

NORTH BROWARD ACADEMY OF EXCELLENCE
A DEPARTMENT OF THE RENAISSANCE CHARTER SCHOOL, INC.
(A COMPONENT UNIT OF THE SCHOOL
DISTRICT OF BROWARD COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2011

NORTH BROWARD ACADEMY OF EXCELLENCE
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2011

TABLE OF CONTENTS

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Assets	8
Statement of Activities	9

Fund Financial Statements:

Balance Sheet - Governmental Fund	10
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of the Governmental Fund to the Statement of Activities	13
Statement of Revenues and Expenditures - Budget and Actual - General Fund	14
Statement of Assets and Liabilities- Agency Fund	15
Notes to Basic Financial Statements	16-24

SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenditures - General Fund - Management Format	25
--	----

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Independent Auditors' Report to the Board of Directors	28-29

BASIC FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Broward Academy of Excellence
A Department of the Renaissance Charter School, Inc.
North Lauderdale, Florida

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the aggregate remaining fund information of North Broward Academy of Excellence (the "School"), a Department of the Renaissance Charter School, Inc. and a component unit of the School District of Broward County, Florida and as of and for the year ended June 30, 2011, 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 an opinion 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 opinion.

As discussed in Note 1, the financial statements of North Broward Academy of Excellence, a Department of the Renaissance Charter School, Inc., are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the General Fund and the aggregate remaining fund information of the Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of the Renaissance Charter School, Inc. as of June 30, 2011, and its change in financial position or budgetary comparisons, where applicable, for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund and the aggregate remaining fund information of the School as of June 30, 2011, and the respective changes in financial position and budgetary comparisons 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 27, 2011 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements as a whole. The Statement of Revenues and Expenditures - General Fund - Management Format is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 27, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH BROWARD ACADEMY OF EXCELLENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

As management of North Broward Academy of Excellence (the "School"), a component unit of the School District of Broward County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2011 and 2010.

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

FINANCIAL HIGHLIGHTS

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

- The School's net assets increased by \$ 250,563 for the year ended June 30, 2011. Total net assets were \$ 481,237 as of June 30, 2011 as compared to \$ 230,674 as of June 30, 2010.
- As of June 30, 2011, the School has a fund balance of \$ 459,675.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School include, primarily, instruction and instructional support services.

NORTH BROWARD ACADEMY OF EXCELLENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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

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

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

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

Agency Fund

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

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

Notes to basic financial statements

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

NORTH BROWARD ACADEMY OF EXCELLENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2011

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning revenues and expenditures presented in a management format for the School's General Fund. Supplementary information can be found on page 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for ten years; therefore, comparative government-wide data is presented. The School's net assets were \$ 481,237 at June 30, 2011. Of this amount, \$ 459,675 represents unrestricted net assets and \$ 21,562 represents amounts invested in capital assets, net of related debt. The School's net assets were \$ 230,674 at June 30, 2010. Of this amount, \$ 55,511 represented amounts invested in capital assets net of related debt and \$ 175,163 represented amounts which were unrestricted.

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

North Broward Academy of Excellence Net Assets		
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
ASSETS:		
Current and other assets	\$ 1,067,850	\$ 571,518
Capital assets, net of depreciation	<u>6,897,261</u>	<u>211,574</u>
Total assets	<u>7,965,111</u>	<u>783,092</u>
LIABILITIES:		
Current liabilities	640,644	519,949
Noncurrent liabilities	<u>6,843,230</u>	<u>32,469</u>
Total liabilities	<u>7,483,874</u>	<u>552,418</u>
NET ASSETS:		
Invested in capital assets, net of related debt	21,562	55,511
Unrestricted	<u>459,675</u>	<u>175,163</u>
Total net assets	<u>\$ 481,237</u>	<u>\$ 230,674</u>

GOVERNMENTAL ACTIVITIES

The results of this year's operations for the School, as a whole, are reported in the statement of activities on page 9. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2011 and 2010:

