>

Note 6 - Due From/To Related Parties

The School is a Department of Renaissance Charter School, Inc. ("RCS"). As of June 30, 2016 RCS owes the School \$ 304 for various prepaid expenses.

The School and Renaissance Elementary Charter School ("RECS") are affiliated, as they share common board membership and are Departments of Renaissance Charter School, Inc. As of June 30, 2016 the basic financial statements include an amount due to RECS of \$ 30,013 for payroll related expenses. The School shares common board membership with various other schools as well and as of June 30, 2016 the basic financial statements include amounts due to numerous of these affiliated schools of \$ 119, in aggregate, for payroll related expenses.

Note 7 - Operating Lease

The School leases its facility under an operating lease which expires in June 2019. The lease requires base monthly payments of \$ 47,283 as well as fees for common area maintenance.

Future minimum lease payments required under long-term noncancelable operating leases at June 30, 2016 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Operating Lease</u>
2017	\$ 567,400
2018	\$ 567,400
2019	\$ 567,400

Rent totaled \$ 567,396 for the year ended June 30, 2016.

Note 8 - Capital Lease

During the year, the School entered into a capital lease arrangement for the replacement of the HVAC system. The lease requires monthly payments of \$ 4,200 through July 2019. As of June 30, 2016, the net book value of the leased equipment is \$ 258,300. Amortization of HVAC system is included with depreciation expense.

The following is a schedule of the future minimum payments as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 39,270	\$ 11,136	\$ 50,406
2018	43,195	7,212	50,407
2019	47,511	2,895	50,406
2020	4,168	33	4,201
	<u>\$ 134,144</u>	<u>\$ 21,276</u>	<u>\$ 155,420</u>

Note 9 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2016, are as follows:

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2016</u>	<u>Amount Due Within One Year</u>
Capital lease	\$ -	\$ 287,000	\$ 152,856	\$ 134,144	\$ 39,270
Compensated absences	13,114	7,780	8,073	12,821	9,616
	<u>\$ 13,114</u>	<u>\$ 294,780</u>	<u>\$ 160,929</u>	<u>\$ 146,965</u>	<u>\$ 48,886</u>

Note 10 - Commitments

The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall receive all revenues minus certain expenses paid by the Board directly as its gross revenue, from which it pays all other operating costs of the School identified in the budget approved by the Board. CSUSA is entitled to retain as compensation for its services the difference, if any, between the amount of the School's revenues and the amount of revenues expended by CSUSA in the course of operation and management of the School. The agreement expires in June 2020.

For the fiscal year ended June 30, 2016, there was no amount of compensation received by CSUSA for operating the School.

The School's accounts payable balance contains an amount due to CSUSA of \$ 1,116. The School has an amount due from the management company of \$ 28,741 at June 30, 2016.

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees.

Note 11 - Employee Benefit Plan

During the year ended June 30, 2016, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 3,315 for the year ended June 30, 2016.

Note 12 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled \$ 83,119 for the 2015/2016 school year, which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of non-renewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay its portion of the lease expense on the facility.

Note 13 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

OTHER INDEPENDENT
AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S 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
Renaissance Middle Charter School
A Department of Renaissance Charter School, Inc.
Doral, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Middle Charter School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 opinions 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 25, 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Renaissance Middle Charter School
A Department of Renaissance Charter School, Inc.
Doral, Florida

Report on the Financial Statements

We have audited the financial statements of Renaissance Middle Charter School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 25, 2016.

Auditor's 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 Report

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 25, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Renaissance Middle Charter School.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the 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.

Transparency

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

Other Matters

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 25, 2016