

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
June 30, 2007

**TABLE OF CONTENTS**

|  | <u>PAGES</u> |
|--|--------------|
| Independent Auditors' Report   | 1-2          |
| Management's Discussion and Analysis (Not Covered by Independent Auditors' Report) | 3-7          |

**BASIC FINANCIAL STATEMENTS**

**Government-wide Financial Statements:**

|                         |   |
|-------------------------|---|
| Statement of Net Assets | 8 |
| Statement of Activities | 9 |

**Fund Financial Statements:**

|   |    |
|---|----|
| Balance Sheet - Governmental Fund   | 10 |
| Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Assets   | 11 |
| Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund   | 12 |
| Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund to the Statement of Activities | 13 |
| Statement of Revenues and Expenditures - Budget and Actual - General Fund   | 14 |
| Statement of Net Assets - Agency Fund   | 15 |

|                                     |       |
|-------------------------------------|-------|
| Notes to Basic Financial Statements | 16-22 |
|-------------------------------------|-------|

**SUPPLEMENTARY INFORMATION**

|   |    |
|---|----|
| Statement of Revenues and Expenditures - General Fund - Management Format | 23 |
|---|----|

**OTHER INDEPENDENT AUDITORS' REPORTS**

|   |       |
|---|-------|
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 24-25 |
| Independent Auditors' Report to the Board of Directors  | 26-27 |



**KEEFE, McCULLOUGH & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

JOHN R. KEEFE, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A.  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
BRIAN D. PINNELL, C.P.A. (RETIRED)  
KENNETH G. SMITH, C.P.A.  
LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.  
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY  
SUITE 410  
FORT LAUDERDALE, FLORIDA 33308  
(954) 771-0896  
FAX: (954) 938-9353  
E-MAIL: [kmc@kmccepa.com](mailto:kmc@kmccepa.com)

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
North Broward Academy of Excellence  
North Lauderdale, Florida

We have audited the accompanying basic financial statements of the governmental activities, General Fund, and remaining fund information of North Broward Academy of Excellence (the School), a component unit of the School Board of Broward County, Florida and a department of The Renaissance Charter School, Inc. as of and for the year ended June 30, 2007, as listed in the Table of Contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the basic financial statements of North Broward Academy of Excellence, a department of The Renaissance Charter School, Inc., are intended to present the financial position and changes in financial position of only that portion of the governmental activities, General Fund and remaining fund information of The 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 The Renaissance Charter School, Inc. as of June 30, 2007, and its activities or budgetary comparison, where applicable, for the year ended June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the School as of June 30, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

North Broward Academy of Excellence

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2007 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 7, is not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Statement of Revenues and Expenditures - General Fund - Management Format is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
September 28, 2007

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

As management of North Broward Academy of Excellence (the School), a component unit of the School Board of Broward 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, 2007 and 2006.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information.

### **FINANCIAL HIGHLIGHTS**

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

- The change in net assets at the School resulted in net assets of \$ 65,417 as of June 30, 2007 as compared to \$ 49,617 as of June 30, 2006. The change is a result of an increase in FTE and capital outlay revenues.
- As of June 30, 2007, the School has a fund balance of \$ 21,833.

### **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. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-wide basic financial statements**

The government-wide basic financial statements are designed to provide readers with a broad overview of the School's finances in a manner similar to a private sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide basic 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 include, primarily, instruction and instructional support services.

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

**NORTH BROWARD ACADEMY OF EXCELLENCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2007

**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 basic 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 basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance for the General Fund.

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

The governmental fund basic financial statements can be found on pages 10 through 14 of this report.

**Agency fund**

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

The basic agency fund financial statement can be found on page 15 of this report.

**Notes to basic financial statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to basic financial statements can be found on pages 16 through 22 of this report.

**NORTH BROWARD ACADEMY OF EXCELLENCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007**

**Other information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The School has been in operation for six years; therefore, comparative government-wide data is presented. The School's net assets were \$ 65,417 at June 30, 2007. Of this amount, \$ 21,833 represents unrestricted net assets and \$ 43,584 represents amounts invested in capital assets. The School's net assets were \$ 49,617 at June 30, 2006, which represented amounts invested in capital assets. See Financial Highlights on page 3 of this report for an explanation of the reason for the change in net assets.

