

**RENAISSANCE ARTS AND
EDUCATION, INC.
D/B/A MANATEE SCHOOL
FOR THE ARTS**

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2009

King & Walker, CPAs, PL

Certified Public Accountants

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**RENAISSANCE ARTS AND EDUCATION, INC.
MANATEE SCHOOL FOR THE ARTS**

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KING & WALKER, CPAs, PL

Certified Public Accountants

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Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information

To the Board of Directors Renaissance Arts and Education, Inc.,
d/b/a Manatee School for the Arts, a Charter School and Component
Unit of the District School Board of Manatee County, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts ("School"), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the fiscal year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts as of June 30, 2009, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 21, 2009, on our consideration of the Renaissance Arts and Education, Inc., d/b/a Manatee School for the Art's internal control over financial reporting and our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts and grants, and other guidelines included under the heading ***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***. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are 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 required supplementary information. However, we did not audit the information and express no opinion thereon.

Respectfully submitted,

King & Walker, CPAs

September 21, 2009
Lutz, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2009.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 9 through 25.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2009, the School's revenues exceeded expenses as shown on the School's statement of activities by \$184,252.
- Overall, revenues decreased by \$201,855, due primarily to reduced State revenue; however, the monitoring of expenses throughout the fiscal year resulted in revenues in excess of expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets and the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates one fund, a General Fund to account for its general operations and internal account activities. For reporting purposes the General Fund is the only major fund of the School.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2008, and June 30, 2009:

	Net Assets, End of Year		
	Governmental Activities		
	6-30-08	6-30-09	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 4,941,999	\$ 3,819,743	\$ (1,122,256)
Noncurrent Assets, Net	6,790,618	7,706,571	915,953
Total Assets	11,732,617	11,526,314	(206,303)
LIABILITIES			
Current Liabilities	820,394	676,828	(143,566)
Long Term Liabilities	7,745,146	7,498,157	(246,989)
Total Liabilities	8,565,540	8,174,985	(390,555)
NET ASSETS			
Invested in Capital Assets, Net of Debt	1,933,563	127,314	(1,806,249)
Unrestricted	1,233,514	3,224,015	1,990,501
Total Net Assets	3,167,077	3,351,329	184,252
Total Liabilities and Net Assets	\$ 11,732,617	\$ 11,526,314	\$ (206,303)

Current and other assets decreased due primarily from the purchase of land totaling \$814,250 for future School facility expansion. The purchase of the land in turn resulted in a significant increase in the net value of capital assets as of June 30, 2009. Current and other liabilities decreased due to the decrease of accounts payable and accrued salaries and benefits payable. Long term liabilities decreased due to the annual required principal payments made toward the eventual retirement of outstanding debt. The increase in total net assets is due to the current year operating surplus.

The key elements of the changes in the School's net assets for the fiscal years ended June 30, 2008, and June 30, 2009, are as follows:

Operating Results for the Year			
Governmental Activities			
	6-30-08	6-30-09	Increase (Decrease)
Revenues:			
Federal through Local	\$ 191,365	\$ 184,646	\$ (6,719)
State and Local Sources	8,165,847	7,965,828	(200,019)
Grants, Contributions and Other	302,346	307,229	4,883
Total Revenues	8,659,558	8,457,703	(201,855)
Expenses:			
Instruction	5,016,715	4,050,001	(966,714)
Pupil Personnel Services	-	132,145	132,145
Instructional Media	-	86,361	86,361
Instructional Staff Training	-	6,177	6,177
Board of Education	-	10,000	10,000
School Administration	1,270,672	1,237,195	(33,477)
Facilities Acq. & Construction	-	41,786	41,786
Fiscal Services	6,717	129,867	123,150
Food Services	377,770	349,306	(28,464)
Pupil Transportation	255,038	317,869	62,831
Operation of Plant	850,608	752,151	(98,457)
Maintenance of Plant	80,976	111,049	30,073
Community Service	126,050	135,471	9,421
Interest and Fiscal Charges	402,630	423,913	21,283
Unallocated Depreciation	-	490,160	490,160
Total Expenses	8,387,176	8,273,451	(113,725)
Increase/(Decrease) in Net Assets	\$ 272,382	\$ 184,252	\$ (88,130)

The largest revenue source for the School is the State of Florida (85 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School.

