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

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2010

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
June 30, 2010

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 <i>Government Auditing Standards</i>	24-25
Independent Auditors' Report to the Board of Directors	26-27
Independent Auditors' Report to Management	28
Schedule of Findings and Recommendations	29

**BASIC  
FINANCIAL STATEMENTS**



## 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 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, 2010, which collectively comprise the School's basic financial statements, 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, the General Fund, and the aggregate remaining fund information of the School as of June 30, 2010, 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 (DATE), 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 important for 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the School's basic financial statements. 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*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 27, 2010

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

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 years ended June 30, 2010 and 2009.

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, 2010 were \$ 1,328,025, as compared to \$ 1,158,163 as of June 30, 2009.
- As of June 30, 2010, the School had a fund balance of \$ 1,218,615, an increase of \$ 164,069 from June 30, 2009.

## **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).

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, 2010

**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 through 14 of this report.

**Agency Fund**

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

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

**Notes to Basic Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 22 of this report.



**RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**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 nine years; therefore, comparative government-wide data is presented. The School's net assets were \$ 1,328,025 at June 30, 2010. Of this amount, \$ 1,218,615 represents unrestricted net assets and \$ 109,410 represents amounts invested in capital assets. The School's net assets were \$ 1,158,163 at June 30, 2009. Of this amount, \$ 1,054,547 represented unrestricted net assets and \$ 103,616 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, 2010</u>	<u>June 30, 2009</u>
<b>ASSETS:</b>		
Current and other assets	\$ 1,621,632	\$ 1,413,225
Capital assets, net of depreciation	<u>109,410</u>	<u>103,617</u>
Total assets	<u>1,731,042</u>	<u>1,516,842</u>
<b>LIABILITIES:</b>		
Current liabilities	<u>403,017</u>	<u>358,679</u>
Total liabilities	<u>403,017</u>	<u>358,679</u>
<b>NET ASSETS:</b>		
Invested in capital assets	109,410	103,616
Unrestricted	<u>1,218,615</u>	<u>1,054,547</u>
Total net assets	<u>\$ 1,328,025</u>	<u>\$ 1,158,163</u>

**RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**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, 2010 and 2009:

**Renaissance Elementary Charter School  
Changes in Net Assets**

	June 30, 2010	June 30, 2009
<b>REVENUES:</b>		
General revenues	\$ 3,161,415	\$ 3,065,463
Program revenues	691,024	718,629
Total revenues	3,852,439	3,784,092
<b>FUNCTIONS/PROGRAM EXPENSES:</b>		
Instruction	1,336,990	1,286,799
Instructional support services	1,240,498	1,255,947
Operation of non-instructional services	1,105,089	999,259
Total governmental activities	3,682,577	3,542,005
Change in net assets	\$ 169,862	\$ 242,087

**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	2010		2009	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 1,336,990	36.3%	\$ 1,286,694	36.0%
Plant operations and maintenance	786,117	21.3%	783,223	21.9%
Fiscal services	640,214	17.4%	548,649	15.3%
Administrative services	284,756	7.7%	310,373	8.7%
Community services	200,233	5.4%	232,181	6.5%
All other functions/programs	440,062	11.9%	416,212	11.6%
Total governmental expenditures	\$ 3,688,372	100.0%	\$ 3,577,332	100.0%

**RENAISSANCE ELEMENTARY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2010

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues as well as expenditures for the year ended June 30, 2010 were over budgeted amounts. Revenues were over budget mainly due to FEFP funding which was budgeted conservatively. Expenditures were over budget mainly due to additional costs for regular instruction, administrative services, board services, central services and community services. The School's change in fund balance was approximately \$156,000 greater than expected in the budget.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital assets*

At June 30, 2010, the School had capital assets of \$ 109,410, net of accumulated depreciation, invested in computer equipment, furniture and equipment and leasehold improvements as compared to \$ 103,616 at June 30, 2009.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The State of Florida is projecting funding for the next fiscal year to remain unchanged. Recent legislation also lowered the amount of students the District's 5% administrative fee can be calculated on from 500 to 250. This will result in additional revenues to the School through the District Fee Refund.