NORTH BROWARD ACADEMY OF EXCELLENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2011

North Broward Academy of Excellence
 Change in Net Assets

	June 30, 2011	June 30, 2010
REVENUES:		
General revenues	\$ 4,141,187	\$ 3,828,556
Program revenues	974,168	901,876
Total revenues	5,115,355	4,730,432
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	2,014,079	1,940,736
Instructional support services	1,407,056	1,781,698
Operation of noninstructional services	1,071,589	876,857
Interest expense	372,068	17,491
Total expenses	4,864,792	4,616,782
Change in net assets	\$ 250,563	\$ 113,650

GOVERNMENTAL FUND EXPENDITURES

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

Functions/Programs	2011		2010	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,014,079	17.3%	\$ 1,940,736	41.8%
Administrative services	319,206	2.7%	285,313	6.1%
Plant operations and maintenance	829,406	7.1%	1,327,887	28.6%
Fiscal services	602,897	5.2%	440,497	9.5%
Capital outlay	6,886,472	59.0%	21,425	0.5%
All other functions/programs	1,011,988	8.7%	628,564	13.5%
Total governmental expenditures	\$ 11,664,048	100.0%	\$ 4,644,422	100.0%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2011, the School had capital assets of \$ 6,897,261, net of accumulated depreciation, invested in buildings, computers, furniture, fixtures and equipment, leasehold improvements and improvements other than building as compared to \$ 211,574 at June 30, 2010

NORTH BROWARD ACADEMY OF EXCELLENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Long-term debt

At June 30, 2011, the School had outstanding debt of \$ 6,875,699, as compared to \$ 156,063 at June 30, 2010. Additional information on the School's debt can be found in Notes 8 and 9 on pages 22 and 23.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were favorable to the budget for the year ending June 30, 2011 as the FTE revenue per student received exceeded the plan. Expenditures were unfavorable to the budget mainly due to capital outlay which includes the facility recorded as part of a capital lease transaction. The proceeds from the capital lease offset the unfavorable expenditures and the change in fund balance at year end was favorable to budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Florida is projecting funding reductions of approximately 8% for the next fiscal year. This reduction is reflected in the FEFP funding for the School. In addition, Capital Outlay funding, although expected to remain consistent into 2011-2012, will be reduced due to a greater number of schools included in the funding pool. This reduction in capital outlay funding of approximately 19% has been budgeted in the coming fiscal year to account for this dilution effect.

New legislation for schools qualifying as "High Performing Charter Schools" from the 2011 session reduced the District's 5% administrative fee in place for fiscal year 2011 to 2% in fiscal year 2012. This fee reduction has been applied to the school budget for 2011-2012. In addition, Federal Education Jobs Funding (Edu-Jobs) has been included in next year's budget and will be spent on wages for educational and related services.

REQUESTS FOR INFORMATION

If you have any additional questions about this report or need additional information, please write Hillary Daigle, Controller; Charter Schools USA; 6425 North Federal Highway, 5th Floor; Fort Lauderdale, Florida 33308.

NORTH BROWARD ACADEMY OF EXCELLENCE
STATEMENT OF NET ASSETS
June 30, 2011

A S S E T S

	<u>Governmental Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 781,666
Due from related parties	148,624
Due from other governments	60,353
Due from trustee	43,847
Prepaid expenses and other assets	2,958
Deposits	<u>30,402</u>
Total current assets	1,067,850
 NONCURRENT ASSETS:	
Capital assets (depreciable), net of accumulated depreciation	<u>6,897,261</u>
Total assets	<u>7,965,111</u>

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	134,338
Accrued contracted services	306,359
Due to management company	24,707
Due to agency fund	7,751
Unearned revenue	135,020
Note payable, due within one year	<u>32,469</u>
Total current liabilities	<u>640,644</u>
 NONCURRENT LIABILITIES	
Capital lease, due in more than one year	<u>6,843,230</u>
Total noncurrent liabilities	<u>6,843,230</u>
Total liabilities	<u>7,483,874</u>
 COMMITMENTS AND CONTINGENCIES (Note 10)	
	-
 NET ASSETS:	
Invested in capital assets, net of related debt	21,562
Unrestricted	<u>459,675</u>
Total net assets	<u>\$ 481,237</u>

