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

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2010

RENAISSANCE MIDDLE 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
Notes to Basic Financial Statements	15-21
SUPPLEMENTARY INFORMATION	
Statement of Revenues and Expenditures - General Fund - Management Format	22
OTHER INDEPENDENT AUDITORS' REPORTS	
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>	23-24
Independent Auditors' Report to the Board of Directors	25-26
Independent Auditors' Report to Management	27
Schedule of Findings and Recommendations	28

**BASIC
FINANCIAL STATEMENTS**



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Renaissance Middle 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 Middle 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, 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 remaining fund information of the School as of June 30, 2010, and the respective changes in financial position 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 should be considered in assessing the results of our audit.

Renaissance Middle 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 the Governmental Accounting Standards Board. 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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 27, 2010

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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

As management of Renaissance Middle 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.

- As of June 30, 2010, the School's fund balance was \$ 269,709.
- As of June 30, 2010, the School has net assets of \$ 319,801, as compared to \$ 257,934 as of June 30, 2009. The increase is a result of increased enrollment of students.

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.

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

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 through 14 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 15 through 21 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 22 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for five years; therefore, comparative government-wide data is presented. The School's net assets were \$ 319,801 at June 30, 2010. Of this amount, \$ 50,092 represents amounts invested in capital assets and \$ 269,107 represents amounts which are unrestricted. The School's net assets were \$ 257,934 at June 30, 2009. Of this amount, \$ 90,123 represented amounts invested in capital assets and \$ 167,811 represented amounts which were unrestricted. 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 Middle Charter School Net Assets		
	June 30, 2010	June 30, 2009
ASSETS:		
Current and other assets	\$ 380,807	\$ 256,855
Capital assets, net of depreciation	<u>50,092</u>	<u>90,123</u>
Total assets	<u>430,899</u>	<u>346,978</u>
LIABILITIES:		
Current liabilities	<u>111,098</u>	<u>89,044</u>
Total liabilities	<u>111,098</u>	<u>89,044</u>
NET ASSETS:		
Invested in capital assets	50,092	90,123
Unrestricted	<u>269,709</u>	<u>167,811</u>
Total net assets	<u>\$ 319,801</u>	<u>\$ 257,934</u>

Governmental Activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2010 and 2009:

Renaissance Middle Charter School Change in Net Assets		
	June 30, 2010	June 30, 2009
REVENUES:		
General revenues	\$ 776,082	\$ 730,331
Program revenues	<u>76,021</u>	<u>102,086</u>
Total revenues	<u>852,103</u>	<u>832,417</u>

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

**Renaissance Middle Charter School
Change in Net Assets
(continued)**

	June 30, 2010	June 30, 2009
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	415,498	365,461
Instructional support services	292,892	287,618
Operation of non-instructional services	81,846	172,277
Total governmental activities	790,236	825,356
Change in net assets	\$ 61,867	\$ 7,061

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	\$ 389,806	51.9%	\$ 325,429	41.4%
Administrative services	70,210	9.4%	70,249	8.9%
Plant operations and maintenance	194,103	25.9%	193,116	24.6%
Fiscal services	70,967	9.5%	126,179	16.1%
All other functions/programs	25,119	3.3%	70,351	9.0%
Total governmental expenditures	\$ 750,205	100.0%	\$ 785,324	100.0%

GENERAL FUND BUDGETARY HIGHLIGHTS

Due to additional student enrollment at the School, revenues as well as expenditures for the year ended June 30, 2010 were over budgeted amounts. The School's main source of revenue (FEFP) for the year remained constant after a funding reduction occurred in the prior year. Because of the uncertainty surrounding funding and the unstable economy, the School maintained a conservative position on spending. There were no significant fluctuations in expenditure categories.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2010, the School had capital assets of \$ 50,092, net of accumulated depreciation, invested in computer equipment and furniture and equipment, as compared to \$ 90,123 at June 30, 2009.

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

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 200 students and will take over the building that it was previously sharing with Renaissance Elementary Charter School.

