The logo for Renaissance Charter School, Inc. features a large, stylized letter 'R' with a leaf-like shape at its top. To the right of the 'R', the word 'Renaissance' is written in a serif font, underlined. Below 'Renaissance', the words 'Charter School, Inc.' are written in a similar serif font.

Renaissance
Charter School, Inc.

October 19, 2012

Mr. Julio C. Miranda, CPA, CFE

Assistant Chief Auditor

Office of Management and Compliance Audits

RE: Questions and concerns regarding the audited financial statements for the year ended June 30, 2012

Dear Mr. Miranda,

In response to your letter dated October 1, 2012 please note the following for the schools below:

Renaissance Elementary Charter School

- This account contains amounts due to the school for MAP funds. The account is currently being reconciled in order to clear up the balance which will occur in the current fiscal year.
- The \$1,121,967 is included in Fiscal Services in the financial statements. The management fee is paid to Charter Schools USA (CSUSA) pursuant to an agreement between Renaissance Charter School Inc. and CSUSA executed in October 2010. Each year the fee to be paid to CSUSA is finalized through the annual budget which is approved by the board. The fee is subordinated to the obligations of the School to make rent payments.
- Renaissance Charter School, Inc. is the not for profit Foundation, with an independent board, which governs the school and has no ownership in Red Apple Development or CSUSA. Conversely, Red Apple Development and/or CSUSA have no ownership/governance of Renaissance Charter School, Inc.
- The school pays a monthly rent to the landlord which is Red Apple Development LLC. The monthly rent is comprised of two components 1) rent which is used to pay the underlying debt service on the debt used to finance the facility and 2) incremental rent which is paid to Red Apple as the legal owner of the facility for overseeing the facility. In addition, the incremental rent portion is only paid if the funds are available. Also note that the total rent is the fair market value of rent for the facility.

Renaissance Middle Charter School

- This account contains amounts due to the school for MAP funds. The account is currently being reconciled in order to clear up the balance which will occur in the current fiscal year. It also contains an amount due of \$100,000 which was a corporate donation.

- See budget for FY13 on attachment A. For FY13 the school is budgeted to have a change in net assets of \$138,567. If necessary the Foundation will raise funds through corporate donations and other activities. At this point in time the school is currently considered financially stable. We join with Miami Dade County School Board in any initiatives to increase per student K-12 funding.

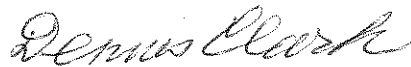
Keys Gate Charter High School

- The management fee is paid to Charter Schools USA (CSUSA) pursuant to an agreement between Renaissance Charter School Inc. and CSUSA. Each year the fee to be paid to CSUSA is finalized through the annual budget which is approved by the board. The fee is subordinated to all obligations of the School to make rent payments.
- See 3rd bullet above for Renaissance Elementary Charter School.
- See 4th bullet above for Renaissance Elementary Charter School.
- See budget for FY13 on attachment B. For FY13 the school is budgeted to have a change in net assets of (\$1,076,698). This is largely due to depreciation and capitalized interest. Looking at the change in net assets and removing the noncash items, operationally they have a positive change in net assets of \$42,026. As far as financial stability goes, the school continues to increase enrollment and is now heading into its third year of operations. Considering the reputation of the Keys Gate system as a whole and enrollment growth, we do not have a concern about sustainability at this time. We join with Miami Dade County School Board in any initiatives to increase per student K-12 funding.

Also, Renaissance Charter School Inc. will have a single audit conducted for the fiscal year ended June 30, 2012 as required by OMB Circular A-133. The audit will be conducted by Keefe, McCullough & Co, LLP. This audit is not due until 9 months after year end.

If you have any further questions or concerns, please contact Mr. Ken Haiko, Chairman (kenh618@aol.com) or Mrs. Hillary Daigle (hdaigle@charterschoolsusa.com) , Controller, CSUSA.

Sincerely,



Dennis Clark, Vice Chairman of the Board

On behalf of Renaissance Charter Schools Inc.



Hillary Daigle
Controller

On behalf of Charter Schools USA

**RCMS-Renaissance Charter Middle School
2012-2013 Budget**

<u>Revenues:</u>	
State Capitation / Student	2,472,840
Total State Funded Revenue	2,472,840
Private Grants / Contributions	209,333
Food Service Revenue	118,966
Before and Aftercare Revenue	84,600
Total Other Revenue	412,899
Revenue Total	2,885,739
<u>Expenses:</u>	
School Leadership	87,500
Administrative-Salaried	12,694
Teachers	810,199
ESE/Special Education	74,460
Total Salaries	984,853
Administrative-Hourly	42,932
Aftercare	36,349
Cafeteria-Hourly	20,154
Plant Operations-Hourly	36,802
Daily Substitute Teachers	25,920
Tutoring	21,960
Total Hourly Wages	184,117
Stipends	31,000
PTO Buyout	2,880
Taxes & Benefits	
Group Insurance & Other	89,815
Workers' Compensation	12,796
Payroll Taxes	108,467
Total Taxes & Benefits	211,078
Total Cost Of Compensation	1,413,928
Professional Services	
Legal Fees - Independent Counsel	12,000
Accounting Services - Audit	15,000
Computer Service Fees	20,251
Fee to County School Board	49,457
Advertising/Marketing Exp	15,000
Staff Recruitment	1,954
Total Professional Services	113,661