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

NORTH BROWARD ACADEMY OF EXCELLENCE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Program Revenues			Governmental	
Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities Net Revenue (Expense) and Change in Net Assets	
FUNCTIONS/PROGRAMS:					
Instruction:					
Regular	\$ 1,911,555	\$ -	\$ 129,061	\$ -	\$ (1,782,494)
Exceptional instruction	102,524	-	-	-	(102,524)
Instructional support services:					
Pupil services	35,824	-	-	-	(35,824)
Instructional media services	2,104	-	-	-	(2,104)
Instructional services	19,731	-	-	-	(19,731)
Administrative services	413,426	-	-	-	(413,426)
Plant operations and maintenance	935,971	-	-	247,344	(688,627)
Operation of noninstructional services:					
Food services	352,101	51,851	297,411	-	(2,839)
Board services	11,765	-	-	-	(11,765)
Fiscal services	602,897	-	-	-	(602,897)
Central services	9,150	-	5,750	-	(3,400)
Community services	95,676	242,751	-	-	147,075
Debt service:					
Interest	372,068	-	-	-	(372,068)
Total governmental activities	<u>\$ 4,864,792</u>	<u>\$ 294,602</u>	<u>\$ 432,222</u>	<u>\$ 247,344</u>	<u>(3,890,624)</u>
General revenues:					
Grants and entitlements					4,139,927
Contributions and other					1,260
Total general revenues					4,141,187
Change in net assets					250,563
Net assets, July 1, 2010					230,674
Net assets, June 30, 2011					\$ 481,237

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

NORTH BROWARD ACADEMY OF EXCELLENCE
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2011

A S S E T S

	General Fund
ASSETS:	
Cash and cash equivalents	\$ 781,666
Due from related parties	148,624
Due from other governments	60,353
Due from trustee	43,847
Prepaid expenditures and other assets	2,958
Deposits	30,402
Total assets	\$ 1,067,850

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

LIABILITIES:	
Accounts payable and accrued liabilities	\$ 134,338
Accrued contracted services	306,359
Due to management company	24,707
Due to agency fund	7,751
Deferred revenue	135,020
Total liabilities	608,175

COMMITMENTS AND CONTINGENCIES (Note 10) -

FUND BALANCE:	
Nonspendable:	
Prepaid expenditures and other assets	2,958
Deposits	30,402
Assigned to subsequent year's budget	79,667
Unassigned	346,648
Total fund balance	459,675
Total liabilities and fund balance	\$ 1,067,850

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

NORTH BROWARD ACADEMY OF EXCELLENCE
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
June 30, 2011

TOTAL FUND BALANCE - GOVERNMENTAL FUND, PAGE 10	\$	459,675
--	----	---------

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

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

Cost of capital assets	\$ 7,369,014	
Less accumulated depreciation	<u>(471,753)</u>	6,897,261

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Note payable	(32,469)	
Capital lease payable	<u>(6,843,230)</u>	<u>(6,875,699)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u><u>481,237</u></u>
---	----	-----------------------

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

NORTH BROWARD ACADEMY OF EXCELLENCE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND
For the Year Ended June 30, 2011

	<u>General Fund</u>
REVENUES:	
Federal through state	\$ 432,222
State sources	4,387,271
Local sources	53,111
Aftercare	<u>242,751</u>
Total revenues	<u>5,115,355</u>
EXPENDITURES:	
Current:	
Instruction:	
Regular instruction	1,911,555
Exceptional instruction	102,524
Instructional support services:	
Pupil services	35,824
Instructional media services	2,104
Instructional services	19,731
Administrative services	319,206
Plant operations and maintenance	829,406
Operation of noninstructional services:	
Food services	352,101
Board services	11,765
Fiscal services	602,897
Central services	9,150
Community services	95,676
Capital outlay:	
Site, building and equipment	6,886,472
Debt service:	
Principal and interest	<u>485,637</u>
Total expenditures	<u>11,664,048</u>
Change in fund balance before other financing sources	(6,548,693)
OTHER FINANCING SOURCES:	
Proceeds from capital lease	<u>6,833,205</u>
Net change in fund balance	284,512
FUND BALANCE, July 1, 2010	<u>175,163</u>
FUND BALANCE, June 30, 2011	<u>\$ 459,675</u>