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 MIDDLE CHARTER SCHOOL
STATEMENT OF NET ASSETS
June 30, 2010

A S S E T S

		<u>Governmental Activities</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$	319,525
Due from other governments		5,353
Prepaid expenses and other assets		<u>55,929</u>
Total current assets		380,807
 NONCURRENT ASSETS:		
Capital assets (depreciable), net of accumulated depreciation		<u>50,092</u>
Total assets		<u>430,899</u>
 LIABILITIES AND NET ASSETS		
 CURRENT LIABILITIES:		
Accounts payable and other accrued expenses		22,285
Due to related party		86,087
Due to management company		<u>2,726</u>
Total current liabilities		<u>111,098</u>
COMMITMENTS (Notes 6 and 7)		-
 NET ASSETS:		
Invested in capital assets		50,092
Unrestricted		<u>269,709</u>
Total net assets	\$	<u><u>319,801</u></u>

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

RENAISSANCE MIDDLE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Assets</u>
FUNCTIONS/PROGRAMS:					
Instruction:					
Regular instruction	\$ 396,308	\$ -	\$ -	\$ -	\$ (396,308)
Exceptional instruction	19,190	-	-	-	(19,190)
Instructional support services:					
Pupil personnel services	13,405	-	-	-	(13,405)
Instructional services	934	-	-	-	(934)
Administrative services	70,210	-	-	-	(70,210)
Plant operations and maintenance	194,103	-	-	76,021	(118,082)
Transportation	14,240	-	-	-	(14,240)
Operation of non-instructional services:					
Board services	10,798	-	-	-	(10,798)
Fiscal services	70,967	-	-	-	(70,967)
Central services	81	-	-	-	(81)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ <u>790,236</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>76,021</u>	<u>(714,215)</u>
General revenues:					
Grants and entitlements					776,063
Interest and other					19
					<u> </u>
					Total general revenues
					<u>776,082</u>
					Change in net assets
					61,867
Net assets, July 1, 2009					<u>257,934</u>
Net assets, June 30, 2010					\$ <u><u>319,801</u></u>

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

RENAISSANCE MIDDLE CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
 June 30, 2010

A S S E T S

		<u>General Fund</u>
ASSETS:		
Cash and cash equivalents	\$	319,525
Due from other governments		5,353
Prepaid expenditures and other assets		<u>55,929</u>
Total assets	\$	<u><u>380,807</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES:		
Accounts payable and other accrued liabilities	\$	22,285
Due to related party		86,087
Due to management company		<u>2,726</u>
Total liabilities		<u>111,098</u>

FUND BALANCE:		
Reserved for:		
Prepaid expenditures and other assets		55,929
Unreserved		<u>213,780</u>
Total fund balance		<u>269,709</u>
Total liabilities and fund balance	\$	<u><u>380,807</u></u>

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

**RENAISSANCE MIDDLE CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET 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	\$	269,709
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental cost of capital assets	\$	200,156
Less accumulated depreciation		<u>(150,064)</u>
		<u>50,092</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u><u>319,801</u></u>

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

RENAISSANCE MIDDLE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
 For the Year Ended June 30, 2010

		<u>General Fund</u>
REVENUES:		
State sources	\$	852,094
Local sources		<u>9</u>
 Total revenues		 <u>852,103</u>
 EXPENDITURES:		
Current:		
Instruction:		
Regular instruction		356,277
Exceptional instruction		19,190
Instructional support services:		
Pupil personnel services		13,405
Instructional services		934
Administrative services		70,210
Plant operations and maintenance		194,103
Transportation		14,240
Operation of non-instructional services:		
Board services		10,798
Fiscal services		70,967
Central services		<u>81</u>
 Total expenditures		 <u>750,205</u>
 Net change in fund balance		 101,898
 FUND BALANCE, July 1, 2009		 <u>167,811</u>
 FUND BALANCE, June 30, 2010	\$	 <u><u>269,709</u></u>

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

**RENAISSANCE MIDDLE CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND 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	\$ 101,898
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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.

