



Audited Financial Statements and
A-133 Audit Reports

June 30, 2014

THE RENAISSANCE CHARTER SCHOOL

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
<u>Schedules:</u>	
Schedule of Expenditures of Federal Awards	11
Notes to Schedule of Expenditures of Federal Awards	12
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>	13 - 14
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	15 - 17
<u>Schedule of Findings and Questioned Costs:</u>	
Section I - Summary of Auditors' Results	18
Section II - Financial Statement Findings	19 - 20
Section III - Federal Award Findings and Questioned Costs	21
Management Responses	22



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Renaissance Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of The Renaissance Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

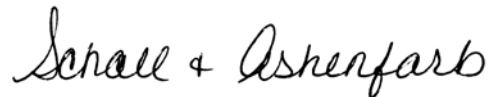
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Renaissance Charter School as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Errors

As discussed in Note 9, the financial statements of the prior period contained errors related to the opening balances for cash and cash equivalents, government grants receivable, accounts payable and accrued expenses. Management discovered these errors in the current year and has restated the June 30, 2013 net asset balance. Our opinion has not been modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 30, 2015

**THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2014**

Assets

Cash and cash equivalents	\$2,308,339
Restricted cash (Note 3)	75,067
Grant receivable - New York City (Note 4)	7,803
Government grants receivable	300,740
Pledges receivable	5,000
Prepaid expenses and other assets	7,911
Fixed assets, net (Note 5)	<u>223,327</u>
 Total assets	 <u><u>\$2,928,187</u></u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	<u>\$1,409,854</u>
Total liabilities	<u>1,409,854</u>

Net Assets:

Unrestricted	<u>1,518,333</u>
Total net assets	<u>1,518,333</u>

Total liabilities and net assets	<u><u>\$2,928,187</u></u>
----------------------------------	---------------------------

*The attached notes and auditors' report
are an integral part of these financial statements.*

**THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Unrestricted:

Public Support and Revenue:

Public school district:	
Revenue - resident student enrollment	\$7,321,935
Revenue - students with special education services	<u>1,028,102</u>
Subtotal public school district revenue	8,350,037
Federal grants	599,259
State and city grants	74,271
Food program grants	284,725
Contributions	25,028
Program fees	70,364
Interest and other income	<u>32,482</u>
 Total public support and revenue	 <u>9,436,166</u>

Expenses:

Program services:	
Regular education	6,222,899
Special education	1,790,435
Food program	<u>588,085</u>
Total program services	8,601,419
Supporting services:	
Management and general	1,101,971
Fundraising	<u>113,633</u>
Total supporting services	<u>1,215,604</u>
 Total expenses	 <u>9,817,023</u>

Change in net assets	(380,857)
Net assets - beginning - as originally stated	3,047,374
Prior period adjustments (Note 9)	<u>(1,148,184)</u>
Net assets - ending	<u><u>\$1,518,333</u></u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

**THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services			Supporting Services			Total Expenses	
	Regular Education	Special Education	Food Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$3,708,323	\$1,161,419	\$124,281	\$4,994,023	\$647,127	\$80,848	\$727,975	\$5,721,998
Employee benefits and payroll taxes	864,687	270,813	28,979	1,164,479	150,894	18,852	169,746	1,334,225
Pension contributions	492,936	154,384	16,520	663,840	86,021	10,747	96,768	760,608
Total personnel costs	5,065,946	1,586,616	169,780	6,822,342	884,042	110,447	994,489	7,816,831
Professional fees	251,592	40,019	151,794	443,405	190,454		190,454	633,859
Repairs and maintenance			9,500	9,500	372		372	9,872
Curriculum and classroom expenses	636,054	101,172		737,226			0	737,226
Professional development	140,906	22,413		163,319			0	163,319
Equipment and furnishings	17,600	5,512	12,501	35,613	3,071	384	3,455	39,068
Office expenses	26,318	8,243	882	35,443	8,744	960	9,704	45,147
Food services			240,797	240,797			0	240,797
Technology	8,560	2,681	287	11,528	1,494	186	1,680	13,208
Marketing and recruitment				0	545		545	545
Insurance	38,503	12,059	1,290	51,852	6,719	840	7,559	59,411
Depreciation	37,420	11,720	1,254	50,394	6,530	816	7,346	57,740
Total other than personnel costs	1,156,953	203,819	418,305	1,779,077	217,929	3,186	221,115	2,000,192
Total expenses	\$6,222,899	\$1,790,435	\$588,085	\$8,601,419	\$1,101,971	\$113,633	\$1,215,604	\$9,817,023

