

Renaissance Charter School at Tapestry
A Department of Renaissance Charter School, Inc.
(A Component Unit of the School
Board of Osceola County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2016

Renaissance Charter School at Tapestry

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Renaissance Charter School at Tapestry
A Department of Renaissance Charter School, Inc.
Kissimmee, 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 Tapestry (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2016, 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, 2016, 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, 2016 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2016 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 September 15, 2016, 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
September 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Renaissance Charter School at Tapestry (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2016. Since this is the first year of operations, prior year comparative information is not available. Comparative information will be provided in future years.

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, 2016, the School's fund balance was \$ 751,992.
- As of June 30, 2016 the School had net position (deficit) of \$ (361,072).

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 basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements.

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 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 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, Special Revenue Fund and Capital Project 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 is 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 assets.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 24 of this report.

Government-Wide Financial Analysis

This is the School's initial year of operations; therefore, comparative government-wide data cannot be presented. The School's net position (deficit) was \$ (361,072) at June 30, 2016. This amount represents net investment in capital assets (deficit) of \$ (1,091,101) and unrestricted position of \$ 730,029.

**Renaissance Charter School at Tapestry
Management's Discussion and Analysis
June 30, 2016**

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

Renaissance Charter School at Tapestry Net Position (Deficit) June 30, 2016	
ASSETS:	
Current and other assets	\$ 1,139,624
Capital assets, net of depreciation	<u>19,165,794</u>
Total assets	<u>20,305,418</u>
LIABILITIES:	
Current liabilities	648,451
Noncurrent liabilities	<u>20,018,039</u>
Total liabilities	<u>20,666,490</u>
NET POSITION (DEFICIT):	
Net investment in capital assets (deficit)	(1,091,101)
Unrestricted	<u>730,029</u>
Total net position (deficit)	<u>\$ (361,072)</u>

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

Renaissance Charter School at Tapestry Change in Net Position (Deficit) June 30, 2016	
REVENUES:	
General revenues	\$ 6,117,856
Program revenues	<u>706,001</u>
Total revenues	<u>6,823,857</u>
FUNCTIONS/PROGRAM EXPENSES:	
Instruction	3,251,044
Instructional support services	2,386,007
Operation of noninstructional services	<u>1,547,878</u>
Total expenses	<u>7,184,929</u>
Change in net position (deficit)	<u>\$ (361,072)</u>

Governmental Fund Expenditures

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

Functions/Programs	2016	
	Expenditures	Percent
Governmental expenditures:		
Facilities acquisition and construction	\$ 19,958,579	74.2%
Instruction	2,858,710	10.6%
Debt service	1,362,657	5.1%
Plant operations and maintenance	1,317,150	4.9%
Fiscal services	620,834	2.3%
All other functions/programs	768,530	2.9%
Total governmental expenditures	\$ 26,886,460	100.0%

Capital Assets and Debt Administration

Capital assets: At June 30, 2016, the School had capital assets of \$ 19,165,794 net of accumulated depreciation, invested in buildings, furniture, fixtures and equipment and computer equipment.

Debt: At June 30, 2016, the School had outstanding debt of \$ 20,271,100. Additional information on the School’s debt can be found in Notes 9 and 10 on page 22.

General Fund Budgetary Highlights

Revenues were favorable to the budget due to a higher than anticipated per student funding rate as well as receipt of unbudgeted grant funds. Expenditures were unfavorable to the budget due to higher than anticipated facilities costs and capital outlay costs. There were savings in salaries which helped to offset these additional costs as well as additional proceeds from a capital lease. Overall, the School ended the year with a change in fund balance which was favorable to the budget by approximately \$ 923,300.

Economic Factors and Next Year’s Budget

The State of Florida has increased its Florida Education Finance Program funding for the next year by approximately 1%. This brings the per student funding to \$ 7,178.49. In addition, the Charter School Capital Outlay pool, which includes all charter schools, was increased to \$ 75,000,000.

