
THE RENAISSANCE LEARNING CENTER, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

THE RENAISSANCE LEARNING CENTER, INC.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

INTRODUCTORY SECTION:

LETTER OF TRANSMITTAL	1
-----------------------	---

FINANCIAL SECTION:

INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-4
STATEMENT OF NET ASSETS	5
STATEMENT OF ACTIVITIES	6-7
BALANCE SHEET--GOVERNMENTAL FUNDS	8-9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS	10-11
NOTES TO FINANCIAL STATEMENTS	12-17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL, GOVERNMENTAL FUNDS	18
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19-20
MANAGEMENT LETTER PURSUANT TO FLORIDA STATUTES AND RULES OF THE FLORIDA AUDITOR GENERAL	21-22



5800 Corporate Way ♦ West Palm Beach, FL 33407 ♦ Ph (561)640-0270 ♦ Fax (561)640-0272
Email: www.renaissance@rlc2000.com

September 24, 2010

To Whom It May Concern:

The Board of Directors and administration of the Renaissance Learning Center, Inc. (hereinafter "RLC") are responsible for the contents of the attached report.

RLC was formed as a Florida nonprofit corporation on January 3, 1997. RLC began as a private school and converted to a charter school after its first two years of operation. A charter school is a free public school which is managed and owned by a private nonprofit corporation.

RLC's facility was initially located on Holly Drive in Palm Beach Gardens, Florida, and then was relocated to 11980 Alt. A1A, also in Palm Beach Gardens. RLC relocated to its current facility (5800 Corporate Way in West Palm Beach, Florida) in 2005.

RLC is a charter school open to all Palm Beach County students ages 3 through 14 with a primary individual education plan ("IEP") eligibility of autism. RLC offers small class sizes (an average of five students per two instructional staff members), as well as speech, occupational, discrete trial, and other therapies. RLC's curriculum is based in Applied Behavior Analysis ("ABA"), but uses an eclectic approach including direction instruction, incidental teaching, video modeling, scripts, and observational learning. Students work one-on-one, in dyads, and in small groups, depending upon their abilities and skill levels. Progress is monitored daily through data collection, summary, analysis, and assessment.

RLC's mission is to develop and provide effective education and tailored therapy programs for children (ages 3 through 14) with autism. The school's efforts are directed toward improving the education and quality of life of its students. RLC is committed to the continuous improvement of every student through use of best practice programs and models, and RLC's students consistently demonstrate substantial progress each year. Parental involvement and satisfaction is an integral part of RLC's success. All parents are involved in training sessions throughout the school year, as well as monthly observation sessions and quarterly teacher conferences, in addition to the annual IEP meeting. Parents volunteer their time as Board members, committee and project leaders, as well as planning and participating in fundraising events.

RLC ended its 11th year as a charter school with a strong financial statement and we continue to increase our enrollment every year. We intend to move to a new, larger campus within the next few years, and in connection with that, we intend amend our charter to permit additional students to attend RLC. Please refer to the management's discussion and analysis for further information regarding our current financial status.

Respectfully submitted,

Lisa Z. Hauser
Governing Chair of the Board of Directors of Renaissance Learning Center, Inc.

A non-profit charter school for children with autism

Michael C. Becker & Co.

Certified Public Accountants

1897 Palm Beach Lakes Blvd.
Suite 210
West Palm Beach, Florida 33409

West Palm Beach (561) 689-4093
Boca Raton (561) 391-0945
Miami (305) 266-6691
Fax (561) 697-4359

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Renaissance Learning Center, Inc.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of The Renaissance Learning Center, Inc., a component unit of The School District of Palm Beach County, as of and for the year ended June 30, 2010, which collectively comprise The Renaissance Learning Center, Inc.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of The Renaissance Learning Center, Inc.'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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of The Renaissance Learning Center, Inc. as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010, on our consideration of The Renaissance Learning Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3, 4 and 18, respectively, 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 on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Renaissance Learning Center, Inc.'s basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Michael C. Becker & Co.

West Palm Beach, FL
September 24, 2010

The Renaissance Learning Center, Inc.
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Within this section of The Renaissance Learning Center, Inc.'s (the School) annual financial report, management provides a narrative discussion and analysis of the financial performance of the School for the fiscal year ended June 30, 2010.

Financial Highlights

The School's assets exceeded its liabilities by \$157,545 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$162,943.