Our analysis in the table below focuses on the net assets of the School's governmental activities as of June 30, 2007 and 2006:

North Broward Academy of Excellence  
Net Assets

|                                       | <u>June 30,<br/>2007</u> | <u>June 30,<br/>2006</u> |
|---------------------------------------|--------------------------|--------------------------|
| <b>ASSETS:</b>                        |                          |                          |
| Current and other assets              | \$ 243,221               | \$ 190,419               |
| Capital assets, net of depreciation   | <u>43,584</u>            | <u>49,617</u>            |
| Total assets                          | <u>286,805</u>           | <u>240,036</u>           |
| <b>LIABILITIES:</b>                   |                          |                          |
| Liabilities, all of which are current | <u>221,388</u>           | <u>190,419</u>           |
| Total liabilities                     | <u>221,388</u>           | <u>190,419</u>           |
| <b>NET ASSETS:</b>                    |                          |                          |
| Invested in capital assets            | 43,584                   | 49,617                   |
| Unrestricted                          | <u>21,833</u>            | <u>--</u>                |
| Total net assets                      | <u>\$ 65,417</u>         | <u>\$ 49,617</u>         |

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

**GOVERNMENTAL ACTIVITIES**

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2007 and 2006:

North Broward Academy of Excellence  
Changes in Net Assets

|   | <u>June 30,</u><br><u>2007</u> | <u>June 30,</u><br><u>2006</u> |
|---|--------------------------------|--------------------------------|
| <b>REVENUES:</b>                        |                                |                                |
| General revenues                        | \$ 2,117,254                   | \$ 2,215,792                   |
| Program revenues                        | <u>434,899</u>                 | <u>377,474</u>                 |
| Total revenues                          | <u>2,552,153</u>               | <u>2,593,266</u>               |
| <b>EXPENSES:</b>                        |                                |                                |
| Instruction                             | 1,179,265                      | 1,092,827                      |
| Instructional support services          | 1,055,990                      | 969,733                        |
| Operation of non-instructional services | <u>301,098</u>                 | <u>167,289</u>                 |
| Total expenses                          | <u>2,536,353</u>               | <u>2,229,849</u>               |
| Change in net assets                    | \$ <u>15,800</u>               | \$ <u>363,417</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:

|                                      | <u>2007</u>         |                | <u>2006</u>         |                |
|--------------------------------------|---------------------|----------------|---------------------|----------------|
| <u>Functions/Programs</u>            | <u>Expenditures</u> | <u>Percent</u> | <u>Expenditures</u> | <u>Percent</u> |
| <b>Governmental expenditures:</b>    |                     |                |                     |                |
| Instructional expenditures           | \$ 1,179,265        | 46.6%          | \$ 1,092,827        | 49.1%          |
| Administrative services              | 306,144             | 12.1%          | 259,345             | 11.7%          |
| Plant operations and maintenance     | 723,137             | 28.6%          | 638,026             | 28.7%          |
| Other instructional support services | 19,277              | 0.8%           | 63,903              | 2.9%           |
| All other functions/programs         | <u>302,497</u>      | <u>11.9%</u>   | <u>171,342</u>      | <u>7.6%</u>    |
| Total governmental expenditures      | \$ <u>2,530,320</u> | <u>100.0%</u>  | \$ <u>2,225,443</u> | <u>100.0%</u>  |

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were approximately 2% lower than budgeted amounts in FTE, as well as aftercare revenue, due to the actual student enrollment being lower than the budgeted enrollment. Expenditures were approximately 3% lower than budgeted amounts. Instructional, pupil personnel, fiscal, and community service expenses were all lower than budgeted due to enrollment; however, this was partially offset by administrative, food service, and central service expenses being greater than budget. The school's fund balance exceeded budget due to the remaining excess of revenues over expenses.

The School's budget was revised during the year due to the number of students enrolled being less than expected.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital assets*

At June 30, 2007, the School had capital assets of \$ 43,584, net of accumulated depreciation, invested in computers, furniture and equipment, leasehold interest and improvements other than buildings as compared to \$ 49,617 at June 30, 2006.