Expenses decreased in direct relation to the decrease in revenue from management's monitoring of operations throughout the fiscal year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental fund reported a total unreserved fund balance of \$487,875 and a reserved fund balance for capital improvements of \$2,655,040.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2009, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School revised its budget several times. For the year ended June 30, 2009, actual expenditures were \$20,977 below the final budgeted expenditure amount. Refer to the Budgetary Comparison Schedule – General Fund for additional reference.

Total revenues were \$26,871 over the final budgeted revenue amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2009, the School had invested \$7,625,471 in capital assets, including land, construction in progress, buildings and improvements, and furniture, fixtures and equipment, net of accumulated depreciation.

This year's major capital asset additions included the following:

- Land - \$814,250
- Construction in Progress - \$88,754
- Buildings and Improvements - \$166,952
- Furniture, Fixtures, and Equipment - \$346,294

During the year the School purchased land at a cost of \$815,250. The additional land will be used as additional School parking and a baseball field for student physical education. Additionally, at the end of the 2009 fiscal year, the School began construction of a music building and administrative office addition. The construction contract price for the new facility is \$2,418,929. As of June 30, 2009, the School has \$2,655,040 restricted cash for capital improvements to fund the new music building and administrative office addition.

Additional information about the School's capital assets is presented in Note 3 to the financial statements.

Long-Term Debt

At June 30, 2009, the School had \$7,498,157 in borrowings outstanding, a decrease of \$246,989 from last year. The decrease is due to the payment of the required principal payments made throughout the fiscal year. Additional information about the School's long-term debt is presented in Notes 4, 5, and 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The School has established itself as a high performing secondary school in Manatee County. Financially, the school is sound. That expectation is predicated on continued funding at the current levels. Significant changes in funding would require review of programming, capital expenditures, and other operating expenditures as considered necessary. Management believes that they have developed a core strength that will maintain the School through most of the normal ebb and flow of public funding. The following economic indicators were taken into account when adopting the 2010 fiscal year general fund budget:

- Projected population changes.
- Conservative estimate of FEFP.
- Projected salary and benefit increases.
- Increases in the cost of insurance, facility operation and maintenance costs, and other various operating expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's, finances and to demonstrate the School's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School's administrative offices at 700 Haben Blvd., Palmetto, Florida 34221.

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash & Cash Equivalents	\$ 1,120,883
Restricted Cash for Capital Improvements	2,655,040
Due From Other Agencies	5,057
Other Current Assets	38,763
Total Current Assets	<u>3,819,743</u>
Noncurrent Assets:	
Loan Issuance Costs, Net	81,100
Capital Assets:	
Land	1,099,250
Other Capital Assets, Net	6,526,221
Total Noncurrent Assets, Net	<u>7,706,571</u>
TOTAL ASSETS	<u><u>\$ 11,526,314</u></u>
LIABILITIES	
Accounts Payable	\$ 57,239
Salary, Wages, & Benefits Payable	460,866
Retirement Payable	158,723
Long-Term Liabilities:	
Due within one year:	
Installment Purchase Payable	69,734
Bonds and Notes Payable	180,410
Due after one year:	
Bonds and Notes Payable	7,248,013
TOTAL LIABILITIES	<u>8,174,985</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	127,314
Unrestricted	3,224,015
Total Net Assets	<u>3,351,329</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 11,526,314</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 4,050,001	\$ -	\$ 13,494	\$ -	\$ (4,036,507)	\$ (4,036,507)
Pupil Personnel Services	132,145				(132,145)	(132,145)
Instructional Media	86,361				(86,361)	(86,361)
Instructional Staff Training	6,177				(6,177)	(6,177)
Board of Education	10,000				(10,000)	(10,000)
School Administration	1,237,195				(1,237,195)	(1,237,195)
Facilities Acquisition & Construction	41,786			764,563	722,777	722,777
Fiscal Services	129,867				(129,867)	(129,867)
Food Services	349,306	258,030	171,152		79,876	79,876
Pupil Transportation	317,869				(317,869)	(317,869)
Operation of Plant	752,151				(752,151)	(752,151)
Maintenance of Plant	111,049				(111,049)	(111,049)
Community Service	135,471				(135,471)	(135,471)
Interest and Fiscal Charges	423,913				(423,913)	(423,913)
Unallocated Depreciation	490,160				(490,160)	(490,160)
Total Governmental Activities	<u>\$ 8,273,451</u>	<u>\$ 258,030</u>	<u>\$ 184,646</u>	<u>\$ 764,563</u>	<u>(7,066,212)</u>	<u>(7,066,212)</u>
General Revenues:						
State and Local sources					6,943,235	6,943,235
Investment Income					23,899	23,899
Contributions and Other Revenue					283,330	283,330
Total General Revenues					<u>7,250,464</u>	<u>7,250,464</u>
Change in Net Assets					184,252	184,252
Net Assets - July 1, 2008					3,167,077	3,167,077
Net Assets - June 30, 2009					<u>\$ 3,351,329</u>	<u>\$ 3,351,329</u>

The accompanying notes to the financial statements are an integral part of this statement.