Total net assets are comprised of the following:

1. Capital assets net of accumulated depreciation were \$71,204 which include property, equipment and a motor vehicle.
2. Unrestricted net assets were \$86,341.

The statement of activities shows a decrease in net assets of \$5,398 compared to an increase of \$383 in the previous year.

Overview of the Financial Statements

The financial statements include government-wide financial statements and notes to the financial statements. The School also includes in this report additional information to supplement the financial statements.

Government-wide Financial Statements

The School's annual report includes two government-wide financial statements. The Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents the School's assets and liabilities with the difference being net assets. Increases or decreases in net assets are an indication of whether the financial position of the school is improving or deteriorating.

The Statement of Activities reports how the School's net assets changed during the current fiscal year. It lists expenses and revenues and breaks down to specific activities and sources.

The government-wide financial statements are presented on pages five through seven of the financial report.

Fund Financial Statements

The School uses funds to account for activities. One fund used is the general fund for all financial resources not designated to any other specific fund. The school also uses a special revenue fund for all financial resources that are restricted.

The general fund shows revenues exceeding expenditures resulting in an increase in the unreserved fund balance of \$16,116 for the fiscal year ended June 30, 2010.

The Renaissance Learning Center, Inc.
Management's Discussion and Analysis (*Continued*)
For the Fiscal Year Ended June 30, 2010

The fund financial statements are presented on pages eight through 11 and include a reconciliation of the difference between the government-wide financial statements and the fund financial statements.

Capital Assets

The School had an increase in assets totaling \$5,925 for the fiscal year ended June 30, 2010.

Budget Analysis

Both actual revenues and expenditures exceeded budgeted amounts with a net positive result of \$16,116. See page 18 for a detailed comparison of budget to actual revenues and expenditures.

The Renaissance Learning Center, Inc.
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash	\$ 170,732	\$ 0	\$ 170,732
Accounts receivable	27,821	0	27,821
Capital assets:			
Improvements	71,813	0	71,813
Building and fixed equipment	37,566	0	37,566
Furniture, fixtures, and equipment	55,021	0	55,021
Motor vehicle	35,825	0	35,825
Audio visual equipment	31,909	0	31,909
Computer software	2,760	0	2,760
Less accumulated depreciation	(163,690)	0	(163,690)
Total capital assets net of depreciation	71,204	0	71,204
Total Assets	\$ 269,757	\$ 0	\$ 269,757
Liabilities			
Accounts payable and other current liabilities	\$ 112,212	\$ 0	\$ 112,212
Total Liabilities	\$ 112,212	\$ 0	\$ 112,212
Net Assets			
Invested in capital assets, net of related debt	\$ 71,204	\$ 0	\$ 71,204
Unrestricted	86,341	0	86,341
Total Net Assets	\$ 157,545	\$ 0	\$ 157,545

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Statement of Activities
For the Year ended June 30, 2010

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instruction and instructional related services	\$ 1,564,961	\$ -	\$ 79,292	\$ -	\$ (1,485,669)	\$ -	\$ (1,485,669)
Instructional support services	2,990	-	-	-	(2,990)	-	(2,990)
Board	6,816	-	-	-	(6,816)	-	(6,816)
General administration	1,988	-	-	-	(1,988)	-	(1,988)
School administration	248,275	-	-	-	(248,275)	-	(248,275)
Fiscal services	24,507	-	-	-	(24,507)	-	(24,507)
Plant, facilities, and maintenance	156,046	-	-	32,662	(123,384)	-	(123,384)
Pupil transportation	31,432	-	-	-	(31,432)	-	(31,432)
Community services	32,105	93,419	-	-	61,314	-	61,314
Total Governmental Activities	\$ 2,069,120	\$ 93,419	\$ 79,292	\$ 32,662	\$ (1,863,747)	\$ -	\$ (1,863,747)
Business Type Activities	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-

See accompanying notes to the financial statements

The Renaissance Learning Center, Inc.
Statement of Activities *(Continued)*
For the Year Ended June 30, 2010

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Total	\$ 2,069,120	\$ 93,419	\$ 79,292	\$ 32,662	\$ (1,863,747)	\$ -	\$ (1,863,747)
General Revenues							
Grants and revenues not restricted to specific programs					1,857,852	-	1,857,852
Investment earnings					497	-	497
Total General Revenues and Special Items					1,858,349	-	1,858,349
Change in Net Assets					(5,398)	-	(5,398)
Net Assets-Beginning of Year					162,943	-	162,943
Net Assets-End of Year					\$ 157,545	\$ -	\$ 157,545

