

**RENAISSANCE ELEMENTARY
CHARTER SCHOOL**
(A COMPONENT UNIT OF THE SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS

June 30, 2013

RENAISSANCE ELEMENTARY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS
June 30, 2013

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BASIC FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Renaissance Elementary Charter School
Miami, 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 Elementary 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, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 and each major fund 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, 2013 and its changes in financial position or budgetary comparisons, where applicable, for the year ended June 30, 2013 in conformity with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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, 2013, 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.

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 7 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 29, 2013, 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 & CO., LLP

Fort Lauderdale, Florida
August 29, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

As management of Renaissance Elementary 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, 2013 and 2012.

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.

- The net position of the School as of June 30, 2013 was \$ 706,456, as compared to \$ 550,241 as of June 30, 2012.
- As of June 30, 2013, the School had a fund balance of \$ 1,807,039.

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 8 and 9 of this report.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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 10 through 15 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 16 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 17 through 26 of this report.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for twelve years; therefore, comparative government-wide data is presented. The School's net position was \$ 706,456 at June 30, 2013. Of this amount, \$ 1,807,039 represents unrestricted net position and \$ (1,100,583) represents net investment in capital assets (deficit). The School's net position was \$ 550,241 at June 30, 2012. Of this amount, \$ 1,255,369 represented unrestricted net position and \$ (705,128) represented net investment in capital assets (deficit).

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

Renaissance Elementary Charter School Net Position		
	June 30, 2013	June 30, 2012
ASSETS:		
Current and other assets	\$ 2,159,274	\$ 1,633,759
Capital assets, net of depreciation	<u>12,571,290</u>	<u>12,911,834</u>
Total assets	<u>14,730,564</u>	<u>14,545,593</u>
LIABILITIES:		
Current liabilities	527,235	353,390
Long term liabilities	<u>13,496,873</u>	<u>13,641,962</u>
Total liabilities	<u>14,024,108</u>	<u>13,995,352</u>
NET POSITION:		
Net investment in capital assets (deficit)	(1,100,583)	(705,128)
Unrestricted	<u>1,807,039</u>	<u>1,255,369</u>
Total net position	<u>\$ 706,456</u>	<u>\$ 550,241</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 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2013 and 2012:

Renaissance Elementary Charter School Changes in Net Position		
	June 30, 2013	June 30, 2012
REVENUES:		
General revenues	\$ 5,730,382	\$ 4,972,736
Program revenues	<u>975,058</u>	<u>1,333,584</u>
Total revenues	<u>6,705,440</u>	<u>6,306,320</u>

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Renaissance Elementary Charter School
Changes in Net Position
(continued)

	June 30, 2013	June 30, 2012
FUNCTIONS/PROGRAM		
EXPENSES:		
Instruction	2,456,443	2,413,373
Instructional support services	1,675,215	1,576,236
Non-instructional services	<u>2,417,567</u>	<u>2,620,016</u>
 Total governmental activities	 <u>6,549,225</u>	 <u>6,609,625</u>
 Change in net position	 \$ <u>156,215</u>	 \$ <u>(303,305)</u>

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	2013		2012	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,334,002	37.8%	\$ 2,295,867	36.7%
Fiscal services	972,505	15.7%	1,124,273	18.0%
Debt service	947,538	15.3%	947,538	15.2%
Plant operations and maintenance	708,983	11.5%	725,378	11.6%
Administrative services	451,895	7.3%	381,201	6.1%
All other functions/programs	<u>763,847</u>	<u>12.4%</u>	<u>777,051</u>	<u>12.4%</u>
 Total governmental expenditures	 \$ <u>6,178,770</u>	 <u>100.0%</u>	 \$ <u>6,251,308</u>	 <u>100.0%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2013, the School had capital assets of \$ 12,571,290, net of accumulated depreciation, invested in buildings, computer equipment, furniture and equipment and leasehold improvements as compared to \$ 12,911,834 at June 30, 2012.

Debt

At June 30, 2013, the School had debt of \$ 13,671,873, as compared to \$ 13,641,962 at June 30, 2012. More information about the School's debt is in Note 8 on pages 23 and 24 of the basic financial statements.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were favorable to the budget for the year ended June 30, 2013 as enrollment was higher than the plan, with per student FEFP funding greater than budgeted by 1%.