*Long-term debt*

At June 30, 2007, the School had no long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The State of Florida has approved an increase in education funding of approximately 8% for the FEFP program for the fiscal year 2007-2008. However, it is possible that this increase could be reduced significantly pending a special legislative session. Capital outlay revenue is expected to remain approximately the same as the prior year. Student enrollment is expected to increase by approximately 60 students. These factors were considered in preparing the School's budget for fiscal year 2007-2008.

**REQUESTS FOR INFORMATION**

If you have any questions about this report or need additional information, please write Lorrie Davidson, Vice President of School Finance; Charter Schools USA; 6425 North Federal Highway, 5th Floor; Fort Lauderdale, Florida 33308.

# BASIC FINANCIAL STATEMENTS

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**STATEMENT OF NET ASSETS**  
June 30, 2007

**A S S E T S**

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>CURRENT ASSETS:</b>  |                                    |
| Cash  | \$ 155,959                         |
| Due from management company                                   | 41,504                             |
| Due from other schools  | 21,010                             |
| Due from other governments                                    | 18,759                             |
| Due from agency fund  | 1,785                              |
| Prepaid expenses and other assets                             | 2,014                              |
| Deposits  | <u>2,190</u>                       |
| Total current assets  | 243,221                            |
| <b>NONCURRENT ASSETS:</b>                                     |                                    |
| Capital assets (depreciable), net of accumulated depreciation | <u>43,584</u>                      |
| Total assets  | <u>286,805</u>                     |

**LIABILITIES AND NET ASSETS**

|  |                  |
|--|------------------|
| <b>CURRENT LIABILITIES:</b>                    |                  |
| Accounts payable and other accrued liabilities | 46,685           |
| Accrued contracted services                    | <u>174,703</u>   |
| Total current liabilities                      | <u>221,388</u>   |
| <b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>  | --               |
| <b>NET ASSETS:</b>                             |                  |
| Invested in capital assets                     | 43,584           |
| Unrestricted                                   | <u>21,833</u>    |
| Total net assets                               | <u>\$ 65,417</u> |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2007

|  |                                     | Program Revenues                                  |   |   | <u>Governmental<br/>Activities<br/>Net Revenue<br/>(Expense) and<br/>Change in<br/>Net Assets</u> |
|--|-------------------------------------|---|---|---|---|
| <u>Expenses</u>                          | <u>Charges<br/>for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Net Revenue<br/>(Expense) and<br/>Change in<br/>Net Assets</u> |   |
| <b>FUNCTIONS/PROGRAMS:</b>               |                                     |   |   |   |   |
| Instruction:                             |                                     |   |   |   |   |
| Regular instruction                      | \$ 1,083,005                        | \$ --   | \$ --   | \$ (1,083,005)  |   |
| Exceptional instruction                  | 96,260                              | --  | --  | (96,260)  |   |
| Instructional support services:          |                                     |   |   |   |   |
| Pupil services                           | 12,037                              | --  | --  | (12,037)  |   |
| Instructional media services             | 350                                 | --  | --  | (350)   |   |
| Instructional services                   | 6,890                               | --  | --  | (6,890)   |   |
| Administrative services                  | 310,879                             | --  | --  | (310,879)   |   |
| Plant operations and maintenance         | 725,834                             | --  | 253,133   | (472,701)   |   |
| Operation of non-instructional services: |                                     |   |   |   |   |
| Food services                            | 22,903                              | --  | --  | (22,903)  |   |
| Board services                           | 10,758                              | --  | --  | (10,758)  |   |
| Fiscal services                          | 144,450                             | --  | --  | (144,450)   |   |
| Central services                         | 20,593                              | --  | --  | (20,593)  |   |
| Community services                       | <u>102,394</u>                      | <u>181,766</u>                                    | <u>--</u>                                       | <u>79,372</u>   |   |
| <br>Total governmental activities        | <br><u>\$ 2,536,353</u>             | <br><u>\$ 181,766</u>                             | <br><u>\$ --</u>                                | <br><u>\$ 253,133</u>   | <br><u>(2,101,454)</u>  |
| <br>General revenues:                    |                                     |   |   |   |   |
| Grants and entitlements                  |                                     |   |   | 2,098,230   |   |
| Contributions and other                  |                                     |   |   | <u>19,024</u>   |   |
| Total general revenues                   |                                     |   |   | <u>2,117,254</u>  |   |
| Change in net assets                     |                                     |   |   | 15,800  |   |
| Net assets, July 1, 2006                 |                                     |   |   | <u>49,617</u>   |   |
| Net assets, June 30, 2007                |                                     |   |   | <u>\$ 65,417</u>  |   |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
 June 30, 2007