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
 Balance Sheet
 Governmental Funds
 June 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash	\$ 170,732	\$ -	\$ 170,732
Accounts Receivable	27,821	-	27,821
Total Assets	\$ 198,553	\$ -	\$ 198,553
 Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 112,212	\$ -	\$ 112,212
Total Liabilities	\$ 112,212	\$ -	\$ 112,212
 Fund Balances			
Unreserved:			
Undesignated	\$ 86,341	\$ -	\$ 86,341
Total Fund Balances	\$ 86,341	\$ -	\$ 86,341
Total Liabilities and Fund Balances	\$ 198,553	\$ -	\$ 198,553

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

Total fund balances--governmental funds \$ 86,341

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

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported as assets in governmental funds. The cost of
the assets is \$234,894 the accumulated depreciation is (\$163,690). 71,204

Total net assets--governmental activities \$ 157,545

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal passed through school district	\$ -	\$ 79,292	\$ 79,292
State passed through school district	1,610,151	-	1,610,151
Gifts, grants, and local sources	280,363	-	280,363
Pre/Aftercare, summer camp and therapy services	93,419	-	93,419
Interest earned	497	-	497
Total Revenues	1,984,430	79,292	2,063,722
Expenditures:			
Current:			
Instruction and instructional related services	1,485,819	79,142	1,564,961
Instructional support services	2,840	150	2,990
Board	6,816	-	6,816
General administration	1,988	-	1,988
School administration	248,275	-	248,275
Plant, facilities, and maintenance	132,166	-	132,166
Fiscal services	24,507	-	24,507
Pupil transportation	27,873	-	27,873
Community services	32,105	-	32,105
Capital outlay	5,925	-	5,925
Total Expenditures	1,968,314	79,292	2,047,606
Excess (deficiency) of revenues over (under) expenditures	16,116	-	16,116
 Net changes in fund balance	 16,116	 -	 16,116
Fund balance - July 1, 2009	70,225	-	70,225
Fund balance - June 30, 2010	\$ 86,341	\$ -	\$ 86,341

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities

Total net change in fund balances--governmental funds	\$ 16,116
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 by which depreciation expense (\$27,439) exceeds capital outlays of \$5,925.	(21,514)
Change in net assets of governmental activities	<u>\$ (5,398)</u>

See accompanying notes to financial statements

The Renaissance Learning Center, Inc.
Notes to Financial Statements
June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Renaissance Learning Center, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of The Renaissance Learning Center, Inc. are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of The Renaissance Learning Center, Inc.'s overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of The Renaissance Learning Center, Inc.'s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements) as of June 30, 2010. The Renaissance Learning Center, Inc. has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, nonexchange transactions, and certain liabilities and expenditures.

Organization--The Renaissance Learning Center, Inc. (the Organization) was incorporated in Florida in the year 1997. The Organization operates as a charter school under the sponsorship of and by agreement with the School District of Palm Beach County, Florida as provided by Florida Statutes. The agreement between the Organization and the School District provides for teaching grades Pre-K through 8. The current charter school contract is effective until June 30, 2012.

Reporting Entity--The Organization is a component unit of the Palm Beach County School District. The Organization is financially accountable to the Palm Beach County School District. There are no component units of The Renaissance Learning Center, Inc. The Organization is subject to being reported as a component unit of the Palm Beach County School District (the primary government) as a result of government accounting standards and the financially accountable relationship between the two organizations.

Government-wide and fund financial statements--The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Organization. For the most part, the effect of interfund activity has been removed from these statements.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2010

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Organization did not have proprietary or fiduciary funds during this reporting period.

Measurement focus, basis of accounting, and financial statement presentation--The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues, when applicable, of the current fiscal period. All other revenue items are considered to be measurable and available only when the Organization receives cash.

The Organization reports the following major governmental funds:

- The *general fund* is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund.
- The *special revenue fund* accounts for resources accumulated and payments made for specific programs for providing educational programs for students within the Organization.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2010

Amounts reported as *program revenues* include 1) charges to students for tuition, fees, rental, material, supplies, or services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Data--Budget information is presented on the *modified accrual basis of accounting* for all government funds. The board of directors adopts the budget. Once adopted, the board can amend the budget. There were no amendments to the adopted budget. Therefore, the budgetary comparisons do not contain an original vs final variance.

