

**Renaissance Charter School at Goldenrod**  
A Department of Renaissance Charter School, Inc.  
(A Component Unit of the School  
Board of Orange County, Florida)

**Basic Financial Statements**  
**For the Year Ended June 30, 2017**

## Renaissance Charter School at Goldenrod

### Table of Contents

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Independent Auditor's Report	1-2
Management's Discussion and Analysis (not covered by Independent Auditor's Report)	3-6
<b>Basic Financial Statements</b>	
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues and Expenditures - Budget and Actual - General Fund	13
Statement of Revenues and Expenditures - Budget and Actual - Special Revenue Fund	14
Statement of Assets and Liabilities - Agency Fund	15
Notes to Basic Financial Statements	16-22
<b>Other Independent Auditor's Reports</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Independent Auditor's Report to the Board of Directors	25-26

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Renaissance Charter School at Goldenrod  
A Department of Renaissance Charter School, Inc.  
Orlando, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Charter School at Goldenrod (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Orange County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2017, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2017 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2017 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Keefe McCullough*

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 2, 2017

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Renaissance Charter School at Goldenrod  
Management's Discussion and Analysis  
June 30, 2017**

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As management of Renaissance Charter School at Goldenrod (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Orange 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, 2017 and 2016.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the 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.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2017, the School's governmental fund balances were \$ 760,879 as compared to \$ 790,316 as of June 30, 2016.
- As of June 30, 2017, the School had net position of \$ 1,003,885 as compared to \$ 936,499 as of June 30, 2016.

### **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.

**Government-Wide Basic 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 position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the year. All changes in net position 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 basic financial statements can be found on pages 7 and 8 of this report.

**Fund Basic 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 basic financial statements, governmental fund basic 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances. The General Fund and Special Revenue Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 14 of this report.

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

The agency fund financial statement can be found on page 15 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net position.

**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 23 of this report.

## Government-Wide Financial Analysis

This is the School's second year of operations; therefore, comparative government-wide data is presented. The School's net position at June 30, 2017 was \$ 1,003,885. This amount represents net investment in capital assets of \$ 380,613 and unrestricted of \$ 623,272. The School's net position was \$ 936,499 at June 30, 2016. This amount represents net investment in capital assets of \$ 200,068 and unrestricted of \$ 736,431.

**Renaissance Charter School at Goldenrod  
Management's Discussion and Analysis  
June 30, 2017**

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Our analysis in the table below focuses on the net position of the School's governmental activities:

Renaissance Charter School at Goldenrod Net Position		
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets:		
Current and other assets	\$ 1,246,639	\$ 1,456,624
Capital assets, net of depreciation	<u>855,228</u>	<u>902,552</u>
Total assets	<u>2,101,867</u>	<u>2,359,176</u>
Liabilities:		
Current liabilities	757,614	904,089
Noncurrent liabilities	<u>340,368</u>	<u>518,588</u>
Total liabilities	<u>1,097,982</u>	<u>1,422,677</u>
Net Position:		
Net investment in capital assets	380,613	200,068
Unrestricted	<u>623,272</u>	<u>736,431</u>
Total net position	<u>\$ 1,003,885</u>	<u>\$ 936,499</u>

Current assets decreased compared to the previous year due to decreases in cash and cash equivalents as well as receivables. The decrease in capital assets, net of depreciation is a result of depreciation expense of \$ 360,254. Current liabilities decreased as a result of a decrease in amounts due to the management company for expenses paid on the School's behalf. Noncurrent liabilities decreased as a result of principal payments on their capital lease.

**Governmental Activities:** The results of the initial year's operations for the School as a whole are reported in the statement of activities on page 8. The following table provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2017 and 2016:

Renaissance Charter School at Goldenrod Change in Net Position		
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues:		
General revenues	\$ 7,818,085	\$ 6,033,651
Program revenues	<u>863,597</u>	<u>984,827</u>
Total revenues	<u>8,681,682</u>	<u>7,018,478</u>
Functions/Program Expenses:		
Instruction	3,855,119	3,213,524
Instructional support services	2,734,350	2,355,054
Non-instructional services	<u>2,024,827</u>	<u>513,401</u>
Total governmental activities	<u>8,614,296</u>	<u>6,081,979</u>
Change in net position	<u>\$ 67,386</u>	<u>\$ 936,499</u>



**Renaissance Charter School at Goldenrod  
Management’s Discussion and Analysis  
June 30, 2017**

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General revenues increased as a result of an increase in enrollment of approximately 160 students. Expenses increased year over year as a result of increased spending on salaries and benefits for instructional staff due to the increase in enrollment. There was also an increase in payments to the management company for cost reimbursements and management fees.

