

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

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2011

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

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## 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, 2011, 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 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 August 30, 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 Middle 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 30, 2011

MANAGEMENT'S DISCUSSION  
AND ANALYSIS

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

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, 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.

- As of June 30, 2011, the School's fund balance was \$ 139,074.
- As of June 30, 2011, the School has net assets of \$ 56,154, as compared to \$ 319,801 as of June 30, 2010. The decrease is a result of a shortfall in 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.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**RENAISSANCE MIDDLE 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.

**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 22 of this report.

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The School has been in operation for six years; therefore, comparative government-wide data is presented. The School's net assets were \$ 56,154 at June 30, 2011. Of this amount, \$ (6,895) represents amounts invested in capital assets, net of related debt (deficit) and \$ 63,049 represents amounts which are unrestricted. The School's net assets were \$ 319,801 at June 30, 2010. Of this amount, \$ 50,092 represented amounts invested in capital assets and \$ 269,107 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.



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

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, 2011	June 30, 2010
<b>ASSETS:</b>		
Current and other assets	\$ 336,545	\$ 380,807
Capital assets, net of depreciation	92,080	50,092
Total assets	428,625	430,899
<b>LIABILITIES:</b>		
Other liabilities	252,919	111,098
Long-term liabilities	119,552	-
Total liabilities	372,471	111,098
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt (deficit)	(6,895)	50,092
Unrestricted	63,049	269,709
Total net assets	\$ 56,154	\$ 319,801

***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, 2011 and 2010:

Renaissance Middle Charter School, Inc. Change in Net Assets		
	June 30, 2011	June 30, 2010
<b>REVENUES:</b>		
General revenues	\$ 1,681,126	\$ 776,082
Program revenues	277,783	76,021
Total revenues	1,958,909	852,103
<b>FUNCTIONS/PROGRAM EXPENSES:</b>		
Instruction	866,261	415,498
Instructional support services	1,192,591	292,892
Operation of non-instructional services	163,704	81,846
Total governmental activities	2,222,556	790,236
Change in net assets	\$ (263,647)	\$ 61,867

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

***Governmental Fund Expenditures***

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

<u>Functions/Programs</u>	<u>2011</u>		<u>2010</u>	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
Governmental expenditures:				
Instructional expenditures	\$ 815,434	36.0%	\$ 389,806	51.9%
Administrative services	180,540	8.0%	70,210	9.4%
Plant operations and maintenance	903,491	39.9%	194,103	25.9%
Transportation	102,400	4.5%	14,240	1.9%
All other functions/programs	<u>262,679</u>	<u>11.6%</u>	<u>121,985</u>	<u>10.9%</u>
Total governmental expenditures	<u>\$ 2,264,544</u>	<u>100.0%</u>	<u>\$ 790,344</u>	<u>100.0%</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital assets***

At June 30, 2011, the School had capital assets of \$ 92,080, net of accumulated depreciation, invested in computer equipment, furniture and equipment, and leasehold improvements, as compared to \$ 50,092 at June 30, 2010.

***Long-term debt***

At June 30, 2011, the School had outstanding debt of \$ 175,000. Additional information on the School's debt can be found in Note 7 on page 20.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues were unfavorable to the budget for the year ended June 30, 2011 due to a shortfall in enrollment. Expenses were favorable to the budget due to the timing of debt repayments which begin in the next fiscal year as well as favorable administrative services and plant operations and maintenance. The year end result for change in fund balance was favorable to the 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 FEPF 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.

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

**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, 2011

A S S E T S

	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 292,670
Due from management company	2,520
Due from other governments	26,391
Prepaid expenses and other assets	4,455
Deposits	<u>10,509</u>
Total current assets	336,545
 <b>NONCURRENT ASSETS:</b>	
Capital assets (depreciable), net of accumulated depreciation	<u>92,080</u>
Total assets	<u>428,625</u>