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

NORTH BROWARD ACADEMY OF EXCELLENCE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

CHANGE IN FUND BALANCE - GOVERNMENTAL FUND, PAGE 12 \$ 284,512

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

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

Cost of capital assets	\$ 6,886,472	
Less provision for depreciation	<u>(200,785)</u>	6,685,687

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds from capital lease	(6,833,205)	
Repayments of principal	<u>123,594</u>	(6,709,611)

Certain items reported in the statements of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Provision for amortization of costs associated with capital lease		<u>(10,025)</u>
---	--	-----------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9 \$ 250,563

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

NORTH BROWARD ACADEMY OF EXCELLENCE
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2011

	Original/ Final Budget	Actual	Variance
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Federal through state	\$ 99,144	\$ 432,222	\$ 333,078
State sources	4,155,141	4,593,721	438,580
Local sources	352,524	53,111	(299,413)
Aftercare	255,745	242,751	(12,994)
	<u>4,862,554</u>	<u>5,321,805</u>	<u>459,251</u>
Total revenues			
EXPENDITURES:			
Instruction:			
Regular instruction	1,853,424	1,911,555	(58,131)
Exceptional instruction	96,929	102,524	(5,595)
Instructional support services:			
Pupil services	30,545	35,824	(5,279)
Instructional media services	1,941	2,104	(163)
Instructional services	29,295	19,731	9,564
Administrative services	305,537	319,206	(13,669)
Plant operations and maintenance	1,203,995	829,406	374,589
Operation of non-instructional services:			
Food services	343,806	352,101	(8,295)
Board services	24,390	11,765	12,625
Fiscal services	622,523	602,897	19,626
Central services	15,983	215,600	(199,617)
Community services	110,024	95,676	14,348
Capital outlay:			
Furniture, improvements and equipment	89,049	6,886,472	(6,797,423)
Debt service:			
Principal and interest	131,613	485,637	(354,024)
	<u>4,859,054</u>	<u>11,870,498</u>	<u>(7,011,444)</u>
Total expenditures			
Change in fund balance before other financing sources	3,500	(6,548,693)	(6,552,193)
OTHER FINANCING SOURCES:			
Proceeds from capital lease	<u>-</u>	<u>6,833,205</u>	<u>6,833,205</u>
Net change in fund balance	\$ <u>3,500</u>	\$ <u>284,512</u>	\$ <u>281,012</u>

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

NORTH BROWARD ACADEMY OF EXCELLENCE
STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUND
June 30, 2011

A S S E T S

	<u>Student Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 13,730
Due from general fund	7,751
Other receivables	<u>40</u>
Total assets	<u>\$ 21,521</u>

L I A B I L I T I E S

LIABILITIES:	
Due to students	\$ <u>21,521</u>
Total liabilities	<u>\$ 21,521</u>

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

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND OPERATIONS

North Broward Academy of Excellence (the "School"), a component unit of the School District of Broward County, Florida (the "School District"), was established in 2001 as a public charter school to serve students from kindergarten to fifth grade in Broward County. The School is a Department of the Renaissance Charter School, Inc., a Florida nonprofit corporation organized in August 1998. As of June 30, 2011, 625 students were enrolled in the School.

