

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

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

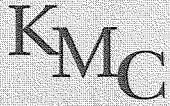
June 30, 2007

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
June 30, 2007

TABLE OF CONTENTS

	<u>PAGES</u>
BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Fund	10
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund to the Statement of Activities	13
Statement of Revenues and Expenditures - Budget and Actual - General Fund	14
Statement of Net Assets - Agency Fund	15
Notes to Basic Financial Statements	16-22
SUPPLEMENTARY INFORMATION	
Statement of Revenues and Expenditures - General Fund - Management Format	23
OTHER REPORTS OF 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 <u>Government Auditing Standards</u>	24-25
Independent Auditors' Report to the Board of Directors	26-27

# BASIC FINANCIAL STATEMENTS



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the General Fund, and the remaining fund information of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of June 30, 2007, as listed in the Table of Contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the School as of June 30, 2007, and the respective changes in its financial position and budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2007, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Renaissance Elementary Charter School

The Management's Discussion and Analysis on pages 3 through 7, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Statement of Revenues and Expenditures - General Fund - Management Format is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 31, 2007

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

As management of Renaissance Elementary Charter School (the School), 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 year ended June 30, 2007.

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 and other supplementary information.

### **FINANCIAL HIGHLIGHTS**

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

- The net assets of the School as of June 30, 2007 were \$ 447,047, as compared to \$ 395,846 as of June 30, 2006. The increase is a result of an increase in FTE and aftercare revenues.
- As of June 30, 2007, the School had a fund balance of \$ 362,748, an increase of \$ 29,920 from June 30, 2006.

### **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. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **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 assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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).

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

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.

**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 only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance for the General Fund.

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

The governmental fund financial statements can be found on pages 10 and 12 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.



RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**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 22 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning revenues and expenditures presented in a "management format" for the School's General Fund. Supplementary information can be found on page 23 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The School has been in operation for eight years; therefore, comparative government-wide data is presented. The School's net assets were \$ 447,047 at June 30, 2007. Of this amount, \$ 362,748 represents unrestricted net assets and \$ 84,299 represents amounts invested in capital assets, net of related debt. The School's net assets were \$ 395,846 at June 30, 2006. Of this amount, \$ 332,828 represented unrestricted net assets and \$ 63,018 represented amounts invested in capital assets, net of related debt. See "Financial Highlights" on page 3 of this report for an explanation of the reason for the change in net assets.

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

Renaissance Elementary Charter School Net Assets		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>ASSETS:</b>		
Current and other assets	\$ 956,727	\$ 574,863
Capital assets, net of depreciation	<u>84,299</u>	<u>63,018</u>
Total assets	<u>1,041,026</u>	<u>637,881</u>
<b>LIABILITIES:</b>		
Current liabilities	<u>593,979</u>	<u>242,035</u>
Total liabilities	<u>593,979</u>	<u>242,035</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	84,299	63,018
Unrestricted	<u>362,748</u>	<u>332,828</u>
Total net assets	<u>\$ 447,047</u>	<u>\$ 395,846</u>

**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

**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, 2007 and 2006:

Renaissance Elementary Charter School Changes in Net Assets			
		<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
<b>REVENUES:</b>			
General revenues	\$	2,924,322	\$ 2,465,124
Program revenues		<u>776,698</u>	<u>516,176</u>
Total revenues		<u>3,701,020</u>	<u>2,981,300</u>
<b>FUNCTIONS/PROGRAM EXPENSES:</b>			
Instruction		1,316,892	1,142,594
Instructional support services		1,115,388	1,181,045
Operation of non-instructional services		<u>1,217,539</u>	<u>676,463</u>
Total governmental activities		<u>3,649,819</u>	<u>3,000,102</u>
Increase (decrease) in net assets	\$	<u>51,201</u>	\$ <u>(18,802)</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:

<u>Functions/Programs</u>	<u>2007</u>		<u>2006</u>	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
<b>Governmental expenditures:</b>				
Instructional expenditures	\$ 1,315,891	35.8%	\$ 1,141,697	38.3%
Plant operations and maintenance	765,441	20.9%	821,156	27.5%
Fiscal services	836,613	22.8%	353,749	11.9%
Administrative services	262,358	7.1%	280,545	9.4%
Community services	223,873	6.1%	172,903	5.8%
All other functions/programs	<u>266,924</u>	<u>7.3%</u>	<u>211,250</u>	<u>7.1%</u>
Total governmental expenditures	\$ <u>3,671,100</u>	<u>100.0%</u>	\$ <u>2,981,300</u>	<u>100.0%</u>

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**General Fund budgetary highlights**

Actual revenues were higher than budget amounts due primarily to the fact that the actual FTE revenue per student, as well as the capital outlay allocation per student, were both greater than the amount that was budgeted. In addition, aftercare program revenue was greater than budget due to a higher participation rate than originally budgeted. Expenditures were greater than budgeted amounts primarily in the areas of instruction expenses, fiscal services, food services, and aftercare.

**Capital assets and debt administration**

*Capital assets*

At June 30, 2007, the School had capital assets of \$ 84,299, net of accumulated depreciation, invested in computers, furniture and equipment and leasehold improvements as compared to \$ 63,018 at June 30, 2006.

**Economic factors and next year's budget**

The State of Florida has approved an increase in education funding of approximately 8% for the FEFP program for the fiscal year 2007-2008. However, it is possible that this increase could be reduced significantly pending a special legislative session. Capital outlay revenue is expected to remain approximately the same as the prior year. Student enrollment is expected to remain at 500. These factors were considered in preparing the School's budget for fiscal year 2007-2008.

**Requests for information**

If you have any questions about this report or need additional information, please write Lorrie Davidson, Vice President of School Finance; Charter Schools USA; 6425 North Federal Highway, 5th Floor; Fort Lauderdale, Florida 33308.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
STATEMENT OF NET ASSETS  
June 30, 2007

A S S E T S

	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 831,806
Due from related party	50,079
Due from other governments	58,111
Due from agency fund	3,459
Due from other schools	1,935
Prepaid expenses and other assets	2,907
Deposits	<u>8,430</u>
Total current assets	956,727
<b>NONCURRENT ASSETS:</b>	
Capital assets (depreciable), net of accumulated depreciation	<u>84,299</u>
Total assets	<u>1,041,026</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and other accrued liabilities	28,125
Accrued contracted services	193,802
Due to management company	353,153
Due to other governments	<u>18,899</u>
Total current liabilities	<u>593,979</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	84,299
Unrestricted	<u>362,748</u>
Total net assets	\$ <u><u>447,047</u></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, 2007

<u>Expenditures</u>	<u>Program Revenues</u>			<u>Governmental Activities Net Revenue (Expense) and Change in Net Assets</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>FUNCTIONS/PROGRAMS:</b>				
Instruction:				
Regular instruction	\$ 1,230,300	\$ --	\$ --	\$ (1,230,300)
Exceptional instruction	86,592	--	--	(86,592)
Instructional support services:				
Pupil personnel services	3,044	--	--	(3,044)
Instructional media services	1,259	--	--	(1,259)
Instructional services	487	--	--	(487)
Administrative services	283,892	--	--	(283,892)
Plant operations and maintenance	798,793	--	392,120	(406,673)
Transportation	27,913	--	--	(27,913)
Operation of non-instructional services:				
Food services	138,908	58,688	--	(80,220)
Board services	12,458	--	--	(12,458)
Fiscal services	836,613	--	--	(836,613)
Central services	5,687	--	--	(5,687)
Community services	<u>223,873</u>	<u>325,890</u>	<u>--</u>	<u>102,017</u>
 Total governmental activities	 \$ <u>3,649,819</u>	 \$ <u>384,578</u>	 \$ <u>--</u>	 \$ <u>392,120</u>
				 (2,873,121)
 General revenues:				
				2,920,597
				<u>3,725</u>
				 2,924,322
				 <u>2,924,322</u>
				 51,201
				 <u>395,846</u>
				 \$ <u>447,047</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
 BALANCE SHEET - GOVERNMENTAL FUND  
 June 30, 2007