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	<u>General Fund</u>
ASSETS	
Cash & Cash Equivalents	\$ 1,120,883
Due From Other Agencies	5,057
Other Current Assets	38,763
Restricted Assets:	
Restricted Cash for Capital Improvements	<u>2,655,040</u>
Total Assets	<u><u>\$ 3,819,743</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 57,239
Salary, Wages, & Benefits Payable	460,866
Retirement Payable	<u>158,723</u>
Total Liabilities	<u>676,828</u>
Fund Balance:	
Reserved for Capital Improvements	2,655,040
Unreserved	<u>487,875</u>
Total Fund Balance	<u>3,142,915</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,819,743</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2009

Total Fund Balances - Governmental Funds		\$ 3,142,915
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$10,928,664, less accumulated depreciation of \$3,303,193.</p>		7,625,471
<p>Loan issuance costs of \$101,374, less accumulated amortization of \$20,274 are reported as an expenditure in the General Fund in the year of expenditure, are capitalized in the Statement of Net Assets.</p>		81,100
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>		
<p>Installment Purchase Payable (69,734)</p>		
<p>Bonds and Notes Payable <u>(7,428,423)</u></p>		<u>(7,498,157)</u>
Total Net Assets - Governmental Activities		<u>\$ 3,351,329</u>

The accompanying notes to financial statements are an integral part of this statement.

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2009

	<u>General Fund</u>
Revenues	
Intergovernmental:	
Federal Through Local	\$ 184,646
State and Local	7,965,828
Contributions and Other Revenue	<u>307,229</u>
Total Revenues	<u>8,457,703</u>
Expenditures	
Current - Education:	
Instruction	\$ 4,082,620
Pupil Personnel Services	132,145
Instructional Media	86,361
Instructional Staff Training	6,177
Board of Education	10,000
School Administration	1,237,195
Facilities Acquisition & Construction	41,786
Fiscal Services	129,867
Food Services	349,306
Pupil Transportation	317,869
Operation of Plant	752,151
Maintenance of Plant	111,049
Community Service	135,471
Fixed Capital Outlay:	
Facilities Acquisition & Construction	1,069,956
Other Capital Outlay	346,294
Debt Service:	
Principal	246,959
Interest and Fiscal Charges	413,776
Total Expenditures	<u>9,468,982</u>
Net Change in Fund Balance	<u>(1,011,279)</u>
Fund Balance, July 1, 2008	<u>4,154,194</u>
Fund Balance, June 30, 2009	<u><u>\$ 3,142,915</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**RENAISSANCE ARTS AND EDUCATION, INC.
MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

Net Change in Fund Balances - Governmental Funds \$ (1,011,279)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period.	926,090
The Statement of Activities reflect the current year portion of amortization of loan issuance costs. The Statement of Net Assets present the unamortized amount of loan issuance costs as an asset net of amortization.	10,137
Accrued interest reported in the Statement of Activities does not represent a current financial resource and therefore is not reported as a resource in the General Fund.	12,345
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.	<u>246,959</u>
Change in Net Assets - Governmental Activities	<u><u>\$ 184,252</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of five members. The President of Renaissance Arts and Education, Inc., is the executive officer of the School.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Manatee County, Florida, (“District”). The current charter is effective until June 30, 2023, and may be renewed by mutual agreement between the School and the District. 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 this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

The School is considered a component unit of the District; and meets the definition of a governmental entity under the *Audit and Accounting Guide – State and Local Governments* issued by the American Institute of Certified Public Accountants; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

The School’s financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, both government-wide and fund financial statements are presented.

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized

RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS
A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services and capital outlay).

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of demand deposits held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Capital Assets and Depreciation**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Donated capital assets are recorded at fair value at the date of donation. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 10 years
Buildings and Improvements	10 - 40 years

Current-year information relative to changes in capital assets is described in a subsequent note.

