

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

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2011

RENAISSANCE ELEMENTARY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the General Fund, and the 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, 2011, 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, 2011, and the respective changes in its financial position and budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Renaissance Elementary Charter School

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements as a whole. 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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, 2011 and 2010.

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, 2011 were \$ 853,546, as compared to \$ 1,328,025 as of June 30, 2010. Net assets decreased mainly due to increased expenses related to the expansion into a new facility.
- As of June 30, 2011, the School had a fund balance of \$ 1,219,670, an increase of \$ 1,055 from June 30, 2010.

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, 2011

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 24 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 25 of this report.

**RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for ten years; therefore, comparative government-wide data is presented. The School's net assets were \$ 853,546 at June 30, 2011. Of this amount, \$ 1,219,670 represents unrestricted net assets and \$ (366,124) represents amounts invested in capital assets, net of related debt (deficit). The School's net assets were \$ 1,328,025 at June 30, 2010. Of this amount, \$ 1,218,615 represented unrestricted net assets and \$ 109,410 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, 2011</u>	<u>June 30, 2010</u>
ASSETS:		
Current and other assets	\$ 2,053,145	\$ 1,621,632
Capital assets, net of depreciation	<u>13,245,927</u>	<u>109,410</u>
Total assets	<u>15,299,072</u>	<u>1,731,042</u>
LIABILITIES:		
Current liabilities	833,475	-
Long term liabilities	<u>13,612,051</u>	<u>403,017</u>
Total liabilities	<u>14,445,526</u>	<u>403,017</u>
NET ASSETS:		
Invested in capital assets, net of related debt (deficit)	(366,124)	109,410
Unrestricted	<u>1,219,670</u>	<u>1,218,615</u>
Total net assets	<u>\$ 853,546</u>	<u>\$ 1,328,025</u>

Governmental Activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2011 and 2010:

**RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
REVENUES:		
General revenues	\$ 4,818,693	\$ 3,161,415
Program revenues	<u>1,116,579</u>	<u>691,024</u>
Total revenues	<u>5,935,272</u>	<u>3,852,439</u>
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	2,194,865	1,336,990
Instructional support services	2,020,306	1,240,498
Operation of non-instructional services	1,477,147	1,105,089
Interest on long-term debt	<u>717,433</u>	<u>-</u>
Total governmental activities	<u>6,409,751</u>	<u>3,682,577</u>
Change in net assets	<u>\$ (474,479)</u>	<u>\$ 169,862</u>

Governmental Fund Expenditures

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2011		2010	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,194,865	11.2%	\$ 1,336,990	36.3%
Plant operations and maintenance	892,471	4.6%	786,117	21.3%
Fiscal services	947,046	4.8%	640,214	17.4%
Administrative services	682,049	3.5%	284,756	7.7%
Site, building and equipment	13,454,444	68.9%	64,436	1.7%
All other functions/programs	<u>1,363,400</u>	<u>7.0%</u>	<u>575,859</u>	<u>15.6%</u>
Total governmental expenditures	<u>\$ 19,534,275</u>	<u>100.0%</u>	<u>\$ 3,688,372</u>	<u>100.0%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2011, the School had capital assets of \$ 13,245,927, net of accumulated depreciation, invested in buildings, computer equipment, furniture and equipment and leasehold improvements as compared to \$ 109,410 at June 30, 2010. The increase is due to the addition of a capital lease related to the school building.

**RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Debt

At June 30, 2011, the School had debt of \$ 13,612,051, which consists of a capital lease. More information about the School's debt is in Note 9 on page 22 of the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were favorable to the budget for the year ending June 30, 2011 as FTE revenue per student received was higher than budgeted. Expenditures were unfavorable to the budget mainly due to capital outlay which includes the facility recorded as part of a capital lease transaction. The proceeds from the capital lease offset the unfavorable expenditures and the change in fund balance at year end was favorable to budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Florida is projecting funding reductions of approximately 8% for the next fiscal year. This reduction is reflected in the FEFP funding for the School. In addition, Capital Outlay funding, although expected to remain consistent into 2011-2012, will be reduced due to a greater number of schools included in the funding pool. This reduction in capital outlay funding of approximately 19% has been budgeted in the coming fiscal year to account for this dilution effect.