**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	2017		2016	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 3,468,720	39%	\$ 2,918,231	37%
Plant operations and maintenance	1,979,208	23%	1,716,112	21%
Fiscal services	1,456,640	17%	5,424	0%
School administration	438,546	5%	357,854	4%
Capital outlay	312,930	4%	1,184,629	15%
All other functions/programs	1,055,075	12%	1,867,835	23%
Total governmental expenditures	\$ 8,711,119	100%	\$ 8,050,085	100%

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2017, the School had capital assets of \$ 855,288, net of accumulated depreciation, invested in computer equipment and furniture and equipment as compared to \$ 902,552 at June 30, 2016.

**Debt:** At June 30, 2017, the School had outstanding debt of \$ 474,615, as compared to \$ 702,484 at June 30, 2016. Additional information on the School’s debt can be found on Notes 6 and 7 on page 21.

**General Fund Budgetary Highlights**

Total revenues were slightly lower than anticipated due to an enrollment shortfall of approximately 60 students which was offset by a higher than budgeted rate per student.

Expenditures were favorable to the budget due to savings in pupil personnel services, school administration and operation of plant. The School was budgeted to have additional financing of \$ 353,000 but did not enter into any new financing agreements during the year. The School ended the year with a change in fund balance which was favorable to budget by approximately \$ 344,000.

**Economic Factors and Next Year's Budget**

In fiscal year 2017, the State of Florida increased its Florida Education Finance Program funding by approximately 1%. The capital outlay funding pool also increased to \$ 75 million. A 2% merit increase was paid out to eligible staff. For fiscal year 2018, the School budgets were finalized ahead of the passing of House Bill 7069 and the final capital outlay reduction to \$ 50 million. The budgets reflect a Florida Education Finance Program funding increase of approximately .34% and flat capital outlay. A 2% merit increase for all staff is included as well as additional teacher pay increases in certain districts. All other expenditures are budgeted in alignment with enrollment changes and the School’s strategic objectives.

**Requests for Information**

If you have any questions about this report or need additional information, please write Hillary Daigle, Vice President of Finance, Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

# BASIC FINANCIAL STATEMENTS

**Renaissance Charter School at Goldenrod**  
**Statement of Net Position**  
**June 30, 2017**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 961,088
Other receivables	29,531
Due from related parties	40,449
Due from other governments	52,445
Prepaid items	97,982
Deposits	<u>65,144</u>
Total current assets	1,246,639
<b>Noncurrent Assets:</b>	
Capital assets (depreciable), net of accumulated depreciation	<u>855,228</u>
Total assets	<u>2,101,867</u>
<b>Current Liabilities:</b>	
Accounts payable	37,563
Salaries and wages payable	303,501
Due to management company	144,696
Compensated absences	29,521
Capital leases	<u>242,333</u>
Total current liabilities	757,614
<b>Noncurrent Liabilities:</b>	
Compensated absences	9,840
Deferred rental payments	98,246
Capital leases	<u>232,282</u>
Total noncurrent liabilities	<u>340,368</u>
Total liabilities	<u>1,097,982</u>
<b>Commitments (Note 8)</b>	-
<b>Net Position</b>	
Net investment in capital assets	380,613
Unrestricted	<u>623,272</u>
Total net position	\$ <u><u>1,003,885</u></u>