Expenditures were also favorable to budget due to savings in several categories. The School ended the year with a change in fund balance which was favorable to budget by approximately \$ 441,700.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Florida is projecting a 6.34% funding increase in per student revenue for next fiscal year. In addition, Charter School Capital Outlay funding is expected to increase.

Expenditures are budgeted to rise in proportion to the expected growth at the school. A salary and merit pay increase pool have been built into the budgets for all eligible school staff.

REQUESTS FOR INFORMATION

If you have any questions about this report or need additional information, please write Hillary Daigle, Controller, Charter Schools USA, 6425 North Federal Highway, 5th Floor, Fort Lauderdale, Florida 33308.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2013

A S S E T S

	<u>Governmental Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,965,191
Due from related party	90,576
Due from other governments	20,365
Other receivables	1,823
Note receivable	61,267
Prepaid expenditures and other assets	1,042
Deposits	<u>19,010</u>
Total current assets	2,159,274
NONCURRENT ASSETS:	
Capital assets (depreciable), net of accumulated depreciation	<u>12,571,290</u>
Total assets	<u>14,730,564</u>

L I A B I L I T I E S A N D N E T P O S I T I O N

CURRENT LIABILITIES:	
Accounts payable	63,232
Salaries and wages payable	283,011
Due to management company	1,728
Due to Agency Fund	2,772
Unearned revenue	1,492
Capital lease, due within one year	<u>175,000</u>
Total current liabilities	<u>527,235</u>
NONCURRENT LIABILITIES:	
Capital lease, due in more than one year	<u>13,496,873</u>
Total liabilities	<u>14,024,108</u>
COMMITMENTS (Note 9)	-
NET POSITION:	
Net investment in capital assets (deficit)	(1,100,583)
Unrestricted	<u>1,807,039</u>
Total net position	<u>\$ 706,456</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

		Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
	<u>Expenses</u>				
FUNCTIONS/PROGRAMS:					
Instruction	\$ 2,456,443	\$ -	\$ 86,127	\$ -	\$ (2,370,316)
Pupil personnel services	64,627	-	-	-	(64,627)
Instructional and curriculum development services	642	-	-	-	(642)
Instructional staff training services	2,791	-	-	-	(2,791)
Instruction related technology	63,779	-	25,079	-	(38,700)
School board	14,876	-	-	-	(14,876)
School administration	451,895	-	-	-	(451,895)
Fiscal services	972,505	-	-	-	(972,505)
Food services	192,964	79,816	85,720	-	(27,428)
Central services	3,061	-	-	-	(3,061)
Pupil transportation services	71,600	-	-	-	(71,600)
Operation of plant	811,615	-	-	-	(811,615)
Maintenance of plant	208,266	-	-	-	(208,266)
Community services	256,712	413,190	-	-	156,478
Interest on long-term debt	<u>977,449</u>	<u>-</u>	<u>-</u>	<u>285,126</u>	<u>(692,323)</u>
Total governmental activities	\$ <u>6,549,225</u>	\$ <u>493,006</u>	\$ <u>196,926</u>	\$ <u>285,126</u>	(5,574,167)
General revenues:					
Grants and entitlements					5,649,731
Investment earnings					5,150
Miscellaneous					<u>75,501</u>
Total general revenues					<u>5,730,382</u>
Change in net position					156,215
Net position, July 1, 2012					<u>550,241</u>
Net position, June 30, 2013					\$ <u><u>706,456</u></u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

A S S E T S

	General Fund	Special Revenue Fund	Capital Project Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 1,965,191	\$ -	\$ -	\$ 1,965,191
Due from related party	90,576	-	-	90,576
Due from other governments	-	-	20,365	20,365
Due from other funds	20,365	1,492	-	21,857
Other receivables	1,823	-	-	1,823
Note receivable	61,267	-	-	61,267
Prepaid expenditures and other assets	1,042	-	-	1,042
Deposits	19,010	-	-	19,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 2,159,274	\$ 1,492	\$ 20,365	\$ 2,181,131
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LIABILITIES AND FUND BALANCES