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

➤ **Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation and sick leave (personal leave)) are recorded as an expenditure in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. The School leave policy does not allow for carrying leave into a future fiscal year. Any personal leave not used during a fiscal year is paid to employees prior to the fiscal year end; therefore, no provision for unpaid compensated absences is required in the government-wide or governmental fund financial statements.

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education (FDOE) by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made. The District receives a 5% administrative fee from the School, which is reflected in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section

**RENAISSANCE ARTS AND EDUCATION, INC.,
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June 30, 2009

1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2009, the School reported 1,106.76 Unweighted FTE and 1,132.1768 Weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School also receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such are reflected as restricted/reserved fund balance in the accompanying statement of net assets and balance sheet – governmental funds to the extent that they remain unexpended.

The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net assets and affect revenues and expenditures for the period presented. Actual results could differ significantly from those estimates.

2. DUE FROM OTHER AGENCIES

The Amount due from other agencies included in the accompanying statement of net assets and balance sheet – governmental funds represents an amount due from the Manatee County School District. This receivable is considered to be fully collectible and therefore, no allowance for uncollectible accounts has been established.

3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Balance 7/1/2008	Additions	Deletions	Balance 6/30/2009
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 285,000	\$ 814,250	\$ -	\$ 1,099,250
Construction in Progress	-	88,754	-	88,754
Total Capital Assets Not Being Depreciated	<u>285,000</u>	<u>903,004</u>	<u>-</u>	<u>1,188,004</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	7,724,372	166,952	-	7,891,324
Furniture, Fixtures, and Equipment	1,503,042	346,294	-	1,849,336
Total Capital Assets Being Depreciated	<u>9,227,414</u>	<u>513,246</u>	<u>-</u>	<u>9,740,660</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,630,727)	(318,357)	-	(1,949,084)
Furniture, Fixtures, and Equipment	(1,182,306)	(171,803)	-	(1,354,109)
Total Accumulated Depreciation	<u>(2,813,033)</u>	<u>(490,160)</u>	<u>-</u>	<u>(3,303,193)</u>
Total Capital Assets Being Depreciated, Net	<u>6,414,381</u>	<u>23,086</u>	<u>-</u>	<u>6,437,467</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,699,381</u>	<u>\$ 926,090</u>	<u>\$ -</u>	<u>7,625,471</u>

Unallocated depreciation expense for the 2008-09 fiscal year was \$490,160.

4. INSTALLMENT PURCHASE PAYABLE

The School is acquiring a 198' by 68' modular building with an asset balance of \$764,947 under an installment purchase agreement. The economic substance of the installment purchase is that the School is financing the acquisition of the assets through the installment purchase and, accordingly, it is recorded in the School's statement of net assets. Terms of the lease require the School to make monthly payments through the 2010 fiscal year. Amortization of assets under this capital lease is included in depreciation expense for fiscal year 2009.

**RENAISSANCE ARTS AND EDUCATION, INC.,
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A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

Future minimum installment purchase payments and the present value of the minimum installment purchase payments as of June 30, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$69,734	\$69,734	\$4,427
Total	<u>\$69,734</u>	<u>\$69,734</u>	<u>\$4,427</u>

Interest of 6% paid on the installment purchase during the year ended June 30, 2009, totaled \$8,261.

5. BONDS AND NOTES PAYABLE

Bonds and notes payable at June 30, 2009, are as follows:

<u>Type of Debt</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Annual Maturity To</u>
Bank Qualified Bonds:			
Wachovia Bank-Series 2007A	\$ 4,485,768	5.36 percent	2032
Wachovia Bank-Series 2007B	2,925,501	5.36 percent	2032
Notes Payable:			
Piano Distributors Loan	<u>17,154</u>	N/A	2011
Total Bonds Payable	<u>\$ 7,428,423</u>		

The various bonds and notes were issued to finance capital outlay projects of the School. The following is a description of bonds and notes payable:

Bank Qualified Bond Series 2007-A: The School entered into a financing arrangement with the City of Palmetto, Florida and Wachovia Bank. In December 2007, the City of Palmetto issued \$4,600,000 in Industrial Development Refunding Revenue Bonds, Series 2007-A (tax exempt municipal bonds) and sold these bonds to Wachovia Bank. Under a promissory note and mortgage agreement, the City of Palmetto loaned the proceeds of the sale to the School to refinance obligations secured by the school facilities. The City of Palmetto then assigned its rights under the promissory note and mortgage to Wachovia Bank. Interest is applied with a forward-swap floating interest rate, currently at 5.36%. Payments of principal currently at approximately \$8,600 plus interest are due monthly. The maturity date of the note is February 2032.