*The attached notes and auditors' report
are an integral part of these financial statements.*

**THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

Cash Flows from Operating Activities:	
Change in net assets	(\$380,857)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	57,740
Changes in assets and liabilities:	
Grant receivable - New York City	(7,803)
Government grants receivable	(288,565)
Pledges receivable	(5,000)
Prepaid expenses and other assets	27,579
Accounts payable and accrued expenses	<u>235,476</u>
Total adjustments	<u>19,427</u>
Net cash used for operating activities	<u>(361,430)</u>
Cash Flows from Investing Activities:	
Purchase of furniture and equipment	<u>(32,148)</u>
Net cash used for investing activities	<u>(32,148)</u>
Net decrease in cash and cash equivalents	(393,578)
Cash and cash equivalents - beginning	<u>2,701,917</u>
Cash and cash equivalents - ending	<u><u>\$2,308,339</u></u>
Supplemental disclosures:	
Interest paid	<u>\$0</u>
Taxes paid	<u>\$0</u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

**THE RENAISSANCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1 - Organization and Nature of Activities

The Renaissance Charter School (“the School”) is a K-12 public charter school located in Jackson Heights, Queens, New York. Our mission is to foster educated, responsible young leaders who through their own personal growth will spark a renaissance in New York. The School is a publicly funded, privately managed school, which is independent of the curriculum of the New York City Department of Education (“NYCDOE”), and subject to certain administrative requirements. The School was originally granted its charter in May 2000 and its most recent charter renewal expires on June 30, 2019.

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. They have not been designated as a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The School’s net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted. The School did not have any temporary restricted net assets at June 30, 2014.
- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity. The School did not have any permanently restricted net assets at June 30, 2014.

b. Cash and Cash Equivalents

The School considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

c. Concentration of Credit

Financial instruments which potentially subject the School to concentration of credit risk consist of cash, money market accounts, and a certificate of deposit which have been placed with a financial institution that management deems to be creditworthy. From

time-to-time, cash balances may be in excess of insurance levels. At year-end there was a significant uninsured balance; however, the School has not experienced any losses due to bank failure.

d. Capitalization Policy

Property and equipment that exceed pre-determined amounts and have a useful life of greater than one year are capitalized at cost or at the fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Furniture and equipment – *5 to 10 year life*

Building improvements – *10 year life*

e. Revenue – Public School District and Government Grants

The School receives grants from the New York State Education Department (“NYSED”) and NYCDOE to carry out its operations. Program revenues are recognized based on rates established by the School’s funding sources and the amount realizable on the accrual basis in the period during which services are provided.

The terms of each government grant are reviewed to determine if they contain traits more closely associated with contributions or exchange transactions. Management has determined that all existing government grants are exchange transactions because they are similar in nature to contracts for service. The difference between cash received and revenue earned is reflected as grants receivable or refundable advances.

f. Contributions

Contributions are recorded as revenue upon the earlier of the receipt of cash or when a pledge is considered unconditional in nature. Contributions are available for general use in support of the School’s mission, unless specifically restricted by the donor, in which case they are recorded in one of the restricted classes of net assets, depending on the nature of the restriction.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discount rate. Conditional contributions received are recognized as income when the conditions have been substantially met. All receivables at year-end are due to be collected within one year.

g. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the School. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

- i. Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.
- j. Contingencies
Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.
- k. Accounting for Uncertainty in Income Taxes
The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2011 and later are subject to examination by applicable taxing authorities.
- l. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 30, 2015, the date the financial statements were available to be issued.