LIABILITIES:				
Accounts payable	\$ 63,232	\$ -	\$ -	\$ 63,232
Salaries and wages payable	283,011	-	-	283,011
Due to management company	1,728	-	-	1,728
Due to Agency Fund	2,772	-	-	2,772
Due to other funds	1,492	-	20,365	21,857
Unearned revenue	-	1,492	-	1,492
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	352,235	1,492	20,365	374,092
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COMMITMENTS (Note 9)	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES:				
Nonspendable:				
Prepaid expenditures and other assets	1,042	-	-	1,042
Deposits	19,010	-	-	19,010
Assigned to subsequent year's budget	46,036	-	-	46,036
Unassigned	1,740,951	-	-	1,740,951
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	1,807,039	-	-	1,807,039
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 2,159,274	\$ 1,492	\$ 20,365	\$ 2,181,131
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS, PAGE 10	\$ 1,807,039
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Amounts reported for governmental activities in the statement of net position are different because:

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$ 14,334,261	
Less accumulated depreciation	<u>(1,762,971)</u>	12,571,290

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Capital lease payable	<u>(13,671,873)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$ <u><u>706,456</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Project Fund	Total
REVENUES:				
Federal through state	\$ -	\$ 109,383	\$ -	\$ 109,383
State sources	5,735,858	1,416	285,126	6,022,400
Local sources	160,467	-	-	160,467
Aftercare	413,190	-	-	413,190
	<u>6,309,515</u>	<u>110,799</u>	<u>285,126</u>	<u>6,705,440</u>
Total revenues				
EXPENDITURES:				
Instruction	2,334,002	-	-	2,334,002
Pupil personnel services	64,627	-	-	64,627
Instructional and curriculum development services	642	-	-	642
Instructional staff training services	2,791	-	-	2,791
Instruction related technology	38,700	25,079	-	63,779
School board	14,876	-	-	14,876
School administration	451,895	-	-	451,895
Facilities acquisition and construction	92,795	-	-	92,795
Fiscal services	972,505	-	-	972,505
Food services	107,244	85,720	-	192,964
Central services	3,061	-	-	3,061
Pupil transportation services	71,600	-	-	71,600
Operation of plant	500,717	-	-	500,717
Maintenance of plant	208,266	-	-	208,266
Community services	256,712	-	-	256,712
Debt service:				
Interest	662,412	-	285,126	947,538
	<u>5,782,845</u>	<u>110,799</u>	<u>285,126</u>	<u>6,178,770</u>
Total expenditures				
Net change in fund balances	526,670	-	-	526,670
FUND BALANCES, July 1, 2012	<u>1,280,369</u>	<u>-</u>	<u>-</u>	<u>1,280,369</u>
FUND BALANCES, June 30, 2013	<u>\$ 1,807,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,807,039</u>

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

RENAISSANCE ELEMENTARY 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, 2013

NET CHANGE IN FUND BALANCES - TOTAL	\$	526,670
GOVERNMENTAL FUND, PAGE 12		

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$	92,794	
Less provision for depreciation		<u>(433,338)</u>	(340,544)

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.

Provision for amortization of costs associated with capital lease			<u>(29,911)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$	<u><u>156,215</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
State sources	\$ 5,613,573	\$ 5,849,468	\$ 235,895
Local sources	86,849	160,467	73,618
Aftercare	<u>315,000</u>	<u>413,190</u>	<u>98,190</u>
Total revenues	<u>6,015,422</u>	<u>6,423,125</u>	<u>407,703</u>
EXPENDITURES:			
Instruction	2,373,194	2,334,002	39,192
Pupil personnel services	45,781	64,627	(18,846)
Instructional and curriculum development services	15,000	642	14,358
Instructional staff training services	2,730	2,791	(61)
Instruction related technology	38,700	38,700	-
School board	26,683	14,876	11,807
School administration	413,191	451,895	(38,704)
Facilities acquisition and construction	104,600	92,795	11,805
Fiscal services	973,659	972,505	1,154
Food services	117,429	107,244	10,185
Central services	114,320	116,671	(2,351)
Pupil transportation services	108,000	71,600	36,400
Operation of plant	543,121	500,717	42,404
Maintenance of plant	228,370	208,266	20,104
Community services	191,669	256,712	(65,043)
Debt service:			
Interest	<u>633,986</u>	<u>662,412</u>	<u>(28,426)</u>
Total expenditures	<u>5,930,433</u>	<u>5,896,455</u>	<u>33,978</u>
Net change in fund balance	<u>\$ 84,989</u>	<u>\$ 526,670</u>	<u>\$ 441,681</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
 For the Year Ended June 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Federal sources:			
National school lunch program	\$ 88,077	\$ 84,304	\$ (3,773)
Race to the top	-	25,079	25,079
State sources:			
National school lunch program	<u>-</u>	<u>1,416</u>	<u>1,416</u>
Total revenues	<u>88,077</u>	<u>110,799</u>	<u>22,722</u>
EXPENDITURES:			
Instruction related technology	-	25,079	(25,079)
Food services	<u>88,077</u>	<u>85,720</u>	<u>2,357</u>
Total expenditures	<u>88,077</u>	<u>110,799</u>	<u>(22,722)</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 ELEMENTARY CHARTER SCHOOL
STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUND
June 30, 2013