The basic financial statements of the School, a Department of Renaissance Charter School, Inc. and component unit of the School District of Broward County, Florida, present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present the financial position of the Renaissance Charter School, Inc. as of June 30, 2011, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The School's basic financial statements do not include the activity or accounts of Renaissance Charter School, Inc. (Note 10), an entity created to fund the purchase of the facility housing the School's operations. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School District, the School District of Broward County. The current charter is effective until June 30, 2026, and may be renewed in increments of five years by mutual written agreement between the School and the School District. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. North Broward Academy of Excellence is considered a component unit of the School District of Broward County.

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

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

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(10), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide statements:

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

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. For the year ended June 30, 2011, the School had program revenues of \$ 974,168.

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

Fund financial statements:

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

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

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

Measurement focus and basis of accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full-accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified-accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within sixty days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents:

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid items:

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

Revenue recognition:

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

Income taxes:

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

Capital assets:

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

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

Building	45 years
Furniture, fixtures and equipment	10 years
Improvements other than buildings	10 years
Computer equipment	5 years
Leasehold improvements	10 years

Unearned/deferred revenue:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Deferred revenues, also known as unearned revenue, at the government-wide level, arise only when the School receives resources before it has a legal claim to them.

Net assets:

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

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

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - includes all other net assets.

Fund balance:

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of estimates:

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

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget:

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

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

	Revenues	Expenditures
Budgetary basis, page 14	\$ 5,321,805	\$ 11,870,498
Less: 5% administration fee retained by the School District included as revenues and expenditures on a budgetary basis	(206,450)	(206,450)
GAAP basis, page 12	\$ 5,115,355	\$ 11,664,048

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2011, the carrying amount of the deposits and cash on hand totaled \$ 795,396, with a bank balance of \$ 802,530.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2011.

NOTE 4 - DUE FROM RELATED PARTIES

Both the School and North Broward Academy of Excellence Middle School are related, as they share common board membership, are managed by Charter School USA, Inc., and are departments of the Renaissance Charter School, Inc. These two schools share teachers and administrative staff, as well as expenses, which include rent and other operating expenses. As of June 30, 2011, the basic financial statements include an amount due from related parties in the amount of \$ 148,624, representing short-term advances for such expenses mentioned above. In addition, the School has a note payable of \$ 32,469 due to Renaissance Elementary Charter School as of June 30, 2011 (Note 8).

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2011 consists of amounts due from the Title I Program and from the state for the National School Lunch Program for June 2011.

NOTE 6 - DUE FROM TRUSTEE

Due from trustee at June 30, 2011 consists of amounts from the Title I Program.

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, depreciable:				
Buildings	\$ -	\$ 6,833,205	\$ -	\$ 6,833,205
Furniture, fixtures and equipment	263,104	9,980	-	273,084
Computer equipment	175,787	31,827	-	207,614
Improvements other than buildings	36,781	11,460	-	48,241
Leasehold improvements	6,870	-	-	6,870
	<u>482,542</u>	<u>6,886,472</u>	<u>-</u>	<u>7,369,014</u>
Total capital assets, depreciable				
	<u>482,542</u>	<u>6,886,472</u>	<u>-</u>	<u>7,369,014</u>
Accumulated depreciation:				
Buildings	-	101,233	-	101,233
Furniture, fixtures and equipment	123,040	49,610	-	172,650
Computer equipment	127,932	44,610	-	172,542
Improvements other than buildings	15,538	5,332	-	20,870
Leasehold improvements	4,458	-	-	4,458
	<u>270,968</u>	<u>200,785</u>	<u>-</u>	<u>471,753</u>
Total accumulated depreciation				
	<u>270,968</u>	<u>200,785</u>	<u>-</u>	<u>471,753</u>
Net capital assets	<u>\$ 211,574</u>	<u>\$ 6,685,687</u>	<u>\$ -</u>	<u>\$ 6,897,261</u>

Provision for depreciation was charged to governmental activities as follows:

Instructional support services - administrative	\$ 94,220
Instructional support services - plant operations and maintenance	<u>106,565</u>
	<u>\$ 200,785</u>

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 8 – NOTE PAYABLE

Both the School and Renaissance Charter Elementary School are related as they both share common board membership and are managed by Charter Schools USA, Inc. As of June 30, 2011, the basic financial statements include a note payable of \$ 32,469 which is due to this related party. The note has a three year repayment schedule and requires monthly payments of \$ 10,968. The note is for monies loaned for capital outlay purchases and is subject to 8% interest. For the year ended June 30, 2011, interest expense is \$ 8,019.