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

**Renaissance Charter School at Goldenrod**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities</u>
					<u>Net Revenue (Expense) and Change in Net Position</u>
<b>Functions/Programs:</b>					
Instruction	\$ 3,855,119	\$ -	\$ 321,383	\$ -	\$ (3,533,736)
Pupil personnel services	101,989	-	23,880	-	(78,109)
Instructional and curriculum development services	22,399	-	9,575	-	(12,824)
Instructional staff training services	22,824	-	18,921	-	(3,903)
Instruction related technology	111,807	-	-	-	(111,807)
School Board	20,903	-	-	-	(20,903)
School administration	438,546	-	-	-	(438,546)
Fiscal services	1,456,640	-	-	-	(1,456,640)
Food services	311,527	34,326	311,527	-	34,326
Central services	102,649	-	-	-	(102,649)
Operation of plant	1,856,675	-	47,248	-	(1,809,427)
Maintenance of plant	180,110	-	-	-	(180,110)
Community services	96,137	95,939	798	-	600
Interest on long-term debt	36,971	-	-	-	(36,971)
Total governmental activities	\$ <u>8,614,296</u>	\$ <u>130,265</u>	\$ <u>733,332</u>	\$ <u>-</u>	<u>(7,750,699)</u>
General revenues:					
Grants and entitlements					7,814,231
Other income					3,854
Total general revenues					<u>7,818,085</u>
Change in net position					67,386
Net position, July 1, 2016					<u>936,499</u>
Net position, June 30, 2017					\$ <u>1,003,885</u>

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

**Renaissance Charter School at Goldenrod  
Balance Sheet - Governmental Funds  
June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 961,088	\$ -	\$ 961,088
Other receivables	29,531	-	29,531
Due from related parties	2,398	38,051	40,449
Due from other governments	-	52,445	52,445
Due from other funds	90,496	-	90,496
Prepaid items	97,982	-	97,982
Deposits	65,144	-	65,144
	<u>1,246,639</u>	<u>90,496</u>	<u>1,337,135</u>
Total assets	\$ <u>1,246,639</u>	\$ <u>90,496</u>	\$ <u>1,337,135</u>
<b>Liabilities:</b>			
Accounts payable	\$ 37,563	\$ -	\$ 37,563
Salaries and wages payable	303,501	-	303,501
Due to management company	144,696	-	144,696
Due to other funds	-	90,496	90,496
	<u>485,760</u>	<u>90,496</u>	<u>576,256</u>
Total liabilities	<u>485,760</u>	<u>90,496</u>	<u>576,256</u>
<b>Commitments (Note 8)</b>	-	-	-
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid items	97,982	-	97,982
Deposits	65,144	-	65,144
Unassigned	597,753	-	597,753
	<u>760,879</u>	<u>-</u>	<u>760,879</u>
Total fund balances	<u>760,879</u>	<u>-</u>	<u>760,879</u>
Total liabilities and fund balances	\$ <u>1,246,639</u>	\$ <u>90,496</u>	\$ <u>1,337,135</u>

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

**Renaissance Charter School at Goldenrod  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2017**

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**Total Fund Balances - Governmental Funds** \$ 760,879

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental cost of capital assets	\$	1,497,559	
Less accumulated depreciation		<u>(642,331)</u>	855,228

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital leases payable			(474,615)
Deferred rental payments			(98,246)
Compensated absences			<u>(39,361)</u>

**Net Position of Governmental Activities** \$ 1,003,885

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

**Renaissance Charter School at Goldenrod  
Statement of Revenues, Expenditures and  
Change in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues:</b>			
Federal through state	\$ -	\$ 689,612	\$ 689,612
State sources	7,831,921	2,642	7,834,563
Local sources	61,568	-	61,568
Aftercare	95,939	-	95,939
	<u>7,989,428</u>	<u>692,254</u>	<u>8,681,682</u>
<b>Total revenues</b>			
	<u>7,989,428</u>	<u>692,254</u>	<u>8,681,682</u>
<b>Expenditures:</b>			
Instruction	3,310,548	158,172	3,468,720
Pupil personnel services	78,109	23,880	101,989
Instructional and curriculum development services	12,824	9,575	22,399
Instructional staff training services	3,903	18,921	22,824
Instruction related technology	111,807	-	111,807
School Board	20,903	-	20,903
School administration	438,546	-	438,546
Fiscal services	1,456,640	-	1,456,640
Food services	-	311,527	311,527
Central services	102,649	-	102,649
Operation of plant	1,775,238	23,860	1,799,098
Maintenance of plant	180,110	-	180,110
Community services	95,339	798	96,137
Capital outlay	167,409	145,521	312,930
Debt service			
Principal	227,869	-	227,869
Interest	36,971	-	36,971
	<u>8,018,865</u>	<u>692,254</u>	<u>8,711,119</u>
<b>Total expenditures</b>			
	<u>8,018,865</u>	<u>692,254</u>	<u>8,711,119</u>
<b>Net change in fund balances</b>			
	(29,437)	-	(29,437)
<b>Fund Balances, July 1, 2016</b>			
	<u>790,316</u>	<u>-</u>	<u>790,316</u>
<b>Fund Balances, June 30, 2017</b>			
	<u>\$ 760,879</u>	<u>\$ -</u>	<u>\$ 760,879</u>