New legislation for schools qualifying as "High Performing Charter Schools" from the 2011 session reduced the District's 5% administrative fee in place for fiscal year 2011 to 2% in fiscal year 2012. This fee reduction has been applied to the school budget for 2011-2012. In addition, Federal Education Jobs Funding (Edu-Jobs) has been included in next year's budget and will be spent on wages for educational and related services.

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, 2011

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,402,306
Due from related party	119,583
Due from other governments	34,632
Due from trustee	215,000
Due from management company	38,209
Note receivable	207,469
Prepaid expenditures and other assets	3,360
Deposits	<u>32,586</u>
Total current assets	2,053,145
 NONCURRENT ASSETS:	
Capital assets (depreciable), net of accumulated depreciation	<u>13,245,927</u>
Total assets	<u>15,299,072</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and other accrued expenses	203,702
Accrued contracted services	361,159
Due to agency fund	22,842
Unearned revenue	<u>245,772</u>
Total current liabilities	<u>833,475</u>
 NONCURRENT LIABILITIES:	
Capital lease, due in more than one year	<u>13,612,051</u>
Total liabilities	<u>14,445,526</u>
 COMMITMENTS (Note 10)	
	-
 NET ASSETS:	
Invested in capital assets, net of related debt (deficit)	(366,124)
Unrestricted	<u>1,219,670</u>
Total net assets	<u>\$ 853,546</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, 2011

	Program Revenues			Governmental Activities	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Assets	
FUNCTIONS/PROGRAMS:					
Instruction:					
Regular instruction	\$ 2,083,671	\$ -	\$ 227,799	\$ -	\$ (1,855,872)
Exceptional instruction	111,194	-	-	-	(111,194)
Instructional support services:					
Pupil personnel services	12,532	-	-	-	(12,532)
Instructional services	5,004	-	-	-	(5,004)
Administrative services	776,574	-	-	-	(776,574)
Plant operations and maintenance	1,107,926	-	-	289,623	(818,303)
Transportation	118,270	-	-	-	(118,270)
Operation of non-instructional services:					
Food services	193,206	79,389	65,880	-	(47,937)
Board services	28,988	-	-	-	(28,988)
Fiscal services	947,046	-	-	-	(947,046)
Central services	29,236	-	28,944	-	(292)
Community services	278,671	424,944	-	-	146,273
Debt service:					
Interest	717,433	-	-	-	(717,433)
Total governmental activities	<u>\$ 6,409,751</u>	<u>\$ 504,333</u>	<u>\$ 322,623</u>	<u>\$ 289,623</u>	<u>(5,293,172)</u>
General revenues:					
Grants and entitlements					4,796,401
Other					22,292
					<u>4,818,693</u>
					Change in net assets
					(474,479)
					<u>1,328,025</u>
					Net assets, July 1, 2010
					<u>1,328,025</u>
					Net assets, June 30, 2011
					<u>\$ 853,546</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, 2011

A S S E T S

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 1,402,306
Due from related party	119,583
Due from other governments	34,632
Due from trustee	215,000
Due from management company	38,209
Note receivable	207,469
Prepaid expenditures and other assets	3,360
Deposits	<u>32,586</u>
Total assets	<u>\$ 2,053,145</u>

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

LIABILITIES:	
Accounts payable and other accrued liabilities	\$ 203,702
Accrued contracted services	361,159
Due to agency fund	22,842
Deferred revenue	<u>245,772</u>
Total liabilities	<u>833,475</u>

COMMITMENTS (Note 10) -

FUND BALANCE:	
Nonspendable:	
Note receivable	119,552
Prepaid expenditures and other assets	3,360
Deposits	32,586
Unassigned	<u>1,064,172</u>
Total fund balance	<u>1,219,670</u>
Total liabilities and fund balance	<u>\$ 2,053,145</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
 June 30, 2011

TOTAL FUND BALANCE - GOVERNMENTAL FUND, \$ 1,219,670
 PAGE 10

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

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

Cost of capital assets	\$ 14,149,765	
Less accumulated depreciation	<u>(903,838)</u>	<u>13,245,927</u>

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

Capital lease payable	<u>(13,612,051)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8 \$ 853,546