**A S S E T S**

|                                       | <u>General<br/>Fund</u> |
|---------------------------------------|-------------------------|
| <b>ASSETS:</b>                        |                         |
| Cash                                  | \$ 155,959              |
| Due from management company           | 41,504                  |
| Due from other schools                | 21,010                  |
| Due from other governments            | 18,759                  |
| Due from agency fund                  | 1,785                   |
| Prepaid expenditures and other assets | 2,014                   |
| Deposits                              | <u>2,190</u>            |
| Total assets                          | <u>\$ 243,221</u>       |

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

|  |                |
|--|----------------|
| <b>LIABILITIES:</b>                            |                |
| Accounts payable and other accrued liabilities | \$ 46,685      |
| Accrued contracted services                    | <u>174,703</u> |
| Total liabilities                              | <u>221,388</u> |

COMMITMENTS AND CONTINGENCIES (Note 9) --

|                                       |                   |
|---------------------------------------|-------------------|
| <b>FUND BALANCE:</b>                  |                   |
| Reserved:                             |                   |
| Prepaid expenditures and other assets | 2,014             |
| Unreserved                            | <u>19,819</u>     |
| Total fund balance                    | <u>21,833</u>     |
| Total liabilities and fund balance    | <u>\$ 243,221</u> |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET ASSETS**  
 June 30, 2007

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

Total fund balance - governmental fund, page 10 \$ 21,833

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

|                          |                 |               |
|--------------------------|-----------------|---------------|
| Cost of capital assets   | \$ 81,179       |               |
| Accumulated depreciation | <u>(37,595)</u> | <u>43,584</u> |

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8 \$ 65,417

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE -**  
**GOVERNMENTAL FUND**  
For the Year Ended June 30, 2007

|  | <u>General<br/>Fund</u>  |
|--|--------------------------|
| <b>REVENUES:</b>                         |                          |
| State sources                            | \$ 2,351,363             |
| Local sources                            | 19,024                   |
| Aftercare                                | <u>181,766</u>           |
| Total revenues                           | <u>2,552,153</u>         |
| <br><b>EXPENDITURES:</b>                 |                          |
| Current:                                 |                          |
| Instruction:                             |                          |
| Regular instruction                      | 1,083,005                |
| Exceptional instruction                  | 96,260                   |
| Instructional support services:          |                          |
| Pupil services                           | 12,037                   |
| Instructional media services             | 350                      |
| Instructional services                   | 6,890                    |
| Administrative services                  | 306,144                  |
| Plant operations and maintenance         | 723,137                  |
| Operation of non-instructional services: |                          |
| Food services                            | 22,903                   |
| Board services                           | 10,758                   |
| Fiscal services                          | 144,450                  |
| Central services                         | 20,593                   |
| Community services                       | 102,394                  |
| Capital outlay:                          |                          |
| Site, building and equipment             | <u>1,399</u>             |
| Total expenditures                       | <u>2,530,320</u>         |
| Change in fund balance                   | 21,833                   |
| <br>FUND BALANCE, July 1, 2006           | <br><u>    --</u>        |
| <br>FUND BALANCE, June 30, 2007          | <br>\$ <u>    21,833</u> |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGE IN FUND BALANCE  
OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2007**

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

|   |        |                   |
|---|--------|-------------------|
| Net change in fund balance - total governmental fund, page 12   | \$     | 21,833            |
| Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as provision for depreciation. |        |                   |
| The cost of capital assets purchased  | \$     | 1,399             |
| Provision for depreciation  |        | <u>(7,432)</u>    |
|   |        | <u>(6,033)</u>    |
| <br>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9   | <br>\$ | <br><u>15,800</u> |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2007