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

**Renaissance Charter School at Goldenrod  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Change in Fund Balances  
 of the Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2017**

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**Change in Fund Balances - Governmental Fund** \$ (29,437)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets is depreciated over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$	312,930	
Provision for depreciation		<u>(360,254)</u>	(47,324)

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position.	227,869
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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.

Deferred rental payments			(57,577)
Change in compensated absences			<u>(26,145)</u>

**Change in Net Position of Governmental Activities** \$ 67,386

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



**Renaissance Charter School at Goldenrod  
Statement of Revenues and Expenditures -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
State sources	\$ 7,845,544	\$ 7,845,544	\$ 7,831,921	\$ (13,623)
Local sources	68,779	68,779	61,568	(7,211)
Aftercare	127,054	127,054	95,939	(31,115)
	<u>8,041,377</u>	<u>8,041,377</u>	<u>7,989,428</u>	<u>(51,949)</u>
<b>Expenditures:</b>				
Instruction	3,311,327	3,374,706	3,310,548	64,158
Pupil personnel services	235,951	239,871	78,109	161,762
Instructional and curriculum development services	15,672	15,672	12,824	2,848
Instructional staff training services	3,194	3,194	3,903	(709)
Instruction related technology	99,051	99,051	111,807	(12,756)
School Board	6,244	6,244	20,903	(14,659)
School administration	578,131	510,048	438,546	71,502
Fiscal services	1,005,469	1,455,469	1,456,640	(1,171)
Food services	66,519	66,519	-	66,519
Central services	106,139	106,139	102,649	3,490
Pupil transportation	54,693	54,693	-	54,693
Operation of plant	1,976,830	1,976,830	1,775,238	201,592
Maintenance of plant	151,859	151,859	180,110	(28,251)
Community services	117,582	118,366	95,339	23,027
Capital outlay	353,276	353,276	167,409	185,867
Debt service				
Principal	160,337	160,337	227,869	(67,532)
Interest	75,831	75,831	36,971	38,860
	<u>8,318,105</u>	<u>8,768,105</u>	<u>8,018,865</u>	<u>749,240</u>
Change in fund balances before other financing sources	(276,728)	(726,728)	(29,437)	697,291
<b>Other Financing Sources:</b>				
Proceeds from capital lease and loan	353,276	353,276	-	(353,276)
Net change in fund balance	<u>\$ 76,548</u>	<u>\$ (373,452)</u>	<u>\$ (29,437)</u>	<u>\$ 344,015</u>

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

**Renaissance Charter School at Goldenrod  
Statement of Revenues and Expenditures -  
Budget and Actual - Special Revenue Fund  
For the Year Ended June 30, 2017**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Federal sources:			
National School Lunch Program	\$ 373,672	\$ 332,745	\$ (40,927)
Title I	307,371	209,431	(97,940)
Title II	310	1,915	1,605
Startup grant	-	145,521	145,521
State sources:			
National School Lunch Program	-	2,642	2,642
	<u>681,353</u>	<u>692,254</u>	<u>10,901</u>
Total revenues			
<b>Expenditures:</b>			
Instruction	277,485	158,172	119,313
Pupil personnel services	-	23,880	(23,880)
Instructional and curriculum development services	-	9,575	(9,575)
Instructional staff training services	15,098	18,921	(3,823)
Food services	373,672	311,527	62,145
Operation of plant	-	23,860	(23,860)
Community services	15,098	798	14,300
Capital outlay	-	145,521	(145,521)
	<u>681,353</u>	<u>692,254</u>	<u>(10,901)</u>
Total expenditures			
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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