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, 2011

	<u>General Fund</u>
REVENUES:	
Federal through state	\$ 322,623
State sources	5,086,024
Local sources	109,628
Aftercare	<u>424,944</u>
Total revenues	<u>5,943,219</u>
EXPENDITURES:	
Current:	
Instruction:	
Regular instruction	2,083,671
Exceptional instruction	111,194
Instructional support services:	
Pupil personnel services	12,532
Instructional services	5,004
Administrative services	682,049
Plant operations and maintenance	892,471
Transportation	118,270
Operation of non-instructional services:	
Food services	193,206
Board services	28,988
Fiscal services	947,046
Central services	29,236
Community services	278,671
Capital outlay:	
Site, building and equipment	13,454,444
Debt service:	
Interest	<u>697,493</u>
Total expenditures	<u>19,534,275</u>
Change in fund balance before other sources	(13,591,056)
OTHER FINANCING SOURCES:	
Proceeds from capital lease	<u>13,592,111</u>
Net change in fund balance	1,055
FUND BALANCE, July 1, 2010	<u>1,218,615</u>
FUND BALANCE, June 30, 2011	<u>\$ 1,219,670</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, 2011**

NET CHANGE IN FUND BALANCE - TOTAL \$ 1,055
GOVERNMENTAL FUND, PAGE 12

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

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

Cost of capital assets	\$	13,454,444	
Less provision for depreciation		(309,980)	
Proceeds from sale of capital asset		<u>(7,947)</u>	13,136,517

Debt proceeds provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net assets.

Proceeds from capital lease	(13,592,111)
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Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Provision for amortization of costs associated with capital lease	<u>(19,940)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$ <u><u>(474,479)</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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Federal through state	\$ -	\$ 322,623	\$ 322,623
State sources	5,073,162	5,325,349	252,187
Local sources	233,940	109,628	(124,312)
Aftercare	324,000	424,944	100,944
	<u>5,631,102</u>	<u>6,182,544</u>	<u>551,442</u>
Total revenues			
EXPENDITURES:			
Instruction:			
Regular instruction	1,913,400	2,083,671	(170,271)
Exceptional instruction	122,338	111,194	11,144
Instructional support services:			
Pupil personnel services	47,011	12,532	34,479
Instructional services	13,955	5,004	8,951
Administrative services	596,357	682,049	(85,692)
Plant operations and maintenance	1,322,872	892,471	430,401
Transportation	144,000	118,270	25,730
Operation of non-instructional services:			
Food services	222,264	193,206	29,058
Board services	24,850	28,988	(4,138)
Fiscal services	947,789	947,046	743
Central services	233,093	268,561	(35,468)
Community services	174,479	278,671	(104,192)
Capital outlay:			
Site, building and equipment	347,900	13,454,444	(13,106,544)
Debt service:			
Interest	-	697,493	(697,493)
	<u>6,110,308</u>	<u>19,773,600</u>	<u>(13,663,292)</u>
Total expenditures			
Change in fund balance before other sources	\$ (479,206)	\$ (13,591,056)	\$ (13,111,850)
OTHER FINANCING SOURCES:			
Proceeds from capital lease	-	13,592,111	13,592,111
	<u>-</u>	<u>13,592,111</u>	<u>13,592,111</u>
Net change in fund balance	\$ (479,206)	\$ 1,055	\$ 480,261

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, 2011

ASSETS

	<u>Student Activity</u>
ASSETS:	
Cash	\$ 18,340
Accounts receivable	1,166
Due from general fund	<u>22,842</u>
Total assets	<u>\$ 42,348</u>

LIABILITIES

LIABILITIES:	
Due to students	<u>42,348</u>
Total liabilities	<u>\$ 42,348</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, 2011

NOTE 1 - ORGANIZATION AND OPERATIONS

Renaissance Elementary Charter School (the "School") is a division of Renaissance Charter School, Inc., and is established as a public charter elementary school for students from kindergarten to fifth grade in Miami-Dade County. As of June 30, 2011, 733 students were enrolled in the School. Renaissance Charter School, Inc. 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, 2011

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, 2011, the School had program revenues of \$ 1,116,579.

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.

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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:

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

Unearned/deferred revenue:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Deferred revenues, also known as unearned revenue, at the government-wide level, arise only when the School receives resources before it has a legal claim to them.

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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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:

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

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:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis, page 14	\$ 6,182,544	\$ 19,773,600
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(239,325)</u>	<u>(239,325)</u>
GAAP basis, page 12	<u>\$ 5,943,219</u>	<u>\$ 19,534,275</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2011, the carrying amount of the deposits and cash on hand totaled \$ 1,411,102 with a bank balance of \$ 1,437,099.