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance</u>  |
|--|----------------------------|-------------------------|------------------|------------------|
| <b>REVENUES:</b>                                   |                            |                         |                  |                  |
| State sources                                      | \$ 2,880,000               | \$ 2,502,500            | \$ 2,462,145     | \$ (40,355)      |
| Local sources                                      | --                         | --                      | 19,024           | 19,024           |
| Aftercare  | <u>226,700</u>             | <u>226,700</u>          | <u>181,766</u>   | <u>(44,934)</u>  |
| Total revenues                                     | <u>3,106,700</u>           | <u>2,729,200</u>        | <u>2,662,935</u> | <u>(66,265)</u>  |
| <b>EXPENDITURES:</b>                               |                            |                         |                  |                  |
| <b>Instruction:</b>                                |                            |                         |                  |                  |
| Regular instruction                                | 1,072,722                  | 1,060,106               | 1,083,005        | (22,899)         |
| Exceptional instruction                            | 158,920                    | 158,920                 | 96,260           | 62,660           |
| <b>Instructional support services:</b>             |                            |                         |                  |                  |
| Pupil services                                     | 38,327                     | 38,327                  | 12,037           | 26,290           |
| Instructional media services                       | 591                        | 591                     | 350              | 241              |
| Instructional services                             | 9,444                      | 9,444                   | 6,890            | 2,554            |
| Administrative services                            | 274,794                    | 274,794                 | 306,144          | (31,350)         |
| Plant operations and<br>maintenance                | 746,743                    | 703,591                 | 723,137          | (19,546)         |
| <b>Operation of noninstructional<br/>services:</b> |                            |                         |                  |                  |
| Food services                                      | 13,200                     | 13,200                  | 22,903           | (9,703)          |
| Board services                                     | 13,000                     | 13,000                  | 10,758           | 2,242            |
| Fiscal services                                    | 468,536                    | 170,625                 | 144,450          | 26,175           |
| Central services                                   | 139,127                    | 124,902                 | 131,375          | (6,473)          |
| Community services                                 | 151,700                    | 151,700                 | 102,394          | 49,306           |
| <b>Capital outlay:</b>                             |                            |                         |                  |                  |
| Site, building and equipment                       | <u>10,000</u>              | <u>10,000</u>           | <u>1,399</u>     | <u>8,601</u>     |
| Total expenditures                                 | <u>3,097,104</u>           | <u>2,729,200</u>        | <u>2,641,102</u> | <u>88,098</u>    |
| Change in<br>fund balance                          | \$ <u>9,596</u>            | \$ <u>--</u>            | \$ <u>21,833</u> | \$ <u>21,833</u> |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**STATEMENT OF NET ASSETS - AGENCY FUND**  
June 30, 2007

**A S S E T S**

|                | <u>Student<br/>Activity</u> |
|----------------|-----------------------------|
| <b>ASSETS:</b> |                             |
| Cash           | \$ <u>38,596</u>            |
| Total assets   | \$ <u><u>38,596</u></u>     |

**L I A B I L I T I E S**

|                         |                         |
|-------------------------|-------------------------|
| <b>LIABILITIES:</b>     |                         |
| Due to students         | \$ 36,811               |
| Due to the General Fund | <u>1,785</u>            |
| Total liabilities       | \$ <u><u>38,596</u></u> |

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

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 1 - ORGANIZATION AND OPERATIONS**

North Broward Academy of Excellence (the School), a component unit of the School Board of Broward County, Florida (the School Board), was established in 2001 as a public charter school to serve students from kindergarten to fifth grade in Broward County. The School is sponsored by its charter holder, The Renaissance Charter School, Inc., a Florida nonprofit corporation organized in August 1998. As of June 30, 2007, approximately 369 students were enrolled in the School.

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 the financial position of The Renaissance Charter School, Inc. as of June 30, 2007, and its change in financial position or budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting entity:

The School operates under a charter granted by the sponsoring School District, the Broward County Public School District. The current charter is effective until June 30, 2011, and may be renewed in increments of five years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. North Broward Academy of Excellence is considered a component unit of the Broward County Public School District.

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

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

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting guide - Not-for-Profit Organizations and provisions of Florida Statutes the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide statements:

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

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

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets resulting from the current year's activities.

**Fund basic financial statements:**

The accounts of the School are organized on the basis of funds. The operations of the only fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures.

The General Fund is a governmental fund type employed in accounting for the financial activities and transactions of the School.

The Agency Fund accounts for student monies that are attributable to school and other educational activities.