A S S E T S

		General Fund
ASSETS:		
Cash and cash equivalents	\$	831,806
Due from related party		50,079
Due from other governments		58,111
Due from agency fund		3,459
Due from other schools		1,935
Prepaid expenses and other assets		2,907
Deposits		8,430
Total assets	\$	956,727

L I A B I L I T I E S   A N D   F U N D   B A L A N C E

LIABILITIES:		
Accounts payable and other accrued liabilities	\$	28,125
Accrued contracted services		193,802
Due to management company		353,153
Due to other governments		18,899
Total liabilities		593,979
FUND BALANCE:		
Reserved for:		
Prepaid expenses and other assets		2,907
Unreserved		359,841
Total fund balance		362,748
Total liabilities and fund balance	\$	956,727

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 FUND**  
**TO THE STATEMENT OF NET ASSETS**  
 June 30, 2007

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Total fund balances of governmental funds in the balance sheet, page 10	\$	362,748
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$	533,447	
Less accumulated depreciation		<u>(449,148)</u>	<u>84,299</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u>447,047</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 BALANCE -  
 GOVERNMENTAL FUND  
 For the Year Ended June 30, 2007

	<u>General Fund</u>
REVENUES:	
State sources	\$ 3,315,502
Local sources	59,628
Aftercare	<u>325,890</u>
Total revenues	<u>3,701,020</u>
EXPENDITURES:	
Current:	
Instruction:	
Regular instruction	1,229,299
Exceptional instruction	86,592
Instructional support services:	
Pupil personnel services	3,044
Instructional media services	1,259
Instructional services	487
Administrative services	262,358
Transportation	27,913
Plant operations and maintenance	765,441
Operation of non-instructional services:	
Board services	12,458
Fiscal services	836,613
Food services	138,908
Central services	5,687
Community services	223,873
Capital outlay:	
Site, building and equipment	<u>77,168</u>
Total expenditures	<u>3,671,100</u>
Net change in fund balance	29,920
FUND BALANCE, July 1, 2006	<u>332,828</u>
FUND BALANCE, June 30, 2007	\$ <u><u>362,748</u></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 BALANCE OF  
 GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2007

NET INCREASE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND, PAGE 12	\$	29,920
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 77,168		
Less current year provision for depreciation	<u>(55,887)</u>		<u>21,281</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$	<u>51,201</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, 2007

	<u>Original Final/Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
State sources	\$ 3,150,000	\$ 3,465,404	\$ 315,404
Local sources	58,300	59,628	1,328
Aftercare	<u>285,000</u>	<u>325,890</u>	<u>40,890</u>
Total revenues	<u>3,493,300</u>	<u>3,850,922</u>	<u>357,622</u>
<b>EXPENDITURES:</b>			
Instruction:			
Regular instruction	1,166,623	1,229,299	(62,676)
Exceptional instruction	88,924	86,592	2,332
Instructional support services:			
Pupil personnel services	848	3,044	(2,196)
Instructional media services	--	1,259	(1,259)
Instructional services	6,369	487	5,882
Administrative services	255,007	262,358	(7,351)
Transportation	32,321	27,913	4,408
Plant operations and maintenance	770,930	765,441	5,489
Operation of non-instructional services:			
Board services	13,000	12,458	542
Fiscal services	515,367	836,613	(321,246)
Food services	118,315	138,908	(20,593)
Central services	146,466	155,589	(9,123)
Community services	208,024	223,873	(15,849)
Site, building and equipment	<u>80,000</u>	<u>77,168</u>	<u>2,832</u>
Total expenditures	<u>3,402,194</u>	<u>3,821,002</u>	<u>(418,808)</u>
Net change in fund balance	\$ <u><u>91,106</u></u>	\$ <u><u>29,920</u></u>	\$ <u><u>(61,186)</u></u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
STATEMENT OF NET ASSETS - AGENCY FUND  
June 30, 2007

A S S E T S

	<u>Student Activity</u>
ASSETS:	
Cash	\$ 32,703
Other receivables	<u>580</u>
Total assets	\$ <u><u>33,283</u></u>

L I A B I L I T I E S

LIABILITIES:	
Due to other funds	\$ 3,459
Due to students	<u>29,824</u>
Total liabilities	\$ <u><u>33,283</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, 2007

NOTE 1 - ORGANIZATION AND OPERATIONS

Renaissance Elementary Charter School (the School) is a division of Renaissance Charter School, Inc., and is established as a public charter elementary school for students from kindergarten to fifth grade in Miami-Dade County. As of June 30, 2007, approximately 501 students were enrolled in the School. The entity was organized in August 1998 as a Florida nonprofit corporation.