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, 2011.

NOTE 4 - DUE FROM RELATED PARTY

Both the School and Renaissance Charter Middle School (the "RCMS") are related as they both share common board membership and are managed by Charter Schools USA, Inc. (Note 10). As of June 30, 2011, the basic financial statements include an amount due from RCMS in an amount of \$ 119,583, which mostly represents reimbursement of payroll related expenditures.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2011, consists of amounts due from the School Board for capital outlay as described in Note 12 and an amount due from the National School Lunch Program.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 6 - DUE FROM TRUSTEE

In October 2010, Renaissance Charter School, Inc. borrowed funds for construction of facilities for several of their schools, including Renaissance Elementary Charter School (Note 10). The School has an amount due from the trustee at June 30, 2011 of \$ 215,000, which represents amounts held in escrow for interest payments to be made on behalf of the School.

NOTE 7 - NOTE RECEIVABLE

As of June 30, 2011, the basic financial statements include a note receivable in the amount of \$ 207,469. Of that amount, \$ 175,000 is a note receivable payable from Renaissance Charter Middle School (Note 4), with a three year repayment schedule for capital outlay purchases. The note is subject to 5% interest. For the year ended June 30, 2011, the School did not receive interest income relating to this note. The remaining \$ 32,469 is a note receivable payable from North Broward Academy of Excellence, another related party, with a three year repayment schedule for capital outlay purchases. The note is subject to 8% interest. For the year ended June 30, 2011, the School received approximately \$ 8,000 in interest income relating to this note.

NOTE 8 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 are as follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Capital assets, depreciable:				
Buildings	\$ -	\$ 13,117,111	\$ -	\$ 13,117,111
Furniture and equipment	195,517	172,736	-	368,253
Computer equipment	254,335	164,597	-	418,932
Leasehold improvements	<u>281,229</u>	<u>-</u>	<u>35,760</u>	<u>245,469</u>
 Total capital assets, depreciable	 <u>731,081</u>	 <u>13,454,444</u>	 <u>35,760</u>	 <u>14,149,765</u>
Accumulated depreciation:				
Buildings	-	194,328	-	194,328
Furniture and equipment	148,057	34,344	-	182,401
Computer equipment	230,887	60,181	-	291,068
Leasehold improvements	<u>242,727</u>	<u>21,127</u>	<u>27,813</u>	<u>236,041</u>
 Total accumulated depreciation	 <u>621,671</u>	 <u>309,980</u>	 <u>27,813</u>	 <u>903,838</u>
 Net capital assets	 <u>\$ 109,410</u>	 <u>\$ 13,144,464</u>	 <u>\$ 7,947</u>	 <u>\$ 13,245,927</u>

Provision for depreciation was charged to governmental activities as follows:

Instructional support services -	
Administrative services	\$ 94,525
Plant operations and maintenance	<u>215,455</u>
	<u>\$ 309,980</u>

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 9 - CAPITAL LEASE

The School entered into a capital lease arrangement with Red Apple at Doral, LLC for use of its facility. This lease arrangement was entered into as part of a transaction consisting of a bond issuance by the Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 10). The lease is through October 2055 and requires monthly interest payments through August 2013 at which time monthly principal and interest payments become due. Principal and interest payments are due through August 2040. For the year ended June 30, 2011, approximately \$ 697,500 in interest was paid.

Future minimum payments at June 30, 2011 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ -	\$ 947,540	\$ 947,540
2013	-	947,540	947,540
2014	175,000	945,340	1,120,340
2015	221,665	933,020	1,154,685
2016	233,330	918,810	1,152,140
2017-2021	1,425,000	4,345,250	5,770,250
2022-2026	1,978,330	3,795,635	5,773,965
2027-2031	2,693,335	3,077,700	5,771,035
2032-2036	3,625,000	2,150,400	5,775,400
2037-2041	3,941,210	858,855	4,800,065
	<u>\$ 14,292,870</u>	<u>\$ 18,920,090</u>	<u>\$ 33,212,960</u>

Changes in capital leases during the year are as follows:

	Balance July 1, 2010	Additions	Retirements	Amortization	Balance June 30, 2011	Amount Due Within One Year
Capital lease obligations, net of unamortized costs of \$ 680,819	\$ -	\$ 13,592,111	\$ -	\$ 19,940	\$ 13,612,051	\$ -
	<u>\$ -</u>	<u>\$ 13,592,111</u>	<u>\$ -</u>	<u>\$ 19,940</u>	<u>\$ 13,612,051</u>	<u>\$ -</u>

NOTE 10 - COMMITMENTS

Management agreement:

The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA shall be entitled to a management fee for its services, subject to availability of funds. The management fee is subordinated to all lease payment requirements (Note 9). The fee is scheduled to increase approximately 3% annually over the term of the agreement.