Note 3 - Restricted Cash

An escrow account has been established to meet the requirement of the Board of Regents of the State of New York. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Note 4 - Grant Receivable - New York City Department of Education

Beginning advance payable	(\$20,406)
Funding based on allowable FTE's	8,350,037
Advances received	<u>(8,321,828)</u>
Ending grant receivable	<u>\$7,803</u>

Note 5 - Fixed Assets

At June 30, 2014, fixed assets consisted of the following:

Furniture and equipment	\$636,992
Building improvements	<u>377,847</u>
	1,014,839
Less: accumulated depreciation	<u>(791,512)</u>
Furniture and equipment, net	<u>\$223,327</u>

Note 6 - Significant Concentrations

The School is dependent upon grants from NYSED and NYCDOE to carry out its operations. For the year ending June 30, 2014, approximately 88% of the School's total public support and revenue was received from NYCDOE. If NYCDOE were to discontinue funding, this would have a severe economic impact on the School's ability to operate.

Note 7- Donated Space

The School is co-located with PS 255Q, a district 75 program, in a New York City Department of Education facility and utilizes approximately 62,000 square feet at no charge. The School was unable to determine a value for this service.

Note 8 - Multi-Employer Benefit Plan

The School participates in two multi-employer plans that provide defined benefits to certain contract labor covered by collective bargaining agreements. During the year ended June 30, 2014, the School contributed a total of \$760,608 to both plans. The School's participation in these plans for the annual period ended June 30, 2014 is outlined below. The "EIN" column provides the Employer Identification Number ("EIN") of the plan. The Pension Protection Act ("PPA") zone status is not applicable because they are government plans.

Teachers' Retirement System of the City of New York Pension Plan as of June 30, 2014 consisted of the following:

<u>EIN</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
90-0584726	6/30/14	N/A	10/31/2018	<u>\$759,848</u>

Board of Education Retirement System Pension Plan as of June 30, 2014 consisted of the following:

<u>EIN</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
13-3370714	6/30/14	N/A	Various	<u>\$760</u>

Note 9 - Prior Period Adjustments

Prior period adjustments were made to restate the opening net asset balances as follows:

- An adjustment was made to record \$1,146,890 of accounts payable and accrued expenses and decrease opening net assets as of June 30, 2013 for expenses that were incurred in prior years but not previously reported.
- An adjustment was made to reverse \$9,318 of government grant receivables and decrease opening net assets as of June 30, 2013 that should not have been recognized as income during the year ended June 30, 2013.
- An adjustment was made to record \$8,024 in cash and cash equivalents and increase opening net assets as of June 30, 2013 to reflect a cash account in the School's control that was not previously reported.

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor	Federal CFDA #	Federal Expenditures
<u>US Department of Agriculture:</u>		
<u>Passed through New York State Education Department:</u>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$25,575
National School Lunch Program	10.555	194,638
Total Child Nutrition Cluster		<u>220,213</u> *
Child and Adult Care Food Program	10.558	<u>57,975</u>
Total - Passed through New York State Education Department		<u>278,188</u>
Total US Department of Agriculture		<u>278,188</u>
<u>US Department of Education:</u>		
<u>Direct:</u>		
Fund for the Improvement of Education	84.215	<u>203,285</u>
Total Direct		<u>203,285</u>
<u>Passed through New York State Education Department:</u>		
Charter Schools	84.282	201,906 *
Title I Grants to Local Educational Agencies	84.010	101,978
Improving Teacher Quality State Grants	84.367	<u>35,666</u>
Total - Passed through New York State Education Department		<u>339,550</u>
Total US Department of Education		<u>542,835</u>
Total Federal Expenditures		<u><u>\$821,023</u></u>

*Indicates a major program

THE RENAISSANCE CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

Note 2 - Grant Expenditures

Expenditures reported on the Schedule of Expenditures of Federal Awards are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organization*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying members are presented where available. No sub-recipients were used.



**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 Trustees of
The Renaissance Charter School

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Renaissance Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

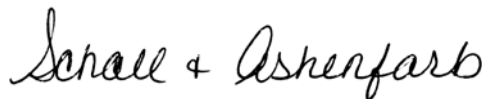
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as 2014-003.

Management's Responses to Findings

The School's responses to the findings are reporting in the schedule of findings and responses. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 30, 2015



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees of
The Renaissance Charter School

Report on Compliance for Each Major Federal Program

We have audited The Renaissance Charter School's ("the School") compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2014. The School's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance with those requirements.