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, 2010, and may be renewed in increments of five 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.

In the government-wide statement of net assets, 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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

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.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets 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 General Fund is employed in accounting for the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions.

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. For this purpose the current period means one year.

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 5% 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.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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:

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

Net assets:

Net assets are classified in two categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt - 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.

Unrestricted - indicates that portion of net assets that is available to fund future operations.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance:

Fund balance is classified in two categories. The general meaning of each is as follows:

Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.

Unreserved - indicates the portion of fund balance available to fund future operations.

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 5% 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 and Other Financing Sources</u>	<u>Expenditures</u>
Budgetary basis	\$ 3,850,922	\$ 3,821,002
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(149,902)</u>	<u>(149,902)</u>
GAAP basis	\$ <u>3,701,020</u>	\$ <u>3,671,100</u>

Reclassifications:

Certain prior year amounts have been reclassified to be consistent and comparable with the current year financial statement presentation.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2007, the carrying amount of the deposits and cash on hand totaled \$ 864,509 with a bank balance of \$ 873,818.

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, 2007.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2007

NOTE 4 - DUE TO/FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2007, consists of amounts due from the School Board for Capital Outlay as described in Note 10.

Due to other governments at June 30, 2007, consists of amounts due to the school board for the Florida Mentor Teacher School Pilot Program.

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2007 are as follows:

	Balance at July 1, 2006	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2007
Capital assets, depreciable:				
Furniture and equipment	\$ 127,055	\$ --	\$ --	\$ 127,055
Computer equipment	202,851	--	--	202,851
Leasehold improvements	<u>126,373</u>	<u>77,168</u>	<u>--</u>	<u>203,541</u>
	<u>456,279</u>	<u>77,168</u>	<u>--</u>	<u>533,447</u>
Accumulated depreciation:				
Furniture and equipment	90,604	16,707	--	107,311
Computers	196,666	5,828	--	202,494
Leasehold improvements	<u>105,991</u>	<u>33,352</u>	<u>--</u>	<u>139,343</u>
	<u>393,261</u>	<u>55,887</u>	<u>--</u>	<u>449,148</u>
Net capital assets	\$ <u>63,018</u>	\$ <u>21,281</u>	\$ <u>--</u>	\$ <u>84,299</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$ 1,001
Instructional support services - administration	21,534
Instructional support services - plant operations and maintenance	<u>33,352</u>
	\$ <u>55,887</u>

NOTE 6 - LEASES

The School previously entered into an operating lease agreement for the use of its premises. The lease expires in June 2019 and requires monthly payments of \$ 39,245. In addition, the School is required to pay a portion of the operating expenses associated with the leased premises.

The School also leases office equipment under an operating lease agreement, which expires in September 2007 and requires monthly payments of \$ 290.



**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 6 - LEASES (continued)**

Future minimum principal payments required under long-term noncancelable operating leases at June 30, 2007 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2008	\$ 471,800
2009	470,900
2010	470,900
2011	470,900
2012	470,900
Thereafter	3,296,600

Rent expense totaled \$ 476,605 for the year ended June 30, 2007.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

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 August 2019.

For the fiscal year ended June 30, 2007, the amount of compensation received by CSUSA was \$ 836,565, which represented compensation for operating the School as well as the aftercare program.

The basic financial statements reflect a due to the management company which totaled \$ 353,153 as of June 30, 2007.

**NOTE 8 - EMPLOYEE BENEFIT PLAN**

During the year ended June 30, 2007, 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.