Expenditures are budgeted in proportion to enrollment as well as strategic objectives at the School.

Requests for Information

If you have questions about this report or need additional information, please contact 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 Tapestry
Statement of Net Position (Deficit)
June 30, 2016

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 903,955
Due from management company	21,760
Due from other governments	34,010
Prepaid items	142,664
Deposits	23,030
Restricted cash	<u>14,205</u>
Total current assets	1,139,624
Noncurrent Assets:	
Capital assets (depreciable), net of accumulated depreciation	<u>19,165,794</u>
Total assets	<u>20,305,418</u>
Current Liabilities:	
Accounts payable	31,612
Salaries and wages payable	255,402
Due to related parties	2,741
Unearned revenue	97,877
Compensated absences	5,819
Capital lease	<u>255,000</u>
Total current liabilities	<u>648,451</u>
Noncurrent Liabilities:	
Compensated absences	1,939
Capital lease	<u>20,016,100</u>
Total noncurrent liabilities	<u>20,018,039</u>
Total liabilities	<u>20,666,490</u>
Commitments (Note 12)	-
Net Position (Deficit):	
Net investment in capital assets (deficit)	(1,091,101)
Unrestricted	<u>730,029</u>
Total net position (deficit)	<u>\$ (361,072)</u>

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

Renaissance Charter School at Tapestry
Statement of Activities
For the Year Ended June 30, 2016

	<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 Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 3,251,044	\$ -	\$ 404,472	\$ -	\$ (2,846,572)
Pupil personnel services	171,560	-	300	-	(171,260)
Instructional media services	31,444	-	-	-	(31,444)
Instructional and curriculum development services	7,411	-	705	-	(6,706)
Instructional staff training services	15,635	-	14,895	-	(740)
Instructional related technology	96,926	-	-	-	(96,926)
School Board	1,794	-	-	-	(1,794)
School administration	337,672	-	538	-	(337,134)
Fiscal services	620,834	-	-	-	(620,834)
Food services	6,469	342	-	-	(6,127)
Central services	3,022	-	-	-	(3,022)
Operation of plant	1,571,198	-	20,704	-	(1,550,494)
Maintenance of plant	154,161	-	-	-	(154,161)
Community services	96,597	138,348	-	-	41,751
Interest on long-term debt	819,162	-	-	125,697	(693,465)
Total governmental activities	<u>\$ 7,184,929</u>	<u>\$ 138,690</u>	<u>\$ 441,614</u>	<u>\$ 125,697</u>	<u>(6,478,928)</u>
General revenues:					
Grants and entitlements					5,712,257
Other income					<u>405,599</u>
Total general revenues					<u>6,117,856</u>
Change in net position					(361,072)
Net position, July 1, 2015, inception					<u>-</u>
Net position (deficit), June 30, 2016					<u>\$ (361,072)</u>

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

**Renaissance Charter School at Tapestry
Balance Sheet - Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 903,955	\$ -	\$ -	\$ 903,955
Due from management company	21,760	-	-	21,760
Due from other governments	-	14,503	19,507	34,010
Due from other funds	34,010	-	-	34,010
Prepaid items	142,664	-	-	142,664
Deposits	23,030	-	-	23,030
Restricted cash	14,205	-	-	14,205
	<u>1,139,624</u>	<u>14,503</u>	<u>19,507</u>	<u>1,173,634</u>
Total assets	<u>\$ 1,139,624</u>	<u>\$ 14,503</u>	<u>\$ 19,507</u>	<u>\$ 1,173,634</u>
Liabilities:				
Accounts payable	\$ 31,612	\$ -	\$ -	\$ 31,612
Salaries and wages payable	255,402	-	-	255,402
Due to related parties	2,741	-	-	2,741
Due to other funds	-	14,503	19,507	34,010
Unearned revenue	97,877	-	-	97,877
	<u>387,632</u>	<u>14,503</u>	<u>19,507</u>	<u>421,642</u>
Total liabilities	<u>387,632</u>	<u>14,503</u>	<u>19,507</u>	<u>421,642</u>
Commitments (Note 12)	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid items	142,664	-	-	142,664
Deposits	23,030	-	-	23,030
Restricted for capital projects	14,205	-	-	14,205
Assigned to subsequent year's budget	17,950	-	-	17,950
Unassigned	554,143	-	-	554,143
	<u>751,992</u>	<u>-</u>	<u>-</u>	<u>751,992</u>
Total fund balances	<u>751,992</u>	<u>-</u>	<u>-</u>	<u>751,992</u>
Total liabilities and fund balances	<u>\$ 1,139,624</u>	<u>\$ 14,503</u>	<u>\$ 19,507</u>	<u>\$ 1,173,634</u>

