



Audited Financial Statements
and
Single Audit Reports

June 30, 2017

THE RENAISSANCE CHARTER SCHOOL

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INDEPENDENT AUDITOR'S 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, 2017, 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.

Auditor's 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 auditor's 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, 2017, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017 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 26, 2017

THE RENAISSANCE CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2017
(With comparative totals at June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Assets		
Current assets:		
Cash and cash equivalents	\$1,291,717	\$1,417,494
Government grants receivable	544,802	638,371
Other receivable	26,339	17,650
Prepaid expenses and other assets	6,000	79,421
Total current assets	<u>1,868,858</u>	<u>2,152,936</u>
Noncurrent assets:		
Restricted cash (Note 3)	75,009	75,009
Fixed assets, net (Note 5)	201,957	236,285
Total assets	<u><u>\$2,145,824</u></u>	<u><u>\$2,464,230</u></u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$183,539	\$85,878
Accrued payroll and benefits	2,040,642	1,807,862
Grant advance - New York City (Note 4)	14,695	35,117
Total current liabilities	<u>2,238,876</u>	<u>1,928,857</u>
Noncurrent liabilities:		
Other liabilities - long term portion	1,300,000	1,300,000
Total liabilities	<u>3,538,876</u>	<u>3,228,857</u>
Net assets:		
Unrestricted	(1,393,052)	(770,275)
Temporarily restricted (Note 6)	0	5,648
Total net assets	<u>(1,393,052)</u>	<u>(764,627)</u>
Total liabilities and net assets	<u><u>\$2,145,824</u></u>	<u><u>\$2,464,230</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, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/17</u>	<u>Total 6/30/16</u>
Public support and revenue:				
Public school district:				
Revenue - resident student enrollment	\$7,688,648		\$7,688,648	\$7,489,067
Revenue - students with special education services	1,265,762		1,265,762	1,100,655
Total public school district revenue	<u>8,954,410</u>	<u>0</u>	<u>8,954,410</u>	<u>8,589,722</u>
Federal grants	618,051		618,051	608,611
State and city grants	856,811		856,811	375,509
Food program grants	350,827		350,827	357,076
Contributions	35,502		35,502	30,091
Other operating income	45,869		45,869	58,551
Released from restriction (Note 6)	5,648	(5,648)	0	0
Total public support and revenue	<u>10,867,118</u>	<u>(5,648)</u>	<u>10,861,470</u>	<u>10,019,560</u>
Expenses:				
Program services:				
Regular education	7,996,884		7,996,884	7,104,473
Special education	1,529,917		1,529,917	1,731,433
Pre-kindergarten	213,106		213,106	204,881
Food program	592,643		592,643	583,884
Total program services	<u>10,332,550</u>	<u>0</u>	<u>10,332,550</u>	<u>9,624,671</u>
Supporting services:				
Management and general	993,561		993,561	691,560
Fundraising	163,784		163,784	90,126
Total supporting services	<u>1,157,345</u>	<u>0</u>	<u>1,157,345</u>	<u>781,686</u>
Total expenses	<u>11,489,895</u>	<u>0</u>	<u>11,489,895</u>	<u>10,406,357</u>
Change in net assets	(622,777)	(5,648)	(628,425)	(386,797)
Net assets - beginning	<u>(770,275)</u>	<u>5,648</u>	<u>(764,627)</u>	<u>(377,830)</u>
Net assets - ending	<u><u>(\$1,393,052)</u></u>	<u><u>\$0</u></u>	<u><u>(\$1,393,052)</u></u>	<u><u>(\$764,627)</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, 2017**

(With comparative totals for the year ended June 30, 2016)