For the year ended June 30, 2011, the amount of compensation received by CSUSA was \$ 944,994, which represented compensation for operating the School as well as the aftercare program.

The School's accounts payable balance contains an amount payable to CSUSA of \$142,175. The School also has an amount due from the management company of \$ 38,209.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - COMMITMENTS (continued)

Lease agreement:

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

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, entered into four lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a forty-five year lease (Note 9). The leases are deemed to be capital leases and the capital lease payments are based on the debt service requirements of the bonds which extend through August 2040. These payments are made from the revenues received from the School Board of Miami-Dade County for the operation of the Schools. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

In addition to the capital lease payments noted in Note 9, the School is required to pay incremental rent payments to RAD commencing October 2012. The incremental rent payments range from \$ 1,550 to \$ 76,300 per month over the term of the agreement which is through September 2040.

Post-retirement benefits:

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

NOTE 11 - EMPLOYEE BENEFIT PLAN

During the year ended June 30, 2011, 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 \$ 8,517 for the year ended June 30, 2011.

NOTE 12 - 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 \$ 289,623 for the 2010/2011 school year which has been recognized as revenue in the accompanying basic financial statements. An amount, of \$ 27,812 is due from the Florida Department of Education at June 30, 2011. 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.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 13 - 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 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

NOTE 14 - BUDGET - OVER-EXPENDITURES

Total expenditures exceeded budgeted amounts by \$ 13,111,850 during the current year, mainly due to the capital lease of the building.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUE AND EXPENDITURES -
GENERAL FUND - MANAGEMENT FORMAT
For the Year Ended June 30, 2011

	Account	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other Expenses	Totals
REVENUES:							
Federal through state	3200	-	-	-	-	-	\$ 322,623
State sources	3300	-	-	-	-	-	5,325,349
Local sources	3400	-	-	-	-	-	109,628
Aftercare	1000	-	-	-	-	-	424,944
Total revenues							<u>6,182,544</u>
EXPENDITURES:							
Instruction	5000	\$ 2,028,724	\$ -	\$ 154,725	\$ 10,017	\$ 1,399	2,194,865
Pupil personnel services	6100	12,532	-	-	-	-	12,532
Instruction and curriculum development	6300	-	-	1,144	-	-	1,144
Instructional staff training services	6400	185	-	3,675	-	-	3,860
Board services	7100	28,988	-	-	-	-	28,988
School administration	7300	379,873	-	7,604	246,164	42,803	682,049
Fiscal services	7500	997,046	-	-	-	-	947,046
Food service	7600	80,048	-	113,158	-	-	193,206
Central services	7700	268,561	-	-	-	-	268,561
Pupil transportation services	7800	118,270	-	-	-	-	118,270
Operation of plant	7900	643,305	101,019	15,607	-	170	760,101
Maintenance of plant	8100	132,370	-	-	-	-	132,370
Community services	9100	265,521	-	13,150	-	-	278,671
Capital outlay:							
Site, building and equipment	9300	-	-	-	13,454,444	-	13,454,444
Debt service:							
Interest	9200	-	-	-	-	437,493	697,493
Total expenditures		<u>\$ 4,955,423</u>	<u>\$ 101,019</u>	<u>\$ 309,063</u>	<u>\$ 13,710,625</u>	<u>\$ 481,865</u>	<u>19,773,600</u>
Change in fund balance before other sources							(13,591,056)
OTHER FINANCING SOURCES:							
Proceeds from capital lease							<u>13,592,111</u>
Net change in fund balance							<u>\$ 1,055</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, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 31, 2011. 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*.

Renaissance Elementary Charter School

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 31, 2011



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

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

We have audited the financial statements of Renaissance Elementary Charter School (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 31, 2011.

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 31, 2011, 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 auditor's report:

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.
2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
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 have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control 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.

Renaissance Elementary Charter School

7. Pursuant to Sections 10.854(1)(3)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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this 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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 31, 2011