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

**Renaissance Charter School at Tapestry
 Reconciliation of the Balance Sheet of the Governmental Funds
 to the Statement of Net Position (Deficit)
 June 30, 2016**

Total Fund Balances - Governmental Funds, Page 9 \$ 751,992

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

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

Cost of capital assets	\$ 19,958,579	
Accumulated depreciation	<u>(792,785)</u>	19,165,794

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.

Compensated absences	(7,758)	
Capital lease payable	<u>(20,271,100)</u>	<u>(20,278,858)</u>

Net Position (Deficit) of Governmental Activities, Page 7 \$ (361,072)

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

**Renaissance Charter School at Tapestry
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
Federal through state	\$ -	\$ 407,092	\$ -	\$ 407,092
State sources	5,726,075	-	125,697	5,851,772
Local sources	426,645	-	-	426,645
Aftercare	138,348	-	-	138,348
	<u>6,291,068</u>	<u>407,092</u>	<u>125,697</u>	<u>6,823,857</u>
Expenditures:				
Instruction	2,677,165	181,545	-	2,858,710
Pupil personnel services	171,260	300	-	171,560
Instructional media services	31,444	-	-	31,444
Instructional and curriculum development services	6,706	705	-	7,411
Instructional staff training services	740	14,895	-	15,635
Instruction related technology	96,926	-	-	96,926
School Board	1,794	-	-	1,794
School administration	337,134	538	-	337,672
Fiscal services	620,834	-	-	620,834
Food services	6,469	-	-	6,469
Central services	3,022	-	-	3,022
Operation of plant	1,162,989	-	-	1,162,989
Maintenance of plant	154,161	-	-	154,161
Community services	96,597	-	-	96,597
Facilities acquisition and construction	19,749,470	209,109	-	19,958,579
Debt service:				
Principal	556,589	-	-	556,589
Interest	680,371	-	125,697	806,068
	<u>26,353,671</u>	<u>407,092</u>	<u>125,697</u>	<u>26,886,460</u>
Change in fund balances before other financing sources	(20,062,603)	-	-	(20,062,603)
Other Financing Sources:				
Proceeds from capital lease and loan	20,814,595	-	-	20,814,595
Net change in fund balances	751,992	-	-	751,992
Fund Balances, July 1, 2015, inception	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2016	<u>\$ 751,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,992</u>

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

**Renaissance Charter School at Tapestry
 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, 2016**

Change in Fund Balances - Governmental Fund, Page 11 \$ 751,992

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

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

Cost of capital assets	\$ 19,958,579	
Provision for depreciation	<u>(792,785)</u>	19,165,794

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (deficit).

Proceeds from capital lease and loan	(20,814,595)
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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 (deficit).