Less current year provision for depreciation	<u>(40,031)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$ <u>61,867</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

RENAISSANCE MIDDLE CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
State sources	\$ 785,619	\$ 892,233	\$ 106,614
Local sources	<u>-</u>	<u>9</u>	<u>9</u>
Total revenues	<u>785,619</u>	<u>892,242</u>	<u>106,623</u>
 EXPENDITURES:			
Instruction:			
Regular instruction	334,344	356,277	(21,933)
Exceptional instruction	26,285	19,190	7,095
Instructional support services:			
Pupil personnel services	10,577	13,405	(2,828)
Instructional services	3,125	934	2,191
Administrative services	70,295	70,210	85
Plant operations and maintenance	199,096	194,103	4,993
Transportation	14,400	14,240	160
Operation of non-instructional services:			
Board services	15,000	10,798	4,202
Fiscal services	72,506	70,967	1,539
Food services	64	-	64
Central services	<u>37,919</u>	<u>40,220</u>	<u>(2,301)</u>
Total expenditures	<u>783,612</u>	<u>790,344</u>	<u>(6,733)</u>
Change in fund balance	\$ <u>2,007</u>	\$ <u>101,898</u>	\$ <u>99,891</u>

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

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

NOTE 1 - ORGANIZATION AND OPERATIONS

Renaissance Middle Charter School (the "School"), a component unit of the School Board of Miami-Dade County, Florida, was established in June 2005 as a public charter middle school to serve students from sixth to eighth grade in Miami-Dade County. The School is sponsored by its charter-holder, Renaissance Charter School, Inc., a Florida nonprofit corporation organized in August 1998. As of June 30, 2010, 137 students were enrolled in the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District. The current charter is effective until June 30, 2015, and may be renewed for up to an additional fifteen years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In which case, the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Miami-Dade County Public School District.

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

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

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(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 MIDDLE 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 \$ 76,021.

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 government-wide statement uses the economic resources measurement focus.

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

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

Cash and cash equivalents:

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes:

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

Capital assets:

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment 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:

Computer equipment	3-5 years
Furniture and equipment	5-8 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.

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	Revenues	Expenditures
Budgetary basis, page 14	\$ 892,242	\$ 790,344
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	(40,139)	(40,139)
GAAP basis, page 12	\$ 852,103	\$ 750,205

Date of Management's Review:

Subsequent events have been evaluated through the date of which the financial statements were available to be issued.

NOTE 3 - DEPOSITS

At June 30, 2010, the carrying amount of the deposits and cash on hand totaled \$ 319,525 with a bank balance of \$ 360,740.

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.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2010 consists of an amount due from the School District for capital outlay as described in Note 11.

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

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:				
Computer equipment	\$ 164,922	\$ -	\$ -	\$ 164,922
Furniture and equipment	<u>35,234</u>	<u>-</u>	<u>-</u>	<u>35,234</u>
Total capital assets, depreciable	<u>200,156</u>	<u>-</u>	<u>-</u>	<u>200,156</u>
Accumulated depreciation:				
Computer equipment	93,643	32,984	-	126,627
Furniture and equipment	<u>16,390</u>	<u>7,047</u>	<u>-</u>	<u>23,437</u>
Total accumulated depreciation	<u>110,033</u>	<u>40,031</u>	<u>-</u>	<u>150,064</u>
Net capital assets	<u>\$ 90,123</u>	<u>\$ (40,031)</u>	<u>\$ -</u>	<u>\$ 50,092</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$ <u>40,031</u>
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NOTE 6 - LEASES

The School previously entered into an operating lease agreement with Renaissance Elementary Charter School for the use of its premises, which was shared for the year ended June 30, 2010. The lease expires in 2019. The School's portion of the monthly payments for the year ending June 30, 2010 was \$ 9,457. In addition, the School is required to pay a portion of the operating expenses associated with the leased premises. The portion of rent and other operating expenses paid by the School is allocated according to the number of students in attendance.

Subsequent to year end, the School no longer shares a facility with Renaissance Elementary Charter School (Note 9). The School will be responsible for the monthly lease payment of \$ 47,283 beginning July 2010.