**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 fund 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. For this purpose the current period means one year.

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

**Revenue recognition:**

Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a pro rata basis over the twelve-month period the School is in session and is adjusted for changes in full-time equivalent (FTE) student population.

**Income taxes:**

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

**Capital assets:**

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other expenditures 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 for repairs and maintenance are expensed as incurred.

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

|                                  |          |
|----------------------------------|----------|
| Furniture and equipment          | 10 years |
| Improvements other than building | 10 years |
| Leasehold improvements           | 10 years |
| Computers                        | 5 years  |

**Net assets:**

Net assets are classified in two categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Unrestricted - includes all other net assets.

**Fund balance:**

Fund balance is classified in two categories. The general meaning of each is as follows:

Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.

Unreserved - includes all other fund balances.

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2007

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

**Budget:**

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements, except for the reporting of a 5% administration fee retained by the School Board.

A reconciliation of the General Fund presented on a budgetary basis to the amount presented in accordance with generally accepted accounting principles (GAAP) is as follows:

|  | <u>Revenues<br/>and Other<br/>Financing<br/>Sources</u> | <u>Expenditures</u> |
|--|---|---------------------|
| Budgetary basis  | \$ 2,622,935  | \$ 2,641,102        |
| Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis | <u>(110,782)</u>  | <u>(110,782)</u>    |
| GAAP basis   | \$ <u>2,552,153</u>                                     | \$ <u>2,530,320</u> |

**Reclassifications:**

Certain prior year amounts have been reclassified to be consistent and comparable with the current year financial statement presentation.

**NOTE 3 - DEPOSITS**

At June 30, 2007, the carrying amount of the deposits and cash on hand totaled \$ 194,555, with a bank balance of \$ 214,928.

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, 2007.

**NOTE 4 - DUE FROM MANAGEMENT COMPANY**

The total amount due from the management company as of June 30, 2007 is \$ 41,504, which represents amounts contributed in prior years to help offset startup costs and operating deficiencies incurred by the School.

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 5 - DUE FROM OTHER SCHOOLS**

Both the School and North Broward Academy of Excellence Middle School are related, as they both share common board membership, are managed by Charter School USA, Inc., and are departments of the Renaissance Charter School, Inc. These two schools share teachers and administrative staff, as well as expenses, which include rent and other operating expenses. As of June 30, 2007, the basic financial statements include an amount due from other schools in the amount of \$ 21,010, representing short-term advances for such expenses mentioned above.

**NOTE 6 - DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2007 consists of amounts due from the School Board for the 2006-2007 Performance Pay Bonus Allocation.

**NOTE 7 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2007 are as follows:

|                                   | <u>Balance at<br/>July 1,<br/>2007</u> | <u>Additions</u>         | <u>Deletions</u>    | <u>Balance at<br/>June 30,<br/>2006</u> |
|-----------------------------------|--|--------------------------|---------------------|---|
| Capital assets, depreciable:      |  |                          |                     |   |
| Furniture and equipment           | \$ 46,648                              | \$ 1,399                 | \$ --               | \$ 48,047                               |
| Improvements other than buildings | 20,104                                 | --                       | --                  | 20,104                                  |
| Leasehold improvements            | 6,870                                  | --                       | --                  | 6,870                                   |
| Computers                         | <u>6,158</u>                           | <u>--</u>                | <u>--</u>           | <u>6,158</u>                            |
|                                   | <u>79,780</u>                          | <u>1,399</u>             | <u>--</u>           | <u>81,179</u>                           |
| Accumulated depreciation:         |  |                          |                     |   |
| Furniture and equipment           | (18,633)                               | (4,735)                  | --                  | (23,368)                                |
| Improvements other than buildings | (3,662)                                | (2,010)                  | --                  | (5,672)                                 |
| Leasehold improvements            | (1,710)                                | (687)                    | --                  | (2,397)                                 |
| Computers                         | <u>(6,158)</u>                         | <u>--</u>                | <u>--</u>           | <u>(6,158)</u>                          |
|                                   | <u>(30,163)</u>                        | <u>(7,432)</u>           | <u>--</u>           | <u>(37,595)</u>                         |
| Net capital assets                | \$ <u><u>49,617</u></u>                | \$ <u><u>(6,033)</u></u> | \$ <u><u>--</u></u> | \$ <u><u>43,584</u></u>                 |