A S S E T S

	<u>Student Activity</u>
ASSETS:	
Cash	\$ 41,564
Due to General Fund	2,772
Accounts receivable	<u>300</u>
Total assets	\$ <u><u>44,636</u></u>

L I A B I L I T I E S

LIABILITIES:	
Due to students	<u>44,636</u>
Total liabilities	\$ <u><u>44,636</u></u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

Renaissance Elementary 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 as a public charter elementary school for students from kindergarten to fifth grade in Miami-Dade County. As of June 30, 2013, 924 students were enrolled in the School. Renaissance Charter School, Inc. was organized in August 1998 as a Florida nonprofit corporation.

The basic financial statements of the School, a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, 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, 2013 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. Renaissance Charter School, Inc. (Notes 8 and 9), is an entity created to fund the purchase of the facility housing the School's operations. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

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, 2019, and may be renewed up to an additional 15 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(10), 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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2013, the School had program revenues of \$ 975,058.

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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 these institutions, 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.

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 payables 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 payments 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 prorata basis over a twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes:

The School is a nonprofit corporation whose revenue 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 assets 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:

Building	45 years
Furniture and equipment	5-8 years
Computer equipment	3-5 years
Leasehold improvements	3-5 years

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. For the year ended June 30, 2013, 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 a legal claim to them.

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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.
- 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 10.

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.

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.

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 14	\$ 6,423,125	\$ 5,896,455
Less: 2% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(113,610)</u>	<u>(113,610)</u>
GAAP basis, page 12	<u>\$ 6,309,515</u>	<u>\$ 5,782,845</u>

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications:

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Date of Management Review:

The School has evaluated subsequent events through August 29, 2013, which is the date that the financial statements were available to be issued.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2013, the carrying amount of the deposits and cash on hand totaled \$ 2,006,755 with a bank balance of \$ 2,012,545.

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, 2013.

NOTE 4 - DUE FROM RELATED PARTY

Both the School and Renaissance Middle Charter School (the "RMCS") are related as they both are Departments of Renaissance Charter School, Inc. As of June 30, 2013, the basic financial statements include an amount due from RMCS in an amount of \$ 90,576, which represents reimbursement of payroll related expenditures.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2013, consists of an amount due from the Florida Department of Education for capital outlay funding.

NOTE 6 - NOTE RECEIVABLE

As of June 30, 2013, the basic financial statements include a note receivable in the amount of \$ 61,267. This note receivable is payable from Renaissance Middle Charter School (Note 4), with a three year repayment schedule for capital outlay purchases. The note is subject to 5% interest. For the year ended June 30, 2013, the School received approximately \$ 4,650 in interest income relating to this note.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2013 are as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets, depreciable:				
Buildings	\$ 13,117,111	\$ -	\$ -	\$ 13,117,111
Furniture and equipment	400,982	22,054	-	423,036
Computer equipment	423,929	27,622	-	451,551
Leasehold improvements	<u>299,445</u>	<u>43,118</u>	<u>-</u>	<u>342,563</u>
 Total capital assets, depreciable	 <u>14,241,467</u>	 <u>92,794</u>	 <u>-</u>	 <u>14,334,261</u>
Accumulated depreciation:				
Buildings	485,819	291,491	-	777,310
Furniture and equipment	235,646	57,307	-	292,953
Computer equipment	353,755	65,133	-	418,888
Leasehold improvements	<u>254,413</u>	<u>19,407</u>	<u>-</u>	<u>273,820</u>
 Total accumulated depreciation	 <u>1,329,633</u>	 <u>433,338</u>	 <u>-</u>	 <u>1,762,971</u>
 Net capital assets	 <u>\$ 12,911,834</u>	 <u>\$ (340,544)</u>	 <u>\$ -</u>	 <u>\$ 12,571,290</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 122,440
Operation of plant	<u>310,898</u>
	<u>\$ 433,338</u>