In order to be conservative, the fiscal year 2011 budget for the School includes a 2% reduction in FEFP funding. Other budget items to note are that the School will be expanding by approximately 230 students and will be moving into a new facility

**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 ASSETS

June 30, 2010

ASSETS

	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 1,227,718
Due from related parties	242,391
Due from management company	37,564
Due from other governments	19,305
Other receivables	3,008
Prepaid expenditures and other assets	16,010
Deposits	<u>75,636</u>
Total current assets	1,621,632
<b>NONCURRENT ASSETS:</b>	
Capital assets (depreciable), net of accumulated depreciation	<u>109,410</u>
Total assets	<u>1,731,042</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>	
Accounts payable and other accrued expenses	173,499
Accrued contracted services	227,755
Deferred revenue	<u>1,763</u>
Total current liabilities	<u>403,017</u>
COMMITMENTS (Notes 6 and 7)	-
<b>NET ASSETS:</b>	
Invested in capital assets	109,410
Unrestricted	<u>1,218,615</u>
Total net assets	<u>\$ 1,328,025</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, 2010

		Program Revenues			Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Assets	
<b>FUNCTIONS/PROGRAMS:</b>					
Instruction:					
Regular instruction	\$ 1,261,404	\$ -	\$ 2,545	\$ -	\$ (1,258,859)
Exceptional instruction	75,586	-	-	-	(75,586)
Instructional support services:					
Pupil personnel services	45,992	-	-	-	(45,992)
Instructional services	8,032	-	-	-	(8,032)
Administrative services	314,630	-	-	-	(314,630)
Plant operations and maintenance	814,884	-	-	246,280	(568,604)
Transportation	56,960	-	-	-	(56,960)
Operation of non-instructional services:					
Food services	168,069	73,661	54,582	-	(39,826)
Board services	67,578	-	-	-	(67,578)
Fiscal services	640,214	-	-	-	(640,214)
Central services	28,995	-	-	-	(28,995)
Community services	200,233	313,956	-	-	113,723
	<u>\$ 3,682,577</u>	<u>\$ 387,617</u>	<u>\$ 57,127</u>	<u>\$ 246,280</u>	<u>(2,991,553)</u>
Total governmental activities					
General revenues:					
Grants and entitlements				3,142,612	
Other				18,803	
Total general revenues				<u>3,161,415</u>	
Change in net assets				169,862	
Net assets, July 1, 2009				<u>1,158,163</u>	
Net assets, June 30, 2010				<u>\$ 1,328,025</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, 2010

A S S E T S

		General Fund
<b>ASSETS:</b>		
Cash and cash equivalents	\$	1,227,718
Due from related parties		242,391
Due from management company		37,564
Due from other governments		19,305
Other receivables		3,008
Prepaid expenditures and other assets		16,010
Deposits		75,636
Total assets	\$	1,621,632

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

<b>LIABILITIES:</b>		
Accounts payable and other accrued liabilities	\$	173,499
Accrued contracted services		227,755
Deferred revenue		1,763
Total liabilities		403,017

<b>FUND BALANCE:</b>		
Reserved for receivable		21,718
Reserved for prepaid expenditures and other assets		16,010
Unreserved		1,180,887
Total fund balance		1,218,615
Total liabilities and fund balance	\$	1,621,632

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 ASSETS**  
 June 30, 2010

**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	\$	1,218,615
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental cost of capital assets	\$	731,081
Less accumulated depreciation		<u>(621,671)</u>
		<u>109,410</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u><u>1,328,025</u></u>