	Program Services				Supporting Services			Total Expenses 6/30/17	Total Expenses 6/30/16	
	Regular Education	Special Education	Pre-Kindergarten	Food Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$4,780,631	\$914,602	\$133,034	\$163,149	\$5,991,416	\$480,048	\$107,748	\$587,796	\$6,579,212	\$6,233,025
Employee benefits and payroll taxes	1,229,906	235,298	34,225	41,973	1,541,402	123,501	27,721	151,222	1,692,624	1,612,103
Pension contributions	1,005,271	192,322	27,974	34,307	1,259,874	100,945	22,657	123,602	1,383,476	910,147
Total personnel costs	7,015,808	1,342,222	195,233	239,429	8,792,692	704,494	158,126	862,620	9,655,312	8,755,275
Professional fees	115,718	22,139		83,310	221,167	189,743		189,743	410,910	418,800
Repairs and maintenance	25,555	4,889	711	11,332	42,487	2,566	576	3,142	45,629	23,923
Curriculum and classroom expenses	614,275	117,519	10,885		742,679			0	742,679	603,264
Professional development	46,856	8,964	1,304	1,599	58,723	4,705	1,056	5,761	64,484	116,941
Equipment and furnishings	17,137	3,279	477	11,122	32,015	15,854	386	16,240	48,255	38,109
Office expenses	31,299	5,988	872	1,068	39,227	15,295	705	16,000	55,227	49,897
Food services				240,339	240,339			0	240,339	228,960
Technology	32,915	6,297	916	1,123	41,251	3,305	742	4,047	45,298	41,827
Marketing and recruitment					0	1,731		1,731	1,731	1,298
Insurance	52,224	9,992	1,453	1,782	65,451	5,244	1,177	6,421	71,872	69,751
Bad debt expense					0	46,096		46,096	46,096	0
Depreciation	45,097	8,628	1,255	1,539	56,519	4,528	1,016	5,544	62,063	58,312
Total other than personnel costs	981,076	187,695	17,873	353,214	1,539,858	289,067	5,658	294,725	1,834,583	1,651,082
Total expenses	\$7,996,884	\$1,529,917	\$213,106	\$592,643	\$10,332,550	\$993,561	\$163,784	\$1,157,345	\$11,489,895	\$10,406,357

*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, 2017
(With comparative totals for the year ended June 30, 2016)

	6/30/17	6/30/16
Cash flows from operating activities:		
Change in net assets	(\$628,425)	(\$386,797)
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Depreciation	62,063	58,312
Changes in assets and liabilities:		
Grant receivable - New York City	0	12
Government grants receivable	93,569	(153,050)
Other receivable	(8,689)	(10,694)
Prepaid expenses and other assets	73,421	11,998
Accounts payable	97,661	(179,459)
Accrued payroll and benefits	232,780	223,262
Grant advance - New York City	(20,422)	35,117
Other liabilities	0	(190,000)
Total adjustments	530,383	(204,502)
Net cash used for operating activities	(98,042)	(591,299)
 Cash flows from investing activities:		
Purchase of furniture and equipment	(27,735)	(100,484)
Net cash used for investing activities	(27,735)	(100,484)
 Net decrease in cash and cash equivalents	(125,777)	(691,783)
 Cash and cash equivalents - beginning	1,417,494	2,109,277
 Cash and cash equivalents - ending	\$1,291,717	\$1,417,494
 Supplemental disclosure:		
Interest and taxes paid	\$0	\$0

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

**THE RENAISSANCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1 - Organization and Nature of Activities

The Renaissance Charter School (the "School") is a PK-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 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. During the year ended June 30, 2015, the School entered its first full day pre-kindergarten class.

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.

In June 2017, Renaissance Charter School II, a charter school developed to replicate the learning experience of the School, was approved by the New York State Education Department ("NYSED") to operate in New York State. The anticipated opening is scheduled for the Fall of 2019. Renaissance Charter School II is related to the School by virtue of common board members and negotiations are currently underway to formally establish the relationship between the two entities. There were no transactions between the two Schools during the fiscal year ended June 30, 2017.

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.
- *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, 2017 or 2016.

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 Risk

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 from the default of any financial institution.

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 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 United States Department of Education, 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.

All government grants are recognized as revenue in the period earned, which is typically when the expense allowed under the grant is incurred. 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 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the School's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

k. 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.

l. 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, 2014 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 26, 2017, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.

n. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

The School has not yet evaluated the impact these standards will have on future financial statements.

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 Advances Payable

Grant advances payable on the contract with the NYDOE can be summarized as follows:

	<u>6/30/17</u>	<u>6/30/16</u>
Beginning grant (advance)/receivable	(\$35,117)	\$12
Funding based on allowable FTE's	8,954,410	8,589,722
Advances received	<u>(8,933,988)</u>	<u>(8,624,851)</u>
Ending advance	<u>(\$14,695)</u>	<u>(\$35,117)</u>

Note 5 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/17</u>	<u>6/30/16</u>
Furniture and equipment	\$549,025	\$521,290
Building improvements	<u>387,817</u>	<u>387,817</u>
	936,842	909,107
Less: accumulated depreciation	<u>(734,885)</u>	<u>(672,822)</u>
Total fixed assets - net	<u>\$201,957</u>	<u>\$236,285</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are summarized as follows:

	<u>June 30, 2017</u>			
	<u>Balance</u>	<u>Contributions</u>	<u>Released</u>	<u>Balance</u>
	<u>7/1/16</u>		<u>from</u>	<u>6/30/17</u>
			<u>Restrictions</u>	
Programs:				
Live Healthy	\$5,420	\$0	(\$5,420)	\$0
Grow to Learn	<u>228</u>	<u>0</u>	<u>(228)</u>	<u>0</u>
Total	<u>\$5,648</u>	<u>\$0</u>	<u>(\$5,648)</u>	<u>\$0</u>