Renaissance Charter School at Goldenrod  
Statement of Assets and Liabilities - Agency Fund  
June 30, 2017

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	<u>Student Activities</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>26,709</u>
Total assets	\$ <u><u>26,709</u></u>
<b>Liabilities:</b>	
Due to students	\$ <u>26,709</u>
Total liabilities	\$ <u><u>26,709</u></u>

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

### Note 1 - Organization and Operations

Renaissance Charter School at Goldenrod (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Orange County, Florida, was established in July 2015 as a public charter school to serve students from kindergarten to eighth grade in Orange County. In its second year of operations, the School served students in kindergarten through seventh grade. The School is sponsored by its charter-holder, Renaissance Charter School, Inc., a Florida nonprofit corporation organized in August 1998. There were 1,015 students enrolled for the 2016/2017 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2017, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

### Note 2 - Summary of Significant Accounting Policies

**Reporting entity:** The School operates under a charter granted by the sponsoring school board, the School Board of Orange County. The current charter is effective until June 30, 2020, and may be renewed in increments of five years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case, the School Board 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 School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Orange County.

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 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, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide basic financial 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 funds). 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.

**Note 2 - Summary of Significant Accounting Policies (continued)**

In the government-wide statement of net position, 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, 2017 the School had program revenues of \$ 863,597.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position 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 School reports the following major governmental funds:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Special Revenue Fund** - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**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 basic 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 basic 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 short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

**Note 2 - Summary of Significant Accounting Policies (continued)**

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 (Note 3).

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

**Due to and due from other funds:** Interfund receivables and payable arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payment between funds are made.

**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. 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.

**Income taxes:** The School is a Department 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 a cost of \$ 750 and useful life of over one year. Donated property and equipment assets are reported at acquisition 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 capital 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

**Deferred outflows/inflows of resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position 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.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

**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.

**Note 2 - Summary of Significant Accounting Policies (continued)**

- 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 9.

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.

**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.

**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.

**Date of management review:** Subsequent events were evaluated by management through October 2, 2017, which is the date the financial statements were available to be issued.

**Note 3 - Cash and Cash Equivalents**

At June 30, 2017, the carrying amount of the deposits and cash on hand totaled \$ 987,797 with a bank balance of \$ 1,042,808.

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, 2017.

**Note 4 - Due From Related Parties**

The School is a Department of Renaissance Charter School, Inc. ("RCS"). As of June 30, 2017, RCS owes the school \$ 38,051 for the National School Lunch Program funding not yet distributed to the School.

The School and Renaissance Charter School at Crown Point ("RCCP") are affiliated, as they share common board membership and are Department of RCS. As of June 30, 2017, the basic financial statements include an amounts due from RCCP of \$ 2,398 for shared payroll expenses.



**Renaissance Charter School at Goldenrod**  
**Notes to Basic Financial Statements**  
**June 30, 2017**

**Note 5 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2017 are as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets, depreciable:				
Furniture and equipment	\$ 685,199	\$ 126,181	\$ -	\$ 811,380
Computer equipment	<u>499,430</u>	<u>186,749</u>	<u>-</u>	<u>686,179</u>
Total capital assets, depreciable	<u>1,184,629</u>	<u>312,930</u>	<u>-</u>	<u>1,497,559</u>
Accumulated depreciation:				
Furniture and equipment	135,576	158,280	-	293,856
Computer equipment	<u>146,501</u>	<u>201,974</u>	<u>-</u>	<u>348,475</u>
Total accumulated depreciation	<u>282,077</u>	<u>360,254</u>	<u>-</u>	<u>642,331</u>
Net capital assets	<u>\$ 902,552</u>	<u>\$ (47,324)</u>	<u>\$ -</u>	<u>\$ 855,228</u>

Provision for depreciation of \$ 360,254 was charged to instruction expense in the governmental activities.