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, 2010

	<u>General Fund</u>
<b>REVENUES:</b>	
Federal through state	\$ 57,127
State sources	3,388,892
Local sources	92,466
Aftercare	<u>313,956</u>
Total revenues	<u>3,852,441</u>
 <b>EXPENDITURES:</b>	
Current:	
Instruction:	
Regular instruction	1,261,404
Exceptional instruction	75,586
Instructional support services:	
Pupil personnel services	45,992
Instructional services	8,032
Administrative services	284,756
Plant operations and maintenance	786,117
Transportation	56,960
Operation of non-instructional services:	
Food services	168,069
Board services	67,578
Fiscal services	640,214
Central services	28,995
Community services	200,233
Capital outlay:	
Site, building and equipment	<u>64,436</u>
Total expenditures	<u>3,688,372</u>
Net change in fund balance	164,069
 FUND BALANCE, July 1, 2009	 <u>1,054,546</u>
 FUND BALANCE, June 30, 2010	 \$ <u><u>1,218,615</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 THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND, PAGE 12	\$	164,069
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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 are depreciated over their estimated useful lives.

Expenditures for capital assets	\$	64,435	
Less current year provision for depreciation		<u>(58,641)</u>	<u>5,794</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$	<u><u>169,862</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, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Federal through state	\$ -	\$ 57,127	\$ 57,127
State sources	3,290,890	3,549,080	258,190
Local sources	137,405	92,466	(44,939)
Aftercare	252,000	313,956	61,956
	<u>3,680,295</u>	<u>4,012,629</u>	<u>332,334</u>
Total revenues			
 <b>EXPENDITURES:</b>			
Instruction:			
Regular instruction	1,224,571	1,261,404	(36,833)
Exceptional instruction	88,497	75,586	12,911
Instructional support services:			
Pupil personnel services	41,014	45,992	(4,978)
Instructional services	7,500	8,032	(532)
Administrative services	258,784	284,756	(25,972)
Plant operations and maintenance	794,029	786,117	7,912
Transportation	57,600	56,960	640
Operation of non-instructional services:			
Food services	149,766	168,069	(18,303)
Board services	30,000	67,578	(37,578)
Fiscal services	641,320	640,214	1,106
Central services	156,106	189,183	(33,077)
Community services	128,779	200,233	(71,454)
Site, building and equipment	96,731	64,436	32,295
	<u>3,674,697</u>	<u>3,848,560</u>	<u>(173,863)</u>
Total expenditures			
Change in fund balance	\$ <u>5,598</u>	\$ <u>164,069</u>	\$ <u>158,471</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, 2010

A S S E T S

		<u>Student Activity</u>
ASSETS:		
Cash	\$	16,054
Accounts receivable		<u>400</u>
Total assets	\$	<u><u>16,454</u></u>

L I A B I L I T I E S

LIABILITIES:		
Due to students		<u>16,454</u>
Total liabilities	\$	<u><u>16,454</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, 2010

**NOTE 1 - ORGANIZATION AND OPERATIONS**

Renaissance Elementary Charter School (the "School") is a division of Renaissance Charter School, Inc., (the "Entity") and is established as a public charter elementary school for students from kindergarten to fifth grade in Miami-Dade County. As of June 30, 2010, 502 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, 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.

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, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2010, the School had program revenues of \$ 691,024.

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.

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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

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.

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 three 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.
- Restricted net assets - consists of net assets 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.

**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2010

**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.

Designations of fund balance represent tentative management plans that are subject to change.

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</u>	<u>Expenditures</u>
Budgetary basis, page 14	\$ 4,012,629	\$ 3,848,560
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(160,188)</u>	<u>(160,188)</u>
GAAP basis, page 12	<u>\$ 3,852,441</u>	<u>\$ 3,688,372</u>

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2010, the carrying amount of the deposits and cash on hand totaled \$ 1,243,772 with a bank balance of \$ 1,253,024.

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, 2010.

**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**NOTE 4 - DUE TO/FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2010, consists of amounts due from the School Board for capital outlay as described in Note 10. Also included in this amount are amounts due from the National School Lunch Program and from the Department of Education for the Dissemination Grant.