Provision for depreciation was charged to governmental activities as follows:

|   |                 |
|---|-----------------|
| Instructional support services - plant operations and maintenance | \$ 2,697        |
| Instructional support services - administrative                   | <u>4,735</u>    |
|   | <u>\$ 7,432</u> |

**NOTE 8 - LEASES**

The School previously entered into operating lease agreements for the use of its premises. The leases expire between August 2007 and July 2015, and require monthly payments between \$ 1,400

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2007

**NOTE 8 - LEASES (continued)**

and \$ 28,030. The School is also required to pay a portion of the operating expenses associated with the leased premises and shares the facility with North Broward Academy of Excellence Middle School. In addition, a principal stockholder of Charter Schools USA, Inc. owns an interest in the facility leased by the Schools (Note 13).

The School also leases office equipment under an operating lease agreement which expires in 2008 and requires monthly payments of \$ 225.

Future lease payments are approximately as follows:

| Year Ending<br><u>June 30,</u> |    |         |
|--------------------------------|----|---------|
| 2008                           | \$ | 286,900 |
| 2009                           |    | 290,000 |
| 2010                           |    | 297,300 |
| 2011                           |    | 304,700 |
| 2012                           |    | 312,300 |
| Thereafter                     |    | 984,700 |

Rent expense totaled \$ 424,055 for the year ended June 30, 2007.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The School has a formal agreement with Charter Schools USA, Inc. (CSUSA) to manage, staff and operate the School. The agreement states that CSUSA shall receive all revenues minus expenses paid by the Board directly as its gross revenue, from which it pays all other operating costs of the School identified in the budget approved by the Board. CSUSA is entitled to retain as compensation for its services the difference, if any, between the amount of the School's revenues and the amount of revenues expended by CSUSA in the course of operation and management of the School. The agreement expires in August 2019.

The total management fees paid amounted to \$ 143,443 for the year ended June 30, 2007.

**NOTE 10 - CAPITAL APPROPRIATIONS FUNDING**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 253,133 for the 2006-2007 school year which has been recognized as revenue in the accompanying basic 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 its portion of the lease expense on the facility.

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 11 - RISK FINANCING**

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

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

**NOTE 12 - EMPLOYEE BENEFIT PLAN**

During the year ended June 30, 2007, the School offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 20% of his/her annual gross compensation, subject to certain limitations. The School will match 25% of the first 6% of the employee contribution. For the year ended June 30, 2007, the School contributed \$ 6,066 to the plan.

**NOTE 13 - RELATED PARTY TRANSACTIONS**

A principal stockholder of CSUSA (Note 9) acquired an interest in the facility leased by the School and shared by North Broward Academy of Excellence Middle School (Note 8). This resulted in no change to existing agreements between the School and the lessor as a result of this transaction.

**SUPPLEMENTARY  
INFORMATION**

**NORTH BROWARD ACADEMY OF EXCELLENCE**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND - MANAGEMENT FORMAT**  
For the Year Ended June 30, 2007