**Note 6 - Capital Leases**

The School previously entered into two capital leases for school furniture and equipment and computer equipment. The capital leases require monthly payments of \$ 22,070 through December 2018 and then \$ 10,175 through December 2019. As of June 30, 2017, the net book value of the leased furniture, equipment, and computer equipment is approximately \$ 497,400. Amortization of the leased furniture, equipment, and computer equipment is included with depreciation expense.

The following is a schedule of the future minimum lease payments as of June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 242,333	\$ 22,507	\$ 264,840
2019	177,786	8,280	186,066
2020	<u>54,496</u>	<u>913</u>	<u>55,409</u>
	<u>\$ 474,615</u>	<u>\$ 31,700</u>	<u>\$ 506,315</u>

**Note 7 - Long-Term Liabilities**

Changes in the School's long-term liabilities for fiscal year ended June 30, 2017, are as follows:

	Balance at July 1, 2016	Additions	Retirements	Balance at June 30, 2017	Amount Due Within One Year
Capital leases, equipment	\$ 702,484	\$ -	\$ 227,869	\$ 474,615	\$ 242,333
Compensated absences	<u>13,216</u>	<u>27,587</u>	<u>1,442</u>	<u>39,361</u>	<u>29,521</u>
	<u>\$ 715,700</u>	<u>\$ 27,587</u>	<u>\$ 229,311</u>	<u>\$ 513,976</u>	<u>\$ 271,854</u>

#### Note 8 - Commitments

**Operating lease agreement:** The School previously entered into a noncancellable operating lease for use of its premises through July 2040. The base rent consists of \$ 100,000 plus \$ 1,111 times the applicable number of students as provided for in the lease agreement. The \$ 1,111 in the base rent calculation shall increase each year by the Consumer Price Index. The School's payment of base rent in an amount equal to \$ 50 per student shall be deferred through lease year five. The deferred base rent shall accrue interest at 7% per annum and shall be due and payable to the landlord at the end of lease year five or at the time of closing if the option to purchase is exercised. For the year ended June 30, 2017, the School paid \$ 1,216,893 in rent and deferred \$ 57,577 in rent which includes \$ 4,725 of interest. The School is responsible for all taxes and the operation, use, maintenance, repair, replacement and upkeep of the premises.

The lease provides for an option to renew for up to four additional five year periods. The lease also provides for an option to purchase based on a certain cap rate based on the base rent for lease year five. The option to purchase cannot be exercised until after January 1, 2019 and must be exercised at the latest August 2, 2019 for a closing after October 1, 2019 and on or before December 31, 2019.

**Management agreement:** The School has a formal agreement with Charter Schools USA at Orange-Goldenrod, LLC ("CSUSA") to manage, staff, and operate the School. The term of the agreement coincides with the charter and can be extended if the charter is extended. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to the availability of funds. The amount of the fee is not to exceed 15% of revenues, and shall be determined by the Governing Board and set forth in the Governing Board's approved annual budget. CSUSA received a fee of \$ 1,449,997 for the year ended June 30, 2017.

The basic financial statements reflect a due to CSUSA for expenses paid on behalf of the school which totaled \$ 144,696 at June 30, 2017 .

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

#### Note 9 - Employee Benefit Plan

During the year ended June 30, 2017, 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 100% of his/her annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 6,643 for the year ended June 30, 2017.

#### Note 10 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past two years.

As disclosed in Note 8, 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.

OTHER INDEPENDENT  
AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S 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 Charter School at Goldenrod  
A Department of Renaissance Charter School, Inc.  
Orlando, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Charter School at Goldenrod (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Orange County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 2, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 2, 2017

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Renaissance Charter School at Goldenrod  
A Department of Renaissance Charter School, Inc.  
Orlando, Florida

### Report on the Financial Statements

We have audited the financial statements of Renaissance Charter School at Goldenrod (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Orange County, Florida, as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 2, 2017.

### Auditor's Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

### Other Report

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 2, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

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.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Renaissance Charter School at Goldenrod.

### Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that we report the results of our determination 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 School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the 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.

**Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

**Other Matters**

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.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 2, 2017