**NOTE 5 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2010 are as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Capital assets, depreciable:				
Furniture and equipment	\$ 160,875	\$ 34,642	\$ -	\$ 195,517
Computer equipment	238,090	16,245	-	254,335
Leasehold improvements	<u>267,681</u>	<u>13,548</u>	<u>-</u>	<u>281,229</u>
 Total capital assets, depreciable	 <u>666,646</u>	 <u>64,435</u>	 <u>-</u>	 <u>731,081</u>
Accumulated depreciation:				
Furniture and equipment	134,611	13,446	-	148,057
Computer equipment	214,459	16,428	-	230,887
Leasehold improvements	<u>213,960</u>	<u>28,767</u>	<u>-</u>	<u>242,727</u>
 Total accumulated depreciation	 <u>563,030</u>	 <u>58,641</u>	 <u>-</u>	 <u>621,671</u>
 Net capital assets	 <u>\$ 103,616</u>	 <u>\$ 5,794</u>	 <u>\$ -</u>	 <u>\$ 109,410</u>

Provision for depreciation was charged to governmental activities as follows:

Instructional support services -	
Administrative services	\$ 29,874
Plant operations and maintenance	<u>28,767</u>
	 <u>\$ 58,641</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 \$ 37,826. In addition, the School is required to pay a portion of the operating expenses associated with the leased premises.

Subsequent to year end, the School moved to a new facility in order to accommodate additional student enrollment. The lease payments have yet to be determined, but are estimated to be \$ 61,250 per month. The term of the lease is also unknown at this time.



RENAISSANCE ELEMENTARY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

NOTE 6 - LEASES (continued)

During the year, the School also leased office equipment under an operating lease agreement, which expired June 2009 and required monthly payments of \$ 485.

Rent expense totaled \$ 460,534 for the year ended June 30, 2010.

NOTE 7 - COMMITMENTS

The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall receive all revenues minus certain expenses paid by the Board directly as its gross revenue, from which it pays all other operating costs of the School identified in the budget approved by the Board. CSUSA is entitled to retain as compensation for its services the difference, if any, between the amount of the School's revenues and the amount of revenues expended by CSUSA in the course of operation and management of the School. The agreement expires in August 2019.

For the fiscal year ended June 30, 2010, the amount of compensation received by CSUSA was \$ 637,720, which represented compensation for operating the School as well as the aftercare program.

The basic financial statements reflect a due from the management company which totaled \$ 37,564 as of June 30, 2010. Also, the School's accounts payable balance also contains an amount payable to CSUSA of \$ 74,514.

Post retirement benefits:

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

NOTE 8 - EMPLOYEE BENEFIT PLAN

During the year ended June 30, 2010, 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 \$ 6,577 for the year ended June 30, 2010.

NOTE 9 - DUE FROM RELATED PARTIES

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, 2010, the basic financial statements include an amount due from related parties in the amount of \$ 242,391, of which \$ 86,087 is short-term advances for such expenses mentioned above and \$ 156,304 is due from North Broward Academy of Excellence, another related party. Of that amount, \$ 156,063 is a note receivable with a three year repayment schedule for capital outlay purchases. The note is subject to 8% interest. For the year ended June 30, 2010, the School received approximately \$ 17,500 in interest income relating to this note. The additional \$ 241 represents amounts owed relating to the National School Lunch Program

Subsequent to year end, the School and Renaissance Charter Middle School will no longer share facilities (Note 6).

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

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 \$ 246,280 for the 2009/2010 school year which has been recognized as revenue in the accompanying basic financial statements. An amount, of \$ 15,329, plus interest, is due from the Florida Department of Education at June 30, 2010. 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.

NOTE 12 - BUDGET - OVER-EXPENDITURES

Total expenditures exceeded budgeted amounts by \$ 173,863 during the current year.