	556,589
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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:

Change in compensated absences	(7,758)	
Provision for amortization of costs associated with capital lease	<u>(13,094)</u>	<u>(20,852)</u>

Change in Net Position (Deficit) of Governmental Activities, Page 8 \$ (361,072)

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

**Renaissance Charter School at Tapestry
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 5,721,075	\$ 5,721,075	\$ 6,016,527	\$ 295,452
Local sources	24,658	24,658	426,645	401,987
Aftercare	124,128	124,128	138,348	14,220
	<u>5,869,861</u>	<u>5,869,861</u>	<u>6,581,520</u>	<u>711,659</u>
Expenditures:				
Instruction	2,897,265	2,897,265	2,677,165	220,100
Pupil personnel services	399,023	399,023	171,260	227,763
Instructional media services	-	-	31,444	(31,444)
Instructional and curriculum development services	-	-	6,706	(6,706)
Instructional staff training services	13,000	13,000	740	12,260
Instructional related technology	96,760	96,760	96,926	(166)
School Board	5,000	5,000	1,794	3,206
School administration	548,744	548,744	337,134	211,610
Fiscal services	62,978	612,978	620,834	(7,856)
Food services	54,746	54,746	6,469	48,277
Central services	289,247	289,247	293,474	(4,227)
Operation of plant	621,014	621,014	1,162,989	(541,975)
Maintenance of plant	153,763	153,763	154,161	(398)
Community services	304,673	304,673	96,597	208,076
Facilities acquisition and construction	18,734,908	18,734,908	19,749,470	(1,014,562)
Debt service:				
Principal	205,000	205,000	556,589	(351,589)
Interest	727,064	727,064	680,371	46,693
	<u>25,113,185</u>	<u>25,663,185</u>	<u>26,644,123</u>	<u>(980,938)</u>
Change in fund balance before other financing sources	(19,243,324)	(19,793,324)	(20,062,603)	(269,279)
Other Financing Sources:				
Proceeds from capital lease and loan	19,621,967	19,621,967	20,814,595	1,192,628
Net change in fund balance	<u>\$ 378,643</u>	<u>\$ (171,357)</u>	<u>\$ 751,992</u>	<u>\$ 923,349</u>

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

**Renaissance Charter School at Tapestry
Statement of Revenues and Expenditures -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources:			
Startup grant	\$ 27,571	\$ 130,165	\$ 102,594
Title I	-	276,927	276,927
	<u>27,571</u>	<u>407,092</u>	<u>379,521</u>
Total revenues			
	<u>27,571</u>	<u>407,092</u>	<u>379,521</u>
Expenditures:			
Instruction	27,571	181,545	(153,974)
Pupil personnel services	-	300	(300)
Instructional and curriculum development services	-	705	(705)
Instructional staff training services	-	14,895	(14,895)
School administration	-	538	(538)
Facilities acquisition and construction	-	209,109	(209,109)
	<u>27,571</u>	<u>407,092</u>	<u>(379,521)</u>
Total expenditures			
	<u>27,571</u>	<u>407,092</u>	<u>(379,521)</u>
Net change in fund balance	\$ -	\$ -	\$ -

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

Renaissance Charter School at Tapestry
Statement of Assets and Liabilities - Agency Fund
June 30, 2016

	<u>Student Activities</u>
Assets:	
Cash and cash equivalents	\$ <u>15,399</u>
Total assets	\$ <u><u>15,399</u></u>
Liabilities:	
Due to students	\$ <u>15,399</u>
Total liabilities	\$ <u><u>15,399</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 Tapestry (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, was established in 2014 as a public charter school to serve students from kindergarten to eighth grade in Osceola County. In its initial year of operations, the School served students in kindergarten through sixth grade. Renaissance Charter School, Inc. is a Florida nonprofit corporation organized in August 1998. There were 874 students enrolled for the 2015/2016 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, 2016, 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. Renaissance Charter School Inc., (Notes 9 and 12) is an entity created to fund the purchase of the facility housing the School's operations. 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 of Osceola County. The current charter is effective until June 30, 2019, and may be renewed 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. Renaissance Charter School at Tapestry is considered a component unit of the School Board of Osceola 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 presented in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2016, the School had program revenues of \$ 706,001.