Bank Qualified Bond Series 2007-B: The School entered into a financing arrangement with the City of Palmetto, Florida and Wachovia Bank. In December 2007, the City of Palmetto issued \$3,000,000 in Industrial Development Refunding Revenue Bonds, Series 2007-B (tax exempt municipal bonds) and sold these bonds to Wachovia Bank. Under a promissory note and mortgage agreement, the City of Palmetto loaned the proceeds of the sale to the School to finance additional capital improvements to the school. The City of Palmetto then assigned its rights under the promissory note and

**RENAISSANCE ARTS AND EDUCATION, INC.,
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A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

mortgage to Wachovia Bank. Interest is applied with a forward-swap floating interest rate, currently at 5.36%. Payments of principal at approximately \$5,600 plus interest are due monthly. The maturity date of the note is February 2032.

Piano Distributors Loan: Payable to Piano Distributors of Florida, Inc. balance due in two annual \$8,577 installments of principal with no stated interest rate, maturing April 2011. Note is secured by a grand piano.

Annual requirements to amortize all bonds and notes outstanding as of June 30, 2009, are as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2010	\$ 572,051	\$ 180,410	\$ 391,641
2011	572,051	189,850	382,201
2012	563,474	191,231	372,243
2013	563,474	201,737	361,737
2014	563,474	212,820	350,654
2015-2019	2,817,368	1,252,859	1,564,509
2020-2024	2,817,368	1,636,945	1,180,423
2025-2029	2,817,368	2,138,778	678,590
2030-2032	1,529,138	1,423,793	105,345
Total	<u>\$12,815,766</u>	<u>\$ 7,428,423</u>	<u>\$ 5,387,343</u>

Interest paid on bonds notes payable during the year ended June 30, 2009, totaled \$413,776.

6. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Balance 7/1/2008	Additions	Deductions	Balance 6/30/2009	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Installment Purchase Payable	\$ 183,797	\$ -	\$(114,063)	\$ 69,734	\$ 69,734
Bonds & Note Payable	7,561,349	-	(132,926)	7,428,423	180,410
Total Governmental Activities	<u>\$ 7,745,146</u>	<u>\$ -</u>	<u>\$(246,989)</u>	<u>\$ 7,498,157</u>	<u>\$ 250,144</u>

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

7. SCHEDULE OF FEDERAL, STATE, & LOCAL REVENUE SOURCES

The following is a schedule of the School's Federal, State, and local revenue for the 2008-09 fiscal year:

Source	Amount
<i><u>FEDERAL:</u></i>	
National School Lunch & Breakfast Program	\$ 171,152
IDEA Grant	13,494
Total Federal Revenue	\$ 184,646
 <i><u>STATE:</u></i>	
Florida Education Finance Program	\$4,414,977
Categorical Educational Programs:	
Class Size Reduction	1,023,911
Transportation	342,342
Supplementary Academic Instruction	244,705
Instructional Materials	105,562
	45,443
Lottery Allocation	26,247
Charter School Capital Outlay	764,563
ESE Guaranteed Allocation	182,010
Miscellaneous	61,307
Total State Revenue	7,211,067
 <i><u>LOCAL:</u></i>	
Discretionary Millage	496,731
Student Lunches	258,030
Total Local Revenue	754,761
Total State and Local Revenue	\$ 7,965,828

As provided in the charter school contract and Florida Department of Education Rules, the District has charged the School an administrative fee in the amount of \$151,604.

Accounting policies relating to certain State revenue sources are described in Note 1.

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**

A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

8. CONSTRUCTION CONTRACT COMMITMENT

The following is a summary of major construction contract commitments remaining at June 30, 2009:

<u>Description</u>	<u>Project Authorization</u>	<u>Expended Through 6/30/09</u>	<u>Balance Committed</u>
Music Bldg . & Admin. Offices	\$2,418,929	\$ 88,754	\$2,330,175

9. RISK MANAGEMENT PROGRAM

Workers' compensation, health and hospitalization, general liability, professional liability and property insurance coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

10. RETIREMENT PLAN

The School has an employee savings plan under Section 401(k) of the Internal Revenue code. This plan allows eligible employees to defer a portion of their income on a pretax basis through plan contributions. Employer contributions to the plan are determined annually by the board of Directors. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The School contribution to the plan for the year ended June 30, 2009, was \$158,997.

11. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2009, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate

**RENAISSANCE ARTS AND EDUCATION, INC.,
D/B/A MANATEE SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

12. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)

For the Fiscal Year Ended June 30, 2009

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal through Local	\$ 168,000	\$ 185,200	\$ 184,646	\$ (554)
State and Local	8,318,350	8,003,993	7,965,828	(38,165)
Contributions and Other Revenue	206,295	241,639	307,229	65,590
Total Revenues	<u>8,692,645</u>	<u>8,430,832</u>	<u>8,457,703</u>	<u>26,871</u>
Expenditures:				
Current - Education:				
Instruction	4,392,375	4,219,385	4,082,620	136,765
Pupil Personnel Services	151,709	157,684	132,145	25,539
Instructional Media	101,262	97,687	86,361	11,326
Instructional Staff Training	7,500	6,450	6,177	273
Board of Education	6,500	7,500	10,000	(2,500)
School Administration	1,129,751	1,203,313	1,237,195	(33,882)
Facilities Acquisition & Construction	20,000	40,000	41,786	(1,786)
Fiscal Services	122,653	128,608	129,867	(1,259)
Food Services	382,082	380,703	349,306	31,397
Pupil Transportation	282,995	289,000	317,869	(28,869)
Operation of Plant	838,574	723,492	752,151	(28,659)
Maintenance of Plant	70,600	101,000	111,049	(10,049)
Community Service	135,295	120,000	135,471	(15,471)
Fixed Capital Outlay:				
Facilities Acquisition & Construction	40,000	1,024,709	1,069,956	(45,247)
Other Capital Outlay	126,500	302,800	346,294	(43,494)
Debt Service:				
Principal	275,579	285,460	246,959	38,501
Interest and Fiscal Charges	392,892	402,168	413,776	(11,608)
Total Expenditures	<u>8,476,267</u>	<u>9,489,959</u>	<u>9,468,982</u>	<u>20,977</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>216,378</u>	<u>(1,059,127)</u>	<u>(1,011,279)</u>	<u>47,848</u>
Net Change in Fund Balance	216,378	(1,059,127)	(1,011,279)	47,848
Fund Balance, July 1, 2008	1,282,495	1,282,495	4,154,194	2,871,699
Fund Balance, June 30, 2009	<u>\$ 216,378</u>	<u>\$ 223,368</u>	<u>\$ 3,142,915</u>	<u>\$ 2,919,547</u>

See Independent Auditor's Report.

KING & WALKER, CPAs, PL

Certified Public Accountants

David M. King, CPA
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road
Lutz, FL 33548
office (813) 610-0659 fax (813) 949-9376

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 Arts and Education, Inc.,
d/b/a Manatee School for the Arts, a Charter School and
Component Unit of the District School Board of Manatee County, Florida

We have audited the basic financial statements of the Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts ("School"), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon included under the heading ***Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information***. 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 of the School's financial statements for the fiscal year ended June 30, 2009, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our consideration of 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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other guidelines, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the School and its management, the District School Board of Manatee County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style.

September 21, 2009
Lutz, Florida

KING & WALKER, CPAs, PL

Certified Public Accountants

David M. King, CPA
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road
Lutz, FL 33548
office (813) 610-0659 fax (813) 949-9376

Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors Renaissance Arts and Education, Inc.,
d/b/a Manatee School for the Arts, a Charter School and Component
Unit of the District School Board of Manatee County, Florida

We have audited the basic financial statements of the Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts ("School"), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 21, 2009.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated September 21, 2009. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The School has taken the appropriate corrective action to correct the finding in the prior audit.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. In connection with our audit, we determined that the School has not met any of the conditions described in Section 218.503(1)(e), Florida Statutes.

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the 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.

The Rules of the Auditor General (Section 10.854(1)(e)3.), require 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.

The Rules of the Auditor General (Section 10.854(1)(e)4,5.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

- Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
- Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
- Control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions, and (3) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(e)6.), require we disclose the name or official title of the school or center. The school's official name is Renaissance Arts and Education, Inc., d/b/a Manatee School for the Arts.

This letter is intended for the information and use of the School and its management, the District School Board of Manatee County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style.

September 21, 2009
Lutz, Florida

**RENAISSANCE ARTS AND EDUCATION, INC., D/B/A MANATEE
SCHOOL FOR THE ARTS**
A Charter School and Component Unit of the District School Board of Manatee County, Florida

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

Year Ended June 30, 2009

The following is the School's response to the item in the Management Letter dated September 21, 2009, as required by Rule 10.857, Rules of the Auditor General:

No response required.