**SUPPLEMENTARY  
INFORMATION**

**RENAISSANCE ELEMENTARY CHARTER SCHOOL**  
**STATEMENT OF REVENUE AND EXPENDITURES -**  
**GENERAL FUND - MANAGEMENT FORMAT**  
For the Year Ended June 30, 2010

	<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>Services</u>	<u>Services</u>	<u>and</u>	<u>Outlay</u>	<u>Expenses</u>	<u>Totals</u>
				<u>Supplies</u>			
<b>REVENUES:</b>							
Federal through state	3200	-	-	-	-	-	\$ 57,127
State sources	3300	-	-	-	-	-	3,549,080
Local sources	3400	-	-	-	-	-	92,466
Aftercare	1000	-	-	-	-	-	<u>313,956</u>
<b>Total revenues</b>							<u>4,012,629</u>
<b>EXPENDITURES:</b>							
Instruction	5000	\$ 1,274,086	-	\$ 58,760	\$ 3,574	\$ 570	1,336,990
Pupil personnel services	6100	45,992	-	-	-	-	45,992
Instruction and curriculum development	6300	-	-	5,420	-	-	5,420
Instructional staff training services	6400	112	-	2,500	-	-	2,612
Board services	7100	67,578	-	-	-	-	67,578
School administration	7300	270,418	-	5,882	8,456	-	284,756
Fiscal services	7500	640,214	-	-	-	-	640,214
Food service	7600	69,062	-	99,007	-	-	168,069
Central services	7700	189,183	-	-	-	-	189,183
Pupil transportation services	7800	56,960	-	-	-	-	56,960
Operation of plant	7900	629,448	57,702	11,553	467	778	699,948
Maintenance of plant	8100	86,169	-	-	-	-	86,169
Community services	9100	188,705	-	11,528	-	-	200,233
Capital outlay:							
Site, building and equipment	9300	-	-	-	64,436	-	64,436
<b>Total expenditures</b>		<u>\$ 3,517,927</u>	<u>\$ 57,702</u>	<u>\$ 194,650</u>	<u>\$ 76,933</u>	<u>\$ 1,348</u>	<u>3,848,560</u>
<b>Change in fund balance</b>							<u>\$ 164,069</u>

**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 *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic financial statements of governmental activities, the General 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, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 27, 2010. 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 *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 School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be deficiencies, 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.

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*.

We previously noted certain matters that we reported to School management in a separate letter as noted on page 29. We are happy to report that all comments have been addressed and implemented.

This report is intended solely for the information and use of the School's management, members of the Board of Directors, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 27, 2010



## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

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

We have audited the basic financial statements of governmental activities, the General 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 fiscal year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 27, 2010.

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. Disclosures in that report, which is dated August 27, 2010, 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 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. The status of the prior year's corrective actions has been reported in the accompanying schedule of findings and recommendations made on page 29.
2. 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 new recommendations.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, 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 more than inconsequential. In connection with our audit, we did not have any such findings.



Renaissance Elementary Charter School

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
5. Section 10.854(1)(e)6., 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. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Renaissance Elementary Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
7. Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), 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.

This management letter 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 the School Board of Miami-Dade County, 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*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 27, 2010



INDEPENDENT AUDITORS' REPORT TO MANAGEMENT

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

In planning and performing our audit of the financial statements of Renaissance Elementary Charter School (the "School"), for the year ended June 30, 2010, we considered the School's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our previous audit we became aware of certain matters that represent opportunities for you to strengthen your internal controls and operating efficiencies. This letter includes our comments and recommendations. This letter does not affect our separate report dated August 27, 2010 on the financial statements of Renaissance Elementary Charter School.

The enclosed comments are not intended to reflect on the honesty, integrity, or competence of the employees of the School, but are mentioned only to aid you in improving existing procedures and internal controls.

After you have had an opportunity to consider our comment and recommendation, we would be happy to discuss it with you at your convenience.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 27, 2010

RENAISSANCE ELEMENTARY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
June 30, 2010

PRIOR YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS:

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
Maintain fixed asset inventory		X
Update internal control procedures		X

CURRENT YEAR COMMENTS AND RECOMMENDATIONS:

NONE