**NOTE 9 - DUE FROM RELATED PARTY**

Both the School and Renaissance Charter Middle School are related as they both share common board membership and are managed by Charter Schools USA, Inc. These two schools share teachers, administrative staff, as well as share expenses, which include rent and other operating expenses. As of June 30, 2007, the basic financial statements include an amount due from related party in the amount of \$ 50,079, representing short-term advances for such expenses mentioned above.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 10 - 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 \$ 392,120 for the 2006-2007 school year which has been recognized as revenue in the accompanying basic financial statements. An amount, plus interest, of \$ 31,571 is due from the Florida Department of Education at June 30, 2007. 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 its portion of the lease expense on the facility.

NOTE 11 - 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 five years.

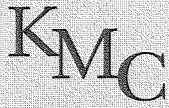
As disclosed in Note 7, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

**SUPPLEMENTARY  
INFORMATION**

**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND - MANAGEMENT FORMAT**  
For the Year Ended June 30, 2007

	<u>Account</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>600</u>	<u>700</u>	<u>Totals</u>
	<u>Purchased</u>	<u>Energy</u>	<u>Materials</u>	<u>Capital</u>	<u>Other</u>	<u>Expenses</u>	<u>Totals</u>
	<u>Services</u>	<u>Services</u>	<u>and</u>	<u>Outlay</u>	<u>Expenses</u>	<u>Totals</u>	<u>Totals</u>
	<u>300</u>	<u>400</u>	<u>500</u>	<u>600</u>	<u>700</u>	<u>Expenses</u>	<u>Totals</u>
	<u>Services</u>	<u>Services</u>	<u>and</u>	<u>Outlay</u>	<u>Expenses</u>	<u>Totals</u>	<u>Totals</u>
Revenues:							
State sources	3300						\$ 3,465,404
Local sources	3400						<u>385,518</u>
Total revenues							<u>3,850,922</u>
Expenditures:							
Instruction	5000	\$ 1,198,394	\$ --	\$ 111,010	\$ 6,487	\$ --	1,315,891
Pupil personnel services	6100	1,603	--	--	1,441	--	3,044
Instructional media services	6200	--	--	--	1,259	--	1,259
Instruction and curriculum development	6400	487	--	--	--	--	487
Board	7100	12,458	--	--	--	--	12,458
School administration	7300	254,933	--	6,073	1,352	--	262,358
Fiscal services	7500	836,613	--	--	--	--	836,613
Food service	7600	68,467	--	70,441	--	--	138,908
Central services	7700	155,589	--	--	--	--	155,589
Pupil transportation services	7800	27,913	--	--	--	--	27,913
Operation of plant	7900	647,855	53,299	11,133	--	801	713,088
Maintenance of plant	8100	52,353	--	--	--	--	52,353
Community service	9100	212,686	--	11,187	--	--	223,873
Capital outlay:							
Other capital outlay	9300	--	--	--	77,168	--	77,168
Total expenditures		\$ 3,469,351	\$ 53,299	\$ 209,844	\$ 87,707	\$ 801	<u>3,821,002</u>
Net change in fund balance							\$ <u>29,920</u>

**OTHER REPORTS OF  
INDEPENDENT AUDITORS**



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**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 the financial statements of governmental activities, the General Fund, each major fund, and the aggregate remaining fund information of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We do not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Renaissance Elementary Charter School

Compliance and Other Matters

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

This report is intended solely for the information and use of the School's management, members of the Board of Directors and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which is a matter of public record.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 31, 2007



**KEEFE, McCULLOUGH & CO., LLP**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS**

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

This letter is written in connection with our audit of the basic financial statements of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules or regulations reported for the preceding audit.
2. There were no recommendations made relating to the preceding audit.
3. There were no recommendations to improve the School's financial management, accounting procedures, and internal controls.
4. There were no violations of laws, rules, regulations, and contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the basic financial statements.
6. There were no other matters requiring correction which may or may not materially affect the basic financial statements reported on, including, but not limited to: improper or inadequate accounting procedures, failures to properly record financial transactions, or other inaccuracies, shortages, defalcations and instances of fraud or other reportable conditions.



Renaissance Elementary Charter School

7. As required by the Rules of the Auditor General (Section 10.854(1)(d)2), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. 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.

This report is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 31, 2007