Capital Assets--Capital assets, which include buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial, individual cost of more than \$500 for furniture and equipment and \$3,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Donated Assets--The Organization did not receive any donated assets from the Palm Beach County School District during the year.

Accounts Receivable--The Organization considers accounts receivable to be fully collectible as of June 30, 2010, accordingly, no allowance for doubtful accounts was provided for.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (Continued)
June 30, 2010

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Improvements	\$ 71,813	\$ -	\$ -	\$ 71,813
Buildings and fixed equipment	37,565	-	-	37,565
Furniture, fixtures, and equipment	56,595	-	(1,573)	55,022
Motor vehicles	29,900	5,925	-	35,825
Audio visual materials	31,909	-	-	31,909
Computer software	2,760	-	-	2,760
Total capital assets being depreciated	<u>230,542</u>	<u>5,925</u>	<u>(1,573)</u>	<u>234,894</u>
Less accumulated depreciation for:				
Improvements	\$ (28,725)	\$ (5,985)	\$ -	\$ (34,710)
Buildings and fixed equipment	(16,158)	(7,179)	-	(23,337)
Furniture, fixtures, and equipment	(47,958)	(6,205)	1,573	(52,590)
Motor vehicles	(26,341)	(3,559)	-	(29,900)
Audio visual materials	(15,882)	(4,511)	-	(20,393)
Computer software	(2,760)	-	-	(2,760)
Total accumulated depreciation	<u>(137,824)</u>	<u>(27,439)</u>	<u>1,573</u>	<u>(163,690)</u>
Government activities, net capital assets	<u>\$ 92,718</u>	<u>\$ (21,514)</u>	<u>\$ -</u>	<u>\$ 71,204</u>

Depreciation expense was charged to the following governmental activities: "instructional support services; plant, facilities, and maintenance; and pupil transportation."

Depreciation expense was charged to the following governmental activities: "instructional support services; plant, facilities, and maintenance; and pupil transportation."

Assets are purchased using public/government source, and non public funds such as contributions and grants.

Assets - Public Funds	\$ 39,863
Assets - Non public Funds	\$195,031
Total	\$234,894

The Renaissance Learning Center, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2010

Buildings, improvements, furniture, and equipment of the Organization are depreciated using the straight-line method over the following lives:

Assets	Years
Improvements	10
Buildings and fixed equipment	10
Furniture	5
Office equipment	5
Audio visual equipment	5
Transportation equipment	7
Computer equipment	3

Compensated Absences—Under terms of agreements, employees earn sick leave. No reimbursement or accrual is made for unused sick leave. The school employees had approximately 5,351 hours of unused sick leave and no vacation time at the end of the school year.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. CONTINGENCIES

The Organization receives funding from the Palm Beach County School District. The disbursement of funds received under the contract generally requires compliance with terms and conditions specified in the contract and is subject to audit by the District, the District’s independent auditors, and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the Organization believes such disallowance, if any, would be immaterial.

D. COMMITMENT

The school entered into a renewable five year lease of the facilities until August 3, 2015. The new facilities are located at 5800 Corporate Way in West Palm Beach. The rent is \$7,500 per month.

The Renaissance Learning Center, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2010

E. CASH

The organization deposits its funds in banks that are qualified public depositories as provided for in Florida Statutes. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized by Florida's Multiple Institution Collateral Pool as provided for in Florida Statutes and administrative regulations.

F. RISK MANAGEMENT PROGRAMS

Insurance is being provided through purchased commercial insurance as per the minimum requirement provided by the District. Settled claims resulting from the risks have not exceeded commercial coverage.

G. RELATED PARTY TRANSACTIONS

As discussed above the Organization is a component unit of the Palm Beach County School District. The general operating authority of the Organization is contained in Section 228.056, Florida Statutes. The Organization operates under a charter of the sponsoring school district, the Palm Beach County District School Board (the District). The current charter is effective until June 30, 2012. At the end of the term of 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 Organization in writing at least 90 days prior to the charter's expiration.

Pursuant to Section 228.056(10)(e), Florida Statutes, the charter school contract provides that in the event the organization is dissolved or terminated, any unencumbered funds and all of the organization's property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The Organization is considered a component unit of the District.

The Palm Beach County School District holds back a 5% administration fee from certain funds. The revenue reported in these financial statements is net of that fee. The hold back fee for the year ended June 30, 2010 was \$81,087.