Changes in note payable during the year are as follows:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011	Amount Due Within One Year
Note payable:					
Renaissance Charter Elementary School	\$ <u>156,063</u>	\$ <u>-</u>	\$ <u>(123,594)</u>	\$ <u>32,469</u>	\$ <u>32,469</u>

Future minimum payments at June 30, 2011 are approximately as follows:

Year Ending June 30,	
2012	\$ 32,500

NOTE 9 – CAPITAL LEASE

The School entered into a capital lease arrangement with North Broward Academy at Red Apple, LLC for use of its facility. This lease arrangement was entered into as part of a transaction consisting of a bond issuance by the Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 10). The lease is through August 1, 2055 and requires monthly interest payments through August 2012 at which time monthly principal and interest payments become due. Principal and interest payments are due through August 2040. For the year ended June 30, 2011, approximately \$ 354,000 in interest was paid.

Future minimum payments at June 30, 2011 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ -	\$ 480,940	\$ 480,940
2013	79,335	479,890	559,225
2014	100,865	474,040	574,905
2015	107,665	467,245	574,910
2016	114,465	460,000	574,465
2017-2021	695,865	2,172,850	2,868,715
2022-2026	981,465	1,893,160	2,874,625
2027-2031	1,340,735	1,533,165	2,873,900
2032-2036	1,797,470	1,073,005	2,870,475
2037-2041	1,967,635	431,565	2,399,200
	<u>\$ 7,185,500</u>	<u>\$ 9,465,860</u>	<u>\$ 16,651,360</u>

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 9 – CAPITAL LEASE (continued)

Changes in capital leases during the year are as follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amortization</u>	<u>Balance at June 30, 2011</u>	<u>Amount Due Within One Year</u>
Capital lease obligations, net of unamortized costs of \$ 342,270	\$ -	\$ 6,833,205	\$ -	\$ 10,025	\$ 6,843,230	\$ -

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Management agreement:

The School has a formal agreement with Charter Schools USA, Inc. (“CSUSA”) to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to a management fee for its services, subject to availability of funds. The management fee is subordinated to all lease payment requirements (Note 8). The agreement calls for management fees that range from \$ 502,568 for fiscal year 2012 to \$ 829,087 for fiscal year 2025.

For the year ended June 30, 2011, the amount of compensation received by CSUSA was \$ 601,082, which represented compensation for operating the School.

At June 30, 2011, the School has an amount due to CSUSA of \$ 24,707. This is shown on the basic financial statements as an amount due to management company. Additionally, the School’s has an amount of \$ 97,691 due to CSUSA for reimbursement of various expenditures. This amount is included in accounts payable and accrued liabilities at June 30, 2011.

Lease agreement:

In October 2010, the Florida Development Finance Corporation (the “Corporation”) issued \$ 57,245,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2010A and \$ 10,955,000 in Taxable Educational Facilities Revenue Bonds, Series 2010B pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. (“REN”), a division of which the School exists, and Red Apple Development, LLC and subsidiaries (“RAD”) to finance the acquisition of the facilities of six charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, entered into four lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a forty-five year lease (Note 9). The leases are deemed to be capital leases and the capital lease payments are based on the debt service requirements of the bonds which extend through August 2040. These payments are made from the revenues received from the School District of Broward County for the operation of the School. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

NORTH BROWARD ACADEMY OF EXCELLENCE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

In addition to the capital lease payments noted in Note 9, the School is required to pay incremental rent payments to RAD commencing November 2010. The incremental rent payments range from approximately \$ 13,000 to \$ 59,900 per month over the term of the agreement which is through September 2040.