NOTE 8 - CAPITAL LEASE

The School entered into a capital lease arrangement with Red Apple at Doral, LLC for use of its facility. This lease arrangement was entered into as part of a transaction consisting of a bond issuance by the Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 9). The lease is through October 2055 and requires monthly interest payments through August 2013 at which time monthly principal and interest payments become due. Principal and interest payments are due through August 2040. For the year ended June 30, 2013, approximately \$ 947,540 in interest was paid.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 8 – CAPITAL LEASE (continued)

Future minimum payments at June 30, 2013 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2014	175,000	945,340	1,120,340
2015	221,665	933,020	1,154,685
2016	233,335	918,810	1,152,145
2017	251,665	903,765	1,155,430
2018	268,335	887,445	1,155,780
2019-2023	1,616,670	4,150,330	5,767,000
2024-2028	2,251,670	3,524,800	5,776,470
2029-2033	3,035,000	2,739,650	5,774,650
2034-2038	4,075,000	1,695,650	5,770,650
2039-2041	2,164,535	326,200	2,490,735
	<u>\$ 14,292,875</u>	<u>\$ 17,025,010</u>	<u>\$ 31,317,885</u>

Changes in capital leases during the year are as follows:

	Balance July 1, 2012	Additions	Retirements	Amortization	Balance June 30, 2013	Amount Due Within One Year
Capital lease obligations, net of unamortized costs of \$ 621,002	\$ 13,641,962	\$ -	\$ -	\$ 29,911	\$ 13,671,873	\$ 175,000
	<u>\$ 13,641,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,911</u>	<u>\$ 13,671,873</u>	<u>\$ 175,000</u>

NOTE 9 - COMMITMENTS

Management agreement:

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 be entitled to a management fee for its services, subject to availability of funds. The management fee is subordinated to all lease payment requirements (Note 8). The fee is scheduled to increase approximately 3% annually over the term of the agreement.

For the year ended June 30, 2013, the amount of compensation received by CSUSA was \$ 971,290, which represented compensation for operating the School as well as the aftercare program.

The School’s accounts payable balance contains an amount payable to CSUSA of \$ 39,035. The School also has an amount due to the management company of \$ 1,728.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 - COMMITMENTS (continued)

Lease agreement:

In October 2010, the Florida Development Finance Corporation (the "Corporation") issued \$ 57,245,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2010A and \$ 10,955,000 in Taxable Educational Facilities Revenue Bonds, Series 2010B pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. ("REN"), a division of which the School exists, and Red Apple Development, LLC and subsidiaries ("RAD") to finance the acquisition of the facilities of six charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, entered into four lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a forty-five year lease (Note 8). The leases are deemed to be capital leases and the capital lease payments are based on the debt service requirements of the bonds which extend through August 2040. These payments are made from the revenues received from the School Board of Miami-Dade County for the operation of the Schools. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

In addition to the capital lease payments noted in Note 8, the School is required to pay incremental rent payments to RAD commencing October 2012. The incremental rent payments range from \$ 1,550 to \$ 76,300 per month over the term of the agreement which is through September 2040.

Post-retirement benefits:

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

NOTE 10 - EMPLOYEE BENEFIT PLAN

During the year ended June 30, 2013, 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 20% of their annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 10,385 for the year ended June 30, 2013.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 11 - 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 \$ 285,126 for the 2012/2013 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 nonrenewal, 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 a portion of the interest expense on the capital lease.

NOTE 12 - 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 REPORTS OF INDEPENDENT AUDITORS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Renaissance Elementary Charter School
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Elementary 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, 2013, 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 29, 2013.

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 & CO., LLP

Fort Lauderdale, Florida
August 29, 2013



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Renaissance Elementary Charter School
Miami, Florida

We have audited the financial statements of Renaissance Elementary 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, 2013, and have issued our report thereon dated August 29, 2013.

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. 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 29, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

1. 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.
2. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter school or center 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 Renaissance Elementary Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
3. 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.
4. 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.

Renaissance Elementary Charter School

5. Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the school. The official title of the School is Renaissance Elementary Charter School.
6. Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Renaissance Elementary Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 29, 2013