H. INCOME TAX STATUS

The Organization qualifies as a I.R.C. Section 501(c)(3) non profit organization, which is generally exempt from Federal and State income taxes.

I. RETIREMENT PLAN

The Organization sponsors a retirement plan for employees. The plan, under IRC Section 403b, allows employees to defer a discretionary portion of their salaries into retirement accounts.

The Renaissance Learning Center, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual, General Fund
For the Year ended June 30, 2010

	Governmental Funds						Totals				
	Original and Final	General Fund	Variance	Original and Final	Special Revenue Fund	Variance	Original and Final	Governmental Funds	Variance		
Revenues:											
Federal pass through district	\$			\$	138,430.00	79,292.00	(59,138.00)	\$	138,430.00	79,292.00	(59,138.00)
State pass through district	1,546,103.00	1,610,151.00	64,048.00					1,546,103.00	1,610,151.00	64,048.00	
Gifts, grants	133,125.00	280,363.00	147,238.00					133,125.00	280,363.00	147,238.00	
Summer School & pre after	113,500.00	93,419.00	(20,081.00)					113,500.00	93,419.00	(20,081.00)	
Interest earned	-	497.00	497.00					-	497.00	497.00	
Total Revenues	1,792,728.00	1,984,430.00	191,702.00	138,430.00	79,292.00	(59,138.00)	1,931,158.00	2,063,722.00	132,564.00		
Expenditures:											
Current:											
Instruction and related services	1,310,103.00	1,485,819.00	(175,716.00)	52,848.00	79,142.00	(26,294.00)	1,362,951.00	1,564,961.00	(202,010.00)		
Instructional support services	11,200.00	2,840.00	8,360.00	150.00	150.00	-	11,350.00	2,990.00	8,360.00		
Board	6,000.00	6,816.00	(816.00)				6,000.00	6,816.00	(816.00)		
General administration		1,988.00	(1,988.00)					1,988.00	(1,988.00)		
School administration	288,197.00	248,275.00	39,922.00				288,197.00	248,275.00	39,922.00		
Plant, facilities and maintenance	132,250.00	132,166.00	84.00				132,250.00	132,166.00	84.00		
Fiscal services	12,000.00	24,507.00	(12,507.00)				12,000.00	24,507.00	(12,507.00)		
Pupil transportation	45,600.00	27,873.00	17,727.00				45,600.00	27,873.00	17,727.00		
Community services	72,810.00	32,105.00	40,705.00				72,810.00	32,105.00	40,705.00		
Capital outlay		5,925.00	(5,925.00)					5,925.00	(5,925.00)		
Total Expenditures	1,878,160.00	1,968,314.00	(90,154.00)	52,998.00	79,292.00	(26,294.00)	1,931,158.00	2,047,606.00	(116,448.00)		
Excess (deficiency) of revenues over (under) expenditures	(85,432.00)	16,116.00	101,548.00	85,432.00	-	(85,432.00)	-	16,116.00	16,116.00		
Net Change in fund balance	(85,432.00)	16,116.00	101,548.00	85,432.00	-	(85,432.00)	-	16,116.00	16,116.00		
Fund balance – July 1, 2009	70,225.00	70,225.00	-	-	-	-	70,225.00	70,225.00	-		
Fund balance – June 30, 2010	\$ (15,207.00)	86,341.00	101,548.00	\$ 85,432.00	-	(85,432.00)	\$ 70,225.00	86,341.00	16,116.00		

See accompanying notes to financial statements.

Michael C. Becker & Co.

Certified Public Accountants

1897 Palm Beach Lakes Blvd.
Suite 210
West Palm Beach, Florida 33409

West Palm Beach (561) 689-4093
Boca Raton (561) 391-0945
Miami (305) 266-6691
Fax (561) 697-4359

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
The Renaissance Learning Center, Inc.

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The Renaissance Learning Center, Inc., as of and for the year ended June 30, 2010, which collectively comprise The Renaissance Learning Center, Inc.'s basic financial statements and have issued our report thereon dated September 24, 2010. 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 Renaissance Learning Center, Inc.'s internal control over financial reporting as a basis for designing our audit 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 Renaissance Learning Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Renaissance Learning Center, Inc.'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 Renaissance Learning Center, Inc.'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 Renaissance Learning Center, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by The Renaissance Learning Center, Inc.'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 Renaissance Learning Center, Inc.'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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Senior Management and
The Board of Directors of
The Renaissance Learning Center, Inc.
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Renaissance Learning Center, Inc.'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*.