Post-retirement benefits:

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

NOTE 11 - CAPITAL APPROPRIATIONS FUNDING

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 247,344 for the 2010/2011 school year which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay its portion of the lease expense on the facility.

NOTE 12 - RISK MANAGEMENT

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

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals.

NOTE 13 - EMPLOYEE BENEFIT PLAN

During the year ended June 30, 2011, the School offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 20% of their annual gross compensation, subject to certain limitations. The School will match 25% of the first 6% of the employee contribution. For the year ended June 30, 2011, the School contributed \$ 11,268 to the Plan.

NOTE 14 - BUDGET - OVER-EXPENDITURES

Program expenditures exceeded budgeted amounts by \$ 7,011,444 during the current year. This is mainly due to the capital lease of the building.

**SUPPLEMENTARY
INFORMATION**

NORTH BROWARD ACADEMY OF EXCELLENCE
SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND - MANAGEMENT FORMAT

For the Year Ended June 30, 2011

	Account	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other Expenses	Totals
REVENUES:							
Federal through state	3200						\$ 432,222
State sources	3300						4,593,721
Local sources	3400						53,111
Aftercare	3400						<u>242,751</u>
Total revenues							<u>5,321,805</u>
EXPENDITURES:							
Instruction	5000	\$ 1,856,777	\$ -	\$ 147,150	\$ 8,449	\$ 1,703	2,014,079
Pupil services	6100	35,500	-	324	-	-	35,824
Instructional media services	6200	-	-	2,104	-	-	2,104
Instruction and curriculum development	6300	-	-	15,768	-	-	15,768
Instructional staff training	6400	833	-	3,130	-	-	3,963
Board services	7100	11,765	-	-	-	-	11,765
School administration	7300	241,986	-	7,294	69,926	-	319,206
Fiscal services	7500	602,897	-	-	-	-	602,897
Food services	7600	46,957	-	305,144	-	-	352,101
Central services	7700	215,600	-	-	-	-	215,600
Operation of plant	7900	629,880	61,575	10,888	-	202	702,545
Maintenance of plant	8100	126,861	-	-	-	-	126,861
Community services	9100	82,574	-	13,102	-	-	95,676
Capital outlay:							
Furniture, improvements and equipment	9300	-	-	-	6,886,472	-	6,886,472
Debt service:							
Principal and interest	9200	-	-	-	-	485,637	485,637
Total expenditures		<u>\$ 3,851,630</u>	<u>\$ 61,575</u>	<u>\$ 504,904</u>	<u>\$ 6,964,847</u>	<u>\$ 487,542</u>	<u>11,870,498</u>
Change in fund balance before other financing sources							(6,548,693)
OTHER FINANCING SOURCES:							
Proceeds from capital lease							<u>6,833,205</u>
Net change in fund balance							<u>\$ 284,512</u>

**OTHER INDEPENDENT
AUDITORS' REPORTS**



REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
North Broward Academy of Excellence
A Department of the Renaissance Charter School, Inc.
North Lauderdale, Florida

We have audited the financial statements of the governmental activities, the General Fund, and the aggregate remaining fund information of North Broward Academy of Excellence (the "School"), a Department of The Renaissance Charter School, Inc. and a component unit of the School District of Broward County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements, and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis.

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 the internal control that might be deficiencies, 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 basic 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 basic 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*.

North Broward Academy of Excellence

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

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

Fort Lauderdale, Florida
September 27, 2011



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
North Broward Academy of Excellence
A Department of the Renaissance Charter School, Inc.
North Lauderdale, Florida

We have audited the financial statements of North Broward Academy of Excellence (the "School"), a Department of The Renaissance Charter School, Inc. and a component unit of the School District of Broward County, Florida, as of and for the year ended June 30, 2011 and have issued our report thereon dated September 27, 2011.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated September 27, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.
2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
5. Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is North Broward Academy of Excellence.

North Broward Academy of Excellence

6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the North Broward Academy of Excellence did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
7. 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 North Broward Academy of Excellence'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and the School District of Broward County, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 27, 2011