L I A B I L I T I E S   A N D   N E T   A S S E T S

<b>CURRENT LIABILITIES:</b>	
Accounts payable and other accrued expenses	50,151
Due to related party	119,583
Unearned revenue	27,737
Note payable, due within one year	<u>55,448</u>
Total current liabilities	<u>252,919</u>
 <b>NONCURRENT LIABILITIES:</b>	
Note payable, due in more than one year	<u>119,552</u>
Total liabilities	<u>372,471</u>
 <b>COMMITMENTS (Notes 8 and 9)</b>	
	-
 <b>NET ASSETS:</b>	
Invested in capital assets, net of related debt (deficit)	(6,895)
Unrestricted	<u>63,049</u>
Total net assets	<u>\$ 56,154</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, 2011

	Program Revenues			Governmental Activities
Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Assets
<b>FUNCTIONS/PROGRAMS:</b>				
Instruction:				
Regular instruction	\$ 814,446	\$ -	\$ -	\$ (814,446)
Exceptional instruction	51,815	-	-	(51,815)
Instructional support services:				
Instructional media services	1,277	-	-	(1,277)
Instructional services - other	3,461	-	-	(3,461)
Administrative services	180,540	-	-	(180,540)
Plant operations and maintenance	904,913	-	130,572	(774,341)
Transportation	102,400	-	-	(102,400)
Operation of non-instructional services:				
Food services	91,470	28,799	43,969	(18,702)
Board services	20,844	-	-	(20,844)
Fiscal services	811	-	-	(811)
Central services	14,625	-	10,322	(4,303)
Community services	35,954	64,121	-	28,167
	<u>\$ 2,222,556</u>	<u>\$ 92,920</u>	<u>\$ 54,291</u>	<u>\$ 130,572</u>
Total governmental activities	<u>\$ 2,222,556</u>	<u>\$ 92,920</u>	<u>\$ 54,291</u>	<u>\$ 130,572</u>
General revenues:				
Grants and entitlements				1,680,943
Interest and other				183
				<u>1,681,126</u>
				(263,647)
				<u>319,801</u>
Net assets, July 1, 2010				<u>319,801</u>
Net assets, June 30, 2011				<u>\$ 56,154</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, 2011

A S S E T S

	General Fund
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 292,670
Due from management company	2,520
Due from other governments	26,391
Prepaid expenditures and other assets	4,455
Deposits	10,509
Total assets	\$ 336,545

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

<b>LIABILITIES:</b>	
Accounts payable and other accrued liabilities	\$ 50,151
Due to related party	119,583
Deferred revenue	27,737
Total liabilities	197,471

COMMITMENTS (Notes 8 and 9) -

<b>FUND BALANCE:</b>	
Nonspendable:	
Prepaid expenditures and other assets	4,455
Deposits	10,509
Assigned to subsequent year's budget	64,871
Unassigned	59,239
Total fund balance	139,074
Total liabilities and fund balance	\$ 336,545

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, 2011

**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	\$	139,074
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>		
Governmental cost of capital assets	\$	299,131
Less accumulated depreciation		<u>(207,051)</u>
		92,080
<p>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.</p>		
Note payable		<u>(175,000)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8</b>	<b>\$</b>	<b><u>56,154</u></b>

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, 2011

	<u>General Fund</u>
<b>REVENUES:</b>	
Federal through state	\$ 54,291
State sources	1,811,519
Local sources	28,978
Aftercare	<u>64,121</u>
Total revenues	<u>1,958,909</u>
 <b>EXPENDITURES:</b>	
Current:	
Instruction:	
Regular instruction	758,881
Exceptional instruction	51,815
Instructional support services:	
Instructional media services	1,277
Instructional services - other	3,461
Administrative services	180,540
Plant operations and maintenance	903,491
Transportation	102,400
Operation of non-instructional services:	
Food services	91,470
Board services	20,844
Fiscal services	811
Central services	14,625
Community services	35,954
Capital outlay:	
Site, building and equipment	<u>98,975</u>
Total expenditures	<u>2,264,544</u>
Change in fund balance before other financing sources	(305,635)
 <b>OTHER FINANCING SOURCES:</b>	
Proceeds from note payable	<u>175,000</u>
Net change in fund balance	(130,635)
 <b>FUND BALANCE, July 1, 2010</b>	<u>269,709</u>
 <b>FUND BALANCE, June 30, 2011</b>	<u>\$ <u>139,074</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, 2011**

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

Change in fund balance - governmental fund, page 12	\$	(130,635)
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Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets is depreciated over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$	98,975	
Provision for depreciation		<u>(56,987)</u>	41,988