Future minimum lease payments required under long-term noncancelable operating leases at June 30, 2010 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2011	\$ 567,400
2012	567,400
2013	567,400
2014	567,400
2015	567,400
Thereafter	1,702,200

Rent totaled \$ 113,479 for the year ended June 30, 2010.

RENAISSANCE MIDDLE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
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 June 2020.

For the fiscal year ended June 30, 2010, the amount of compensation received by CSUSA was \$ 70,706, which represented compensation for operating the School. The School has an amount due to the management company of \$ 2,726 at June 30, 2010. The School also has an amount of \$ 8,940 owed to CSUSA for invoiced services in accounts payable.

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 his/her annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 2,481 for the year ended June 30, 2010.

NOTE 9 - DUE TO RELATED PARTY

Both the School and Renaissance Charter Elementary School are related, as they both share common board membership and are managed by CSUSA. These two schools share teachers, administrative staff, and share expenses, which include rent and other operating expenses. As of June 30, 2010, the basic financial statements include an amount due to related party in the amount of \$ 86,087, representing short-term advances for such expenses mentioned above. Subsequent to year end, Renaissance Middle Charter School no longer shares a facility with Renaissance Elementary Charter School therefore, will no longer share operations (Note 6).

NOTE 10 - 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 four 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.

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

NOTE 11 - CAPITAL APPROPRIATIONS FUNDING

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled \$ 76,021 for the 2009/2010 school year, which has been recognized as revenue in the accompanying basic financial statements. An amount of \$ 5,415 is due from the Florida Department of Education at June 30, 2010 (Note 4). If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of non-renewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay its portion of the lease expense on the facility.

NOTE 12 - BUDGET - OVER - EXPENDITURES

Total expenditures exceeded budgeted amounts by \$ 6,733 during the current year.

**SUPPLEMENTARY
INFORMATION**

RENAISSANCE MIDDLE 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>Expenses</u>
	<u>Services</u>	<u>Services</u>	<u>and</u>	<u>Outlay</u>	<u>Expenses</u>	<u>Totals</u>
	<u>Supplies</u>	<u>and</u>	<u>Supplies</u>	<u>and</u>	<u>Supplies</u>	<u>Totals</u>
REVENUES:						
State sources	-	-	-	-	-	\$ 892,233
Local sources	-	-	-	-	-	<u>9</u>
Total revenues						<u>892,242</u>
EXPENDITURES:						
Instruction	\$ 359,609	\$ -	\$ 15,054	\$ 804	\$ -	375,467
Pupil personnel services	13,405	-	-	-	-	13,405
Instruction and curriculum services	-	-	281	-	-	281
Instructional staff training services	28	-	625	-	-	653
Board services	10,798	-	-	-	-	10,798
School administration	68,178	-	2,032	-	-	70,210
Fiscal services	70,967	-	-	-	-	70,967
Central services	40,220	-	-	-	-	40,220
Pupil transportation services	14,240	-	-	-	-	14,240
Operation of plant	154,590	14,425	2,722	-	195	171,932
Maintenance of plant	<u>22,171</u>	-	-	-	-	<u>22,171</u>
Total expenditures	<u>\$ 754,206</u>	<u>\$ 14,425</u>	<u>\$ 20,714</u>	<u>\$ 804</u>	<u>\$ 195</u>	<u>790,344</u>
Change in fund balance						<u>\$ 101,898</u>

**OTHER INDEPENDENT
AUDITORS' REPORTS**



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

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

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of Renaissance Middle 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did 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 the School management in a separate letter as noted on page 28. We are happy to report that all comments have been addressed and implemented.

This report is intended solely for the information and use of School's management, 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 Middle Charter School
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the remaining fund information of Renaissance Middle 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 have been reported in the accompanying schedule of findings and recommendations on page 28.
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 Middle 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 Middle 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 Middle 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 Middle 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 Middle Charter School
Miami, Florida

In planning and performing our audit of the financial statements of Renaissance Middle 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 Middle Charter School.

The enclosed comment is not intended to reflect on the honesty, integrity, or competence of the employees of the School, but is 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 MIDDLE 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