June 30, 2016

	<u>Balance</u> <u>7/1/15</u>	<u>Contributions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>6/30/16</u>
Programs:				
Live Healthy	\$0	\$7,675	(\$2,255)	\$5,420
Grow to Learn	<u>0</u>	<u>1,400</u>	<u>(1,172)</u>	<u>228</u>
Total	<u>\$0</u>	<u>\$9,075</u>	<u>(\$3,427)</u>	<u>\$5,648</u>

Note 7 - Significant Concentrations

The School is dependent upon grants from NYCDOE to carry out its operations. Approximately 82% and 86% of the School’s total public support and revenue was from NYCDOE for the years ended June 30, 2017 and 2016, respectively.

Note 8- Donated Space

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

Note 9 - 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. The School contributed a total of \$1,383,476 and \$910,147 to both plans during the year ended June 30, 2017 and 2016, respectively. The School’s participation in these plans for the annual period ended June 30, 2017 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, 2017 consisted of the following:

<u>EIN</u>	<u>Plan</u> <u>End Date</u>	<u>PPA Zone</u> <u>Status</u>	<u>Collective Bargaining</u> <u>Agreement</u> <u>Expiration Date</u>	<u>Contribution</u>
90-0584726	6/30/16	N/A	10/31/18	<u>\$1,279,694</u>

Board of Education Retirement System Pension Plan as of June 30, 2017 consisted of the following:

<u>EIN</u>	<u>Plan</u> <u>End Date</u>	<u>PPA Zone</u> <u>Status</u>	<u>Collective Bargaining</u> <u>Agreement</u> <u>Expiration Date</u>	<u>Contribution</u>
13-3370714	6/30/16	N/A	Various	<u>\$103,782</u>

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor	Award/ Contract Number	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	\$35,699
National School Lunch Program		10.555	255,190
Total Child Nutrition Cluster**			<u>290,889 *</u>
Child and Adult Care Food Program		10.558	51,925
Total - Passed through New York State Education Department			<u>342,814</u>
Total US Department of Agriculture			<u>342,814</u>
<u>US Department of Education:</u>			
<u>Direct:</u>			
Fund for the Improvement of Education	S215F130258	84.215	212,263 *
Total Direct			<u>212,263</u>
<u>Passed through New York State Education Department:</u>			
Charter Schools	C402783	84.282	141,788
Title I Grants to Local Educational Agencies	21174170	84.010	141,838
Improving Teacher Quality State Grants	147174170	84.367	18,274
Total - Passed through New York State Education Department			<u>301,900</u>
Total US Department of Education			<u>514,163</u>
<u>US Department of Health and Human Services:</u>			
<u>Direct:</u>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	SM062059	93.243	15,305
Total Direct			<u>15,305</u>
Total US Department of Health and Human Services			<u>15,305</u>
Total Federal Expenditures			<u><u>\$872,282</u></u>

*Indicates a major program

**These programs are a part of the Child Nutrition Cluster:

- 10.553 - School Breakfast Program
- 10.555 - National School Lunch Program
- 10.556 - Special Milk Program for Children
- 10.559 - Summer Food Service Program for Children

***No subrecipients were used on any program.

THE RENAISSANCE CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

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, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Federal Awards are presented on the accrual basis of accounting, except for payments to sub-recipients, which are reflected on the cash basis. For grants received that were made prior to December 26, 2014, expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. For grants made after December 26, 2014, expenditures are recognized following the cost principals contained in OMB's *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Under federal cost principles, 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.

Note 3 - Indirect Cost Rate

The School has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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

To the Board of 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, 2017, 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 26, 2017.

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.

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.

Our consideration of internal control 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 26, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2017. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2017, and have issued our report thereon dated October 26, 2017, 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 the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Schall & Ashenfarb
Certified Public Accountants, LLC

February 21, 2018

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED
 Internal control over financial reporting:
 Material weakness(es) identified? ___ Yes X No
 Significant deficiency identified
 Not considered to be material weaknesses? ___ Yes X No
 Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

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

Type of auditor's report issued on compliance
 for major programs: UNMODIFIED
 Any audit findings disclosed that are required
 to be reported in accordance with
 Uniform Guidance, Section 516(a)? ___ Yes X 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
84.215	Fund for the Improvement of Education

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000
 Auditee qualified as low-risk auditee? ___ Yes X No

**THE RENAISSANCE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

Current Year:

None

Prior Year:

2016-001 – Prior period adjustment – This matter was resolved.

Section III – Federal Award Findings and Questioned Costs

Current Year:

None

Prior Year:

None