Opinion on Each Major Federal Program and Other Matters

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The School's response to the noncompliance finding identified in our audit is described in the accompanying response from management.

The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the

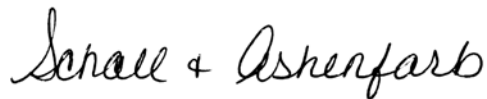
accompanying schedule of findings as 2014-004 that we considered to be a significant deficiency.

The School's response to the internal control over the compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards as Required by OMB Circular A-133

We have audited the financial statements of the School as of and for the year ended June 30, 2014, and issued our report thereon dated October 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 statement as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Schall & Ashenfarb
Certified Public Accountants, LLC

February 24, 2016

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: UNMODIFIED
 Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency identified
 Not considered to be material weaknesses? Yes None reported
 Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes No
 Significant deficiency identified
 Not considered to be material weaknesses? Yes No

Type of auditors’ report issued on compliance
 for major programs: UNMODIFIED

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.282	Charter Schools

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings

Current Year:

2014-001 – Prior Period Adjustments

Criteria: The School is responsible for preparing financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: Prior period audit adjustments were made to the books so they would be fairly stated in accordance with GAAP.

Effect: These adjustments were needed in the books and records to prepare financial statements that were fairly stated in accordance with GAAP.

Cause: Several balance sheet accounts were not recorded in the general ledger or reported incorrectly on prior years' audited financial statements.

Recommendation: The accounting consultant and Director of Operations and Finance should review the books and make all significant adjustments before the audit begins.

2014-002 – General Ledger Processing and Account Analysis

Criteria: The School is responsible for maintaining the underlying books and records in accordance with GAAP.

Condition: There were significant balance sheet accounts that were not analyzed during the year. Accrual activity was not recorded in the general ledger or was recorded incorrectly.

Effect: Adjustments were needed to the books and records to prepare financial statements that were fairly stated in accordance with GAAP.

Cause: The School did not have an outside accounting consultant until after the fiscal year had ended.

Recommendation: The accounting consultant and Director of Operations and Finance should analyze the activity in the significant balance sheet accounts on a monthly basis and post all necessary adjustments throughout the year.

2014-003 – Timing of Audit and Restatement of Financial Statements

See Finding 2014-004

Prior Year Follow-Up:

None – There was no audit performed in the prior year.

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs

Current Year:

10.553/10.555 – Child Nutrition Cluster and
84.282 – Charter Schools

2014-004 – L – Reporting

Criteria: The School is required to submit an accurate audit under *Government Auditing Standards* to New York State by November 1. In addition, since the School had \$500,000 in federal expenditures, a single audit report was required to be submitted to the federal government within 9 months after the fiscal year had ended (March 31), per OMB Circular A-133 regulations, paragraph 320(a).

Condition: The audit report originally submitted to New York State for the year ended June 30, 2014 did not contain the required communication under *Government Auditing Standards*. In addition, a single audit report was not previously filed for the year ended June 30, 2014.

Questioned Costs: None

Effect: Government agencies do not have access to the financial statements or compliance audits on a timely basis.

Cause: The entity relied on an auditor who was not aware of the regulations.

Recommendation: Efforts should be made to obtain necessary information to permit the audit to begin more timely.

Management Response: See attached.

Prior Year Follow-Up:

None – An audit was not performed in the prior year.

The Renaissance

35-59 81st Street, Jackson Heights, NY 11372

www.renaissancecharter.org • 718-803-0060 • 718-803-3785 (fax)

Charter School

Management Responses

- 2014-001 -** Management agreed to and posted the necessary prior period adjustments during the year. The School has retained an accounting consultant to post the necessary adjustments on a periodic basis moving forward.

- 2014-002 -** Subsequent to the end of the fiscal year, the School has retained an accounting consultant to assist the Director of Operations and Finance in analyzing the significant balance sheet accounts and posting the necessary adjustments on a periodic basis moving forward.

- 2014-003 -** Subsequent to year-end, a new auditor was retained to perform all required audits. The audit for fiscal year June 30, 2015 is expected to be filed simultaneous with this report, and is before the nine month requirement set forth in OMB Circular A-133.

- 2014-004 -** The School retained a new auditor in order to perform the necessary audits to comply with the requirements.