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

Debt proceeds		<u>(175,000)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$	<u><u>(263,647)</u></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, 2011

	Original and Final Budget	Actual	Variance
<b>REVENUES:</b>			
Federal through state	\$ -	\$ 54,291	\$ 54,291
State sources	2,102,957	1,897,636	(205,321)
Local sources	65,463	28,978	(36,485)
Aftercare	-	64,121	64,121
	<u>2,168,420</u>	<u>2,045,026</u>	<u>(123,394)</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular instruction	803,621	758,881	44,740
Exceptional instruction	49,415	51,815	(2,400)
Instructional support services:			
Pupil personnel services	1,750	-	1,750
Instructional media services	-	1,277	(1,277)
Instructional services - other	6,918	3,461	3,457
Administrative services	254,545	180,540	74,005
Plant operations and maintenance	992,949	903,491	89,458
Transportation	36,000	102,400	(66,400)
Operation of non-instructional services:			
Food services	86,066	91,470	(5,404)
Board services	19,320	20,844	(1,524)
Fiscal services	3,600	811	2,789
Central services	97,646	100,742	(3,096)
Community services	-	35,954	(35,954)
Capital outlay:			
Site, building and equipment	142,627	98,975	43,652
Debt service:			
Principal and interest	76,319	-	76,319
	<u>2,570,776</u>	<u>2,350,661</u>	<u>220,115</u>
Total expenditures			
Change in fund balance before other financing sources	(402,356)	(305,635)	96,721
<b>OTHER FINANCING SOURCES:</b>			
Proceeds from note payable	200,000	175,000	(25,000)
	<u>200,000</u>	<u>175,000</u>	<u>(25,000)</u>
Net change in fund balance	\$ <u>(202,356)</u>	\$ <u>(130,635)</u>	\$ <u>71,721</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, 2011

**NOTE 1 - ORGANIZATION AND OPERATIONS**

Renaissance Middle Charter School, Inc. (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, 2011, 290 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.

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 \$ 277,783.

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

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

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 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.

Prepaid items:

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

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, 2011

**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:

Furniture and equipment	5 years
Computer equipment	3-5 years
Leasehold improvements	10 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:

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.

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

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

- **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.

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.

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	\$ 2,045,026	\$ 2,350,661
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	(86,117)	(86,117)
GAAP basis, page 12	\$ 1,958,909	\$ 2,264,544

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

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

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.

**NOTE 3 - DEPOSITS**

At June 30, 2011, the carrying amount of the deposits and cash on hand totaled \$ 292,670 with a bank balance of \$ 306,581.

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 OTHER GOVERNMENTS**

Due from other governments at June 30, 2011 consists of amounts due from the School District for capital outlay as described in Note 11 and an amount due from the National School Lunch Program.

**NOTE 5 - CAPITAL ASSETS**

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

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital assets, depreciable:				
Furniture and equipment	\$ 35,234	\$ 13,367	\$ -	\$ 48,601
Computer equipment	164,922	70,093	-	235,015
Leasehold improvements	<u>          -</u>	<u>15,515</u>	<u>          -</u>	<u>15,515</u>
Total capital assets, depreciable	<u>200,156</u>	<u>98,975</u>	<u>          -</u>	<u>299,131</u>
Accumulated depreciation:				
Furniture and equipment	23,437	9,204	-	32,641
Computer equipment	126,627	46,361	-	172,988
Leasehold improvements	<u>          -</u>	<u>1,422</u>	<u>          -</u>	<u>1,422</u>
Total accumulated depreciation	<u>150,064</u>	<u>56,987</u>	<u>          -</u>	<u>207,051</u>
Net capital assets	<u>\$ 50,092</u>	<u>\$ 41,988</u>	<u>\$ -</u>	<u>\$ 92,080</u>

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

**NOTE 5 - CAPITAL ASSETS (continued)**

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$	55,565
Plant operations and maintenance		<u>1,422</u>
	\$	<u><u>56,987</u></u>

**NOTE 6 - 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 Charter Schools, USA, Inc. (Note 9). As of June 30, 2011, the basic financial statements include an amount due to related party in the amount of \$ 119,583, representing short-term advances for payroll related expenditures.