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.

Capital Project Fund - This fund is used to account for state capital outlay funding that is 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 statements use 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 they become 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 subject to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts at 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Due to and due from other funds: Interfund receivables and payables 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 payments 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 and is net of a 5% administration fee retained by the School Board. This funding is received on a prorata basis over the twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

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 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 are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	45 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 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.

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.

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 basic 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 13	\$ 6,581,520	\$ 26,644,123
Less: 5% administration fee retained by the School District included as revenue and expenditures on a budgetary basis	<u>(290,452)</u>	<u>(290,452)</u>
GAAP basis, page 11	<u>\$ 6,291,068</u>	<u>\$ 26,353,671</u>

Date of management review: Subsequent events were evaluated by management through September 15, 2016, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2016, the carrying amount of the deposits and cash on hand totaled \$ 919,354, with a bank balance of \$ 928,108.

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 the reporting requirements of the qualified public depositor to the Treasurer is defined by 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 and are covered by the collateral pool because the School has identified itself as a public entity.

Renaissance Charter School at Tapestry
Notes to Basic Financial Statements
June 30, 2016

Note 4 - Due From Other Governments

Due from other governments at June 30, 2016 consists of an amount due from the Florida Department of Education for capital outlay and Title I funding.

Note 5 - Restricted Cash

In November 2015, Renaissance Charter School, Inc. borrowed funds for construction of facilities for several of their schools, including Renaissance Charter at Tapestry (Notes 9 and 12). As of June 30, 2016, the basic financial statements include an amount of \$ 14,205 in restricted cash which represents amount held in trust for capital outlay.

Note 6 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2016 are as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets, depreciable:				
Buildings	\$ -	\$ 18,369,404	\$ -	\$ 18,369,404
Furniture, fixtures and equipment	-	471,912	-	471,912
Computer equipment	-	1,117,263	-	1,117,263
Total capital assets, depreciable	-	19,958,579	-	19,958,579
Accumulated depreciation:				
Buildings	-	408,209	-	408,209
Furniture, fixtures and equipment	-	87,209	-	87,209
Computer equipment	-	297,367	-	297,367
Total accumulated depreciation	-	792,785	-	792,785
Net capital assets	\$ -	\$ 19,165,794	\$ -	\$ 19,165,794

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 384,576
Operation of plant	<u>408,209</u>
	<u>\$ 792,785</u>

Note 7 - Due To Related Parties

The School is a Department of Renaissance Charter School, Inc. ("RCS"). As of June 30, 2016, the School owes RCS \$ 677 for various prepaid expenses.

The School and Renaissance Charter School at Hunter's Creek ("HUNT") are affiliated, as they share common board membership and are Departments of Renaissance Charter School, Inc. As of June 30, 2016 the basic financial statements include an amount due to HUNT of \$ 2,064 for payroll related expenses.

Renaissance Charter School at Tapestry
Notes to Basic Financial Statements
June 30, 2016

Note 8 - Operating Lease

The School entered into an operating lease agreement for the use of a building where the School is located. The lease terminated upon the closing of the Series 2015 Bonds (Notes 9 and 12). Total rent for the year ended June 30, 2016 totaled \$ 390,883.

Note 9 - Capital Lease

The School entered into a capital lease arrangement with Red Apple at Tapestry, LLC for use of its facility and equipment. This lease arrangement was entered into as part of a transaction consisting of a bond issuance by Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 12). The lease requires monthly principal and interest payments through June 2046. At June 30, 2016, the net book value of the leased facility and equipment is approximately \$ 18,695,900. Amortization of the leased facility and equipment is included with depreciation expense.