We noted a matter that we reported to management of The Renaissance Learning Center, Inc., in a separate letter dated September 24, 2010.

This report is intended solely for the information and use of management, the audit committee, others within the Organization, Palm Beach County School District, and other awarding agencies, regulatory and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, it may be considered a matter of public record by Florida Statutes and Regulations.

Michael C. Becker & Co.

West Palm Beach, FL
September 24, 2010

Michael C. Becker & Co.

Certified Public Accountants

1897 Palm Beach Lakes Blvd.
Suite 210
West Palm Beach, Florida 33409

West Palm Beach (561) 689-4093
Boca Raton (561) 391-0945
Miami (305) 266-6691
Fax (561) 697-4359

To the Senior Management and
The Board of Directors of
The Renaissance Learning Center, Inc.

In planning and performing our audit of the financial statements of The Renaissance Learning Center, Inc. for the year ended June 30, 2010, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on the Organization's internal control in our report dated September 24, 2010. This letter does not affect our report dated September 24, 2010, on the financial statements of The Renaissance Learning Center, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Organization personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

1. The Organization has assigned a board member to review certain financial reports and other information with regard to internal controls. The board member reports the results of the review to the Board regularly. However, certain reports were limited due to a change in accounting services and software. As a result, the Board did not necessarily receive comprehensive budget performance reports throughout the year. We recommend that the Board has access to and review regular reports that compare the budget to actual financial data on a regular basis.

Other matter pending from the previous year's audit review:

1. The Board adopted certain procedures for monitoring and reviewing electronic transactions, as well as other internal controls. As a result, reporting on, and monitoring internal controls did improve. However, as discussed above, additional reports and procedures will continue to improve the Board's effectiveness concerning financial governance.

The scope of the audit included, and the auditor applied financial condition assessment procedures pursuant to the Rules of the Florida Auditor General, Section 10.855(10).

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), 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 Renaissance Learning Center, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes, and therefore, the Organization was not in a state of financial emergency for the year ended June 30, 2010.

We wish to thank the Principal and her department for their support and assistance during our audit.

This management letter has been prepared pursuant to Florida Statutes and Rules of the Florida Auditor General.

There were no violations of laws, regulations, and contractual provisions that were discovered within the scope of the financial audit that would have a material affect on the financial statements.

To the Senior Management and
The Board of Directors of
The Renaissance Learning Center, Inc.
Page Two

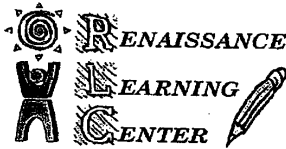
There were no illegal or improper expenditures discovered within the scope of the financial audit which would have had a material affect on the financial statements.

An immaterial matter, which did not materially affect the financial statements, is discussed and summarized above as a comment.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, it may be reviewed by the Palm Beach County School District, various regulatory agencies and may be a matter of public record by Florida Statutes and Regulations.

Michael C. Becker & Co.

West Palm Beach, FL
September 24, 2010



5800 Corporate Way ♦ West Palm Beach, FL 33407 ♦ Ph (561)640-0270 ♦ Fax (561)640-0272
Email: www.renaissance@rlc2000.com

October 1, 2010

Michael C. Becker, CPA
Michael C. Becker & Co.
1897 Palm Beach Lakes Boulevard, Suite 210
West Palm Beach, Florida 33409

Re: Response to Audit Letter

Dear Michael:

The purpose of this letter is to respond to your letter concerning the audit of the financial statements of Renaissance Learning Center, Inc. ("RLC") for the fiscal year that ended June 30, 2010. In particular, this letter responds to your recommendation concerning the ability of the Board of Directors of RLC (the "Board") to regularly review reports that compare RLC's budget to its actual financial data.

As you noted, due to a change in accounting services and software, the Board have limited access to certain financial and other reports. The Board has engaged a new accountant, and has already commenced with establishing new, broader access to financial reports by a limited number of individuals, including our new bookkeeper, certain RLC employees, and certain members of the Board.

Once you have had the opportunity to review this letter, please let me know if you have any questions or comments regarding the same. Thank you in advance for your prompt attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lisa Z. Hauser".

Lisa Z. Hauser
Governing Chair of the Board of Directors
of Renaissance Learning Center, Inc.

A non-profit charter school for children with autism