| <u>Account</u>                         | <u>300</u>       | <u>400</u>      | <u>500</u>       | <u>600</u>     | <u>700</u>      | <u>Totals</u>    |
|--|------------------|-----------------|------------------|----------------|-----------------|------------------|
|  | <u>Purchased</u> | <u>Energy</u>   | <u>Materials</u> | <u>Capital</u> | <u>Other</u>    |                  |
|  | <u>Services</u>  | <u>Services</u> | <u>and</u>       | <u>Outlay</u>  | <u>Expenses</u> |                  |
|  |                  | <u>Supplies</u> |                  |                |                 |                  |
| <b>REVENUES:</b>                       |                  |                 |                  |                |                 |                  |
| State sources                          | 3300             |                 |                  |                |                 | \$ 2,462,145     |
| Local sources                          | 3400             |                 |                  |                |                 | 19,024           |
| Aftercare                              | 3400             |                 |                  |                |                 | <u>181,766</u>   |
| <b>Total revenues</b>                  |                  |                 |                  |                |                 | <u>2,662,935</u> |
| <b>EXPENDITURES:</b>                   |                  |                 |                  |                |                 |                  |
| Instruction                            | 5000             | \$ 1,125,023    | \$ --            | \$ 49,113      | \$ 5,129        | \$ 1,179,265     |
| Pupil services                         | 6100             | 12,037          | --               | --             | --              | 12,037           |
| Instructional media services           | 6200             | --              | --               | 350            | --              | 350              |
| Instruction and curriculum development | 6300             | --              | --               | 6,796          | --              | 6,796            |
| Instructional staff training           | 6400             | 94              | --               | --             | --              | 94               |
| Board services                         | 7100             | 10,758          | --               | --             | --              | 10,758           |
| School administration                  | 7300             | 288,984         | --               | 10,774         | 6,386           | 306,144          |
| Fiscal services                        | 7500             | 144,450         | --               | --             | --              | 144,450          |
| Food services                          | 7600             | --              | --               | 22,903         | --              | 22,903           |
| Central services                       | 7700             | 131,375         | --               | --             | --              | 131,375          |
| Operation of plant                     | 7900             | 643,499         | 41,689           | 6,729          | 298             | 692,215          |
| Maintenance of plant                   | 8100             | 30,922          | --               | --             | --              | 30,922           |
| Community services                     | 9100             | 95,835          | --               | 6,559          | --              | 102,394          |
| Capital outlay:                        |                  |                 |                  |                |                 |                  |
| Site, building and equipment           | 9300             | --              | --               | --             | 1,399           | 1,399            |
| <b>Total expenditures</b>              | \$ 2,482,977     | \$ 41,689       | \$ 103,224       | \$ 12,914      | \$ 298          | <u>2,641,102</u> |
| <b>Net change in fund balance</b>      |                  |                 |                  |                |                 | \$ <u>21,833</u> |

**OTHER INDEPENDENT  
AUDITORS' REPORTS**



**KEEFE, McCULLOUGH & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

JOHN R. KEEFE, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A.  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
BRIAN D. PINNELL, C.P.A. (RETIRED)  
KENNETH G. SMITH, C.P.A.  
LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.  
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY  
SUITE 410  
FORT LAUDERDALE, FLORIDA 33308  
(954) 771-0896  
FAX: (954) 938-9353  
E-MAIL: [kmc@kmc CPA.com](mailto:kmc@kmc CPA.com)

**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  
North Broward Academy of Excellence  
North Lauderdale, Florida

We have audited the financial statements of the governmental activities of North Broward Academy of Excellence (the School), a component unit of the School Board of Broward County, Florida and a department of The Renaissance Charter School, Inc., as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements, and have issued our report thereon dated September 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We do not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School's management, Board of Directors, the Auditor General of the State of Florida and the School Board of Broward County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
September 28, 2007



**KEEFE, McCULLOUGH & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

JOHN R. KEEFE, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A.  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
BRIAN D. PINNELL, C.P.A. (RETIRED)  
KENNETH G. SMITH, C.P.A.  
LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.  
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY  
SUITE 410  
FORT LAUDERDALE, FLORIDA 33308  
(954) 771-0896  
FAX: (954) 938-9353  
E-MAIL: [kmc@kmccpa.com](mailto:kmc@kmccpa.com)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS**

To the Board of Directors  
North Broward Academy of Excellence  
North Lauderdale, Florida

This letter is written in connection with our audit of the basic financial statements of North Broward Academy of Excellence (the School), a component unit of the School Board of Broward County, Florida and a department of The Renaissance Charter School, Inc., as of and for the year ended June 30, 2007. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Rule 10.854(1)(d).


The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules or regulations.
2. There were no recommendations made relating to the preceding audit.
3. There were no recommendations to improve the School's financial management, accounting procedures, and internal controls.
4. There were no violations of laws, rules, regulations, and contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the basic financial statements.
6. There were no other matters requiring correction which may or may not materially affect the basic financial statements reported on, including, but not limited to: improper or inadequate accounting procedures, failures to properly record financial transactions, or other inaccuracies, shortages, defalcations and instances of fraud or other reportable conditions.

North Broward Academy of Excellence

7. As required by the Rules of the Auditor General (Section 10.854(1)(d)2), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. 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.

This report is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida, and the School Board of Broward County, Florida, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
September 28, 2007