Future minimum payments at June 30, 2016 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 255,000	\$ 1,378,244	\$ 1,633,244
2018	270,000	1,362,472	1,632,472
2019	285,000	1,345,781	1,630,781
2020	300,000	1,328,228	1,628,228
2021	320,000	1,309,237	1,629,237
2022-2026	1,950,000	6,194,319	8,144,319
2027-2031	2,650,000	5,496,887	8,146,887
2032-2036	3,565,000	4,584,641	8,149,641
2037-2041	4,815,000	3,337,666	8,152,666
2042-2046	6,534,491	1,617,919	8,152,410
	<u>\$ 20,944,491</u>	<u>\$ 27,955,394</u>	<u>\$ 48,899,885</u>

Note 10 - Long-Term Liabilities

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2016, are as follows:

	Balance at July 1, 2015	Additions	Retirements	Amortization	Balance at June 30, 2016	Amount Due Within One Year
Capital lease obligations, net of unamortized costs of \$ 673,391	\$ -	\$ 20,258,006	\$ -	\$ 13,094	\$ 20,271,100	\$ 255,000
Compensated absences	-	7,758	-	-	7,758	5,819
	<u>\$ -</u>	<u>\$ 20,265,764</u>	<u>\$ -</u>	<u>\$ 13,094</u>	<u>\$ 20,278,858</u>	<u>\$ 260,819</u>

During the year, the School borrowed \$ 556,589 from the Florida Charter Educational Foundation, Inc. at 6.5% interest rate for the purchase of certain equipment. As of June 30, 2016, the entire loan plus applicable interest had been repaid.

Note 11 - Employee Benefit Plan

During the year ended June 30, 2016, 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 their annual gross compensation, subject to certain limitations. For the year ended June 30, 2016, the School contributed a matching amount of \$ 2,451 to the Plan.

Note 12 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all lease payment requirements (Note 9). CSUSA received a fee of \$ 612,978 for the year ending June 30, 2016. The fee ranges from \$ 447,120 for fiscal year 2017 to \$ 2,746,172 for fiscal year 2046 as defined in the management agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. The agreement has an initial term which expires in June 2019. It will automatically renew for five-year periods unless terminated by either party.

The School also has an amount due from CSUSA of \$ 21,760 at June 30, 2016. This amount is shown on the basic financial statements as an amount due from management company. Additionally, the School has an amount of \$ 5,805 due to CSUSA for reimbursement of various expenditures. This amount is included in accounts payable at June 30, 2016.

Lease agreement: In 2015, the Florida Development Finance Corporation (the "Corporation") issued \$ 86,835,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2015A and \$ 9,145,000 in Taxable Educational Facilities Revenue Bonds, Series 2015B pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. ("REN"), a division of which the School exists, and Red Apple Development, LLC and subsidiaries ("RAD") to finance the acquisition of the facilities of seven charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, entered into five lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a 45-year lease (Note 9). The leases are deemed to be capital leases and the capital lease payments are based on the debt service requirements of the bonds which extend through June 2046. These payments are made from the revenues received from the School Board of Osceola County for the operation of the Schools. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

In addition to the capital lease payments noted in Note 9, the School is required to pay incremental rent payments to RAD. The incremental rent payments range from approximately \$ 162,650 to \$ 163,320 per year over the term of the agreement which is through June 2046. For the year ending June 30, 2016, \$ 79,094 was paid in incremental rent.

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

Note 13 - 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 School Board. The School's CSCO Award totaled \$ 125,697 for the 2015/2016 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the interest expense on the capital lease.

Note 14 - Risk Management

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 year.

As disclosed in Note 12, 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 Tapestry
A Department of Renaissance Charter School, Inc.
Kissimmee, 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 Tapestry (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2016.

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
September 15, 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Renaissance Charter School at Tapestry
A Department of Renaissance Charter School, Inc.
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of Renaissance Charter School at Tapestry (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2016, and have issued our report thereon dated September 15, 2016.

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 September 15, 2016, 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. Since this is the initial year of operations, 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 Tapestry.

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
September 15, 2016