**RCMS-Renaissance Charter Middle School
2012-2013 Budget**

Vendor Services	
Contracted Pupil Transportation	108,000
Extra-Curricular Activity Events	2,125
Contracted Food Service	93,656
Licenses & Permits	1,210
Bank Charges & Loan Fees	1,146
Contracted SPED - Non Instruction	3,125
Contracted Custodial Services	72,513
Total Vendor Services	281,775
Administrative Expenses	
Travel / Auto	234
Meals	50
Lodging	205
Dues & Subscriptions	1,748
Printing & Copying	383
Office Supplies	4,000
Aftercare Supplies	3,250
In-house Food Service - Aftercare	6,000
Total Administrative Expenses	15,870
Instruction Expense	
Textbooks	61,900
Consumable Instr Supplies \$ Equip - Students	50,350
Consumable Instr Supplies \$ Equip - Teachers	8,000
Testing Materials	6,000
Total Instruction Expenses	126,250
Other Operating Expense	
Telephone & Internet	30,000
Express Mail	300
Electricity	80,237
Water & Sewer	4,260
Waste Disposal	15,517
Pest Control	4,400
Maintenance & Cleaning Supplies	10,311
Building Repairs & Maintenance	128,831
Equipment Repairs & Maintenance	1,597
Software Licensing Fees	432
Miscellaneous Expenses	2,000
Total Other Operating Expense	277,885
Fixed Expenses	
Office Equipment - Leasing Expense	9,600
Property & Liability Insurance	40,615
Depreciation	35,980
Total Fixed Expenses	86,195
Total Expenses	2,315,565
Operating Cash Surplus/(Deficit)	570,174

**RCMS-Renaissance Charter Middle School
2012-2013 Budget**

Capital Outlay Revenue	165,276
Board Fee Refund	21,981
Rent Expense	567,396
Surplus/(Deficit) Before Capex	190,035
Capital Expenditures (NonCap)	46,814
Capital Expenditures (Capitalized)	111,607
Surplus/(Deficit) After Capital Expenses	31,614
Debt Repayments	67,594
Surplus/(Deficit) After Debt Reduction	-35,980
Add back Depreciation and Amortization	35,980
Net Change in Fund Balance	0

KGCHS-Keys Gate Charter High School
2012-2013 Budget

<u>Revenues:</u>	
State Capitation / Student	4,720,531
Total State Funded Revenue	4,720,531
Food Service Revenue	590,808
Miscellaneous Income	294,385
Total Other Revenue	885,193
Revenue Total	5,605,724
<u>Expenses:</u>	
School Leadership	164,079
Administrative-Salaried	52,517
Teachers	1,491,634
ESE/Special Education	53,591
Resource Teachers	53,913
Guidance	65,558
Total Salaries	1,881,293
Administrative-Hourly	26,630
Cafeteria-Hourly	37,052
Plant Operations-Hourly	27,119
Daily Substitute Teachers	22,000
Tutoring	6,480
Total Hourly Wages	119,280
Bonuses	44,957
Stipends	57,150
PTO Buyout	2,300
Taxes & Benefits	
Group Insurance & Other	159,723
Workers' Compensation	19,665
Payroll Taxes	179,046
Total Taxes & Benefits	358,434
Total Cost Of Compensation	2,463,415
Professional Services	
Legal Fees - Independent Counsel	3,000
Accounting Services - Audit	15,000
Outside Staff Development	19,600
CSUSA Management Fees	30,000
Computer Service Fees	36,000
Fee to County School Board	236,027
Advertising/Marketing Exp	37,500
Staff Recruitment	350
Total Professional Services	377,476

**KGCHS-Keys Gate Charter High School
2012-2013 Budget**

Vendor Services	
Contracted Pupil Transportation	121,500
Extra-Curricular Activity Events	44,861
Contracted Food Service	479,051
Licenses & Permits	1,904
Bank Charges & Loan Fees	3,600
Contracted SPED - Non Instruction	5,000
Contracted Custodial Services	155,467
Contracted Security	35,497
Total Vendor Services	846,881
Administrative Expenses	
Travel / Auto	2,000
Airfare	500
Meals	850
Lodging	350
Business Expense - Other	1,165
Dues & Subscriptions	18,780
Printing & Copying	4,578
Office Supplies	11,575
Medical Supplies	888
In-house Food Service	200
Food Service - Paper & Smallwares	300
Total Administrative Expenses	41,186
Instruction Expense	
Textbooks	302,893
Consumable Instr Supplies \$ Equip - Students	67,088
Consumable Instr Supplies \$ Equip - Teachers	112,192
Library & Reference Books	6,000
Testing Materials	24,000
Contracted SPED - Instruction	4,895
Total Instruction Expenses	517,067
Other Operating Expense	
Telephone & Internet	42,967
Postage	333
Electricity	198,320
Water & Sewer	44,731
Waste Disposal	37,276
Pest Control	3,108
Maintenance & Cleaning Supplies	17,892
Building Repairs & Maintenance	163,025
Equipment Repairs & Maintenance	2,064
Software Licensing Fees	1,480
Miscellaneous Expenses	2,142
Total Other Operating Expense	513,339

**KGCHS-Keys Gate Charter High School
2012-2013 Budget**

Fixed Expenses	
Office Equipment - Leasing Expense	6,658
Property & Liability Insurance	59,733
Depreciation	498,724
Total Fixed Expenses	565,115
Total Expenses	5,324,479
Operating Cash Surplus/(Deficit)	281,245
Capital Outlay Revenue	409,710
Board Fee Refund	165,781
Rent Expense	123,950
Surplus/(Deficit) Before Capex	732,786
Capital Expenditures (NonCap)	57,235
Capital Expenditures (Capitalized)	194,121
Surplus/(Deficit) After Capital Expenses	481,430
Debt Repayments	1,752,249
Surplus/(Deficit) After Debt Reduction	-1,270,819
Add back Depreciation and Amortization	498,724
Net Change in Fund Balance	-772,095