**NOTE 7 - NOTE PAYABLE**

As of June 30, 2011, the basic financial statements include a note payable of in the amount of \$ 175,000 which is due to Renaissance Charter Elementary School. The note has a three year repayment schedule and requires monthly payments of \$ 5,245, including interest at 5%, beginning July 1, 2011. The note is for monies loaned for capital outlay purchases.

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

<u>Year Ending June 30,</u>		
2012	\$	55,400
2013	\$	58,300
2014	\$	61,200

Changes in note payable during the year are as follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>	<u>Amount Due Within One Year</u>
Note payable: Renaissance Charter Elementary School	\$ -	\$ 175,000	\$ -	\$ 175,000	\$ 55,448
Total	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 55,448</u>

**NOTE 8 - LEASES**

The School leases its facility under an operating lease which expires in June 2019. The lease requires base monthly payments of \$ 47,283 as well as fees for common area maintenance.



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

**NOTE 8 – LEASES (continued)**

Future minimum lease payments required under long-term noncancelable operating leases at June 30, 2011 are approximately as follows:

Year Ending June 30,	Operating Leases
2012	\$ 567,400
2013	\$ 567,400
2014	\$ 567,400
2015	\$ 567,400
2016	\$ 567,400
Thereafter	\$ 1,702,200

Rent totaled \$ 534,771 for the year ended June 30, 2011.

**NOTE 9 – 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, 2011, there was no amount of compensation received by CSUSA for operating the School. The School has an amount due to the management company of \$ 2,520 at June 30, 2011. The School also has an amount of \$ 42,454 owed to CSUSA for invoiced services included in accounts payable.

Post-retirement benefits:

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

**NOTE 10 - 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 his/her annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 2,385 for the year ended June 30, 2011.

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

**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 \$ 130,572 for the 2010/2011 school year, which has been recognized as revenue in the accompanying basic financial statements. An amount of \$ 21,776 is due from the Florida Department of Education at June 30, 2011 (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 - 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 three years.

As disclosed in Note 9, 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**  
**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
<b>REVENUES:</b>						
Federal through state	-	-	-	-	-	\$ 54,291
State sources	-	-	-	-	-	1,897,636
Local sources	-	-	-	-	-	28,978
Aftercare	-	-	-	-	-	<u>64,121</u>
<b>Total revenues</b>						<u>2,045,026</u>
<b>EXPENDITURES:</b>						
Instruction	\$ 753,211	\$ -	\$ 53,470	\$ 4,015	\$ -	810,696
Instruction media services	1,277	-	-	-	-	1,277
Instruction and curriculum services	-	-	1,801	-	-	1,801
Instructional staff training services	-	-	1,660	-	-	1,660
Board services	20,844	-	-	-	-	20,844
School administration	105,381	-	7,557	67,602	-	180,540
Fiscal services	811	-	-	-	-	811
Food services	23,942	-	67,528	-	-	91,470
Central services	100,742	-	-	-	-	100,742
Pupil transportation services	102,400	-	-	-	-	102,400
Operation of plant	727,131	52,706	11,507	-	2,048	793,392
Maintenance of plant	110,099	-	-	-	-	110,099
Community services	35,779	-	174	-	-	35,954
Capital outlay:						
Site, building and equipment	<u>98,976</u>	-	-	-	-	<u>98,975</u>
<b>Total expenditures</b>	<u>\$ 2,080,593</u>	<u>\$ 52,706</u>	<u>\$ 143,697</u>	<u>\$ 71,617</u>	<u>\$ 2,048</u>	<u>2,350,661</u>
Change in fund balance before other financing sources						(305,635)
<b>OTHER FINANCING SOURCES:</b>						
Proceeds from note payable						<u>175,000</u>
<b>Net change in fund balance</b>						<u>\$ (130,635)</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, Inc.  
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, Inc. (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 30, 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 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*.

Renaissance Middle Charter School, Inc.

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 30, 2011



## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

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

We have audited the financial statements of Renaissance Middle Charter School, Inc. (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 30, 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 30, 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 Middle Charter School, Inc.



Renaissance Middle Charter School, Inc.

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, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
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 Middle Charter School, Inc.'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 30, 2011