



Dave Yost • Auditor of State

RENAISSANCE ACADEMY
FRANKLIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Renaissance Academy
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

We have audited the accompanying basic financial statements of Renaissance Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Renaissance Academy, Franklin County, Ohio, as of June 30, 2011, and the changes in financial position and cash flows 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 March 5, 2012, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements taken as a whole. The federal awards receipt and expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipt and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 5, 2012

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Our discussion and analysis of the Renaissance Academy (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the School for the 2010-11 school year are as follows:

- Total assets decreased \$51,536.
- Total liabilities increased \$84,602.
- Total net assets decreased \$136,138.
- Total operating and non-operating revenues were \$2,310,959. Total operating expenses were \$2,447,097.

USING THIS ANNUAL REPORT

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets reflect how the School did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The School uses enterprise presentation for all of its activities.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Statement of Net Assets

The Statement of Net Assets answers the question of how the School did financially during 2011. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal years 2011 and 2010.

**Table 1
Statement of Net Assets**

	2011	2010
Assets		
Current Assets	\$ 273,496	\$ 336,187
Capital Assets, Net of Accumulated Depreciation	134,028	122,873
Total Assets	407,524	459,060
Liabilities		
Current Liabilities	281,291	196,689
Total Liabilities	281,291	196,689
Net Assets		
Investment in Capital Assets	134,028	122,873
Unrestricted	(92,983)	139,498
Restricted	85,188	-
Total Net Assets	\$ 126,233	\$ 262,371

Current assets decreased 18.65 percent during fiscal year 2011, which was primarily the result of a decrease in cash of \$74,027. There was a net increase of \$11,155 in capital assets during fiscal year 2011, which was the result of \$48,550 of asset additions, offset by \$37,395 of depreciation.

Current Liabilities consisted of accounts payable of \$63,068 along with accrued wages and benefits of \$218,223. During fiscal year 2011, accounts payable increased \$49,140 over the prior year balance of \$13,928 and an additional liability was recorded for pension liabilities.

Net Assets decreased by \$136,138, or 51.89 percent, during fiscal year 2011 as a result of the changes described above.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Statement of Revenues, Expenses and Changes in Net Assets

Table 2 shows the changes in net assets for fiscal years 2011 and 2010, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**Table 2
Change in Net Assets**

	2011	2010
Operating Revenue		
State Aid	\$ 1,307,679	\$ 1,777,090
Other	14,571	408
Total Operating Revenues	1,322,250	1,777,498
 Operating Expenses		
Salaries	1,127,386	904,939
Fringe Benefits	227,904	170,371
Purchased Services	875,655	820,859
Materials and Supplies	158,353	229,671
Depreciation	37,395	29,821
Other	20,404	20,573
Total Operating Expenses	2,447,097	2,176,234
Operating (Loss)	(1,124,847)	(398,736)
 Non-Operating Revenues		
Federal & State Grants	988,709	661,107
Total Non-Operating Revenues	988,709	661,107
Increase (Decrease) in Net Assets	\$ (136,138)	\$ 262,371

Total State Aid revenue decreased by \$469,411 from prior year, which was primarily the result of decreased student enrollment. This decrease was offset by an increase in other Federal and State Grant revenue of \$327,602. Total Operating Expenses increased \$270,863, or 12.45 percent, over prior year primarily due to increased salaries and fringe benefits expenses. Net assets decreased \$136,138 as a result of these changes.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

BUDGETING HIGHLIGHTS

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its sponsor.

The contract between the School and its Sponsor does prescribe a budgetary process. The School must prepared and submit a detail budget for every fiscal year to the Board of Trustees and its Sponsor. The five-year forecast is also submitted the Ohio Department of Education, annually.

CAPITAL ASSETS

At fiscal year end, the School's net capital asset balance was \$134,028. This balance represents current year additions of \$48,550 offset by current year depreciation of \$37,395. For more information on capital assets, see Note 5 of the Basic Financial Statements.

DEBT OBLIGATIONS

The School does not have any debt obligation other than the current payables.

CURRENT FINANCIAL ISSUES

The School is a community School and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue.

With the conclusion of FY11, the School will no longer continue to receive monies related to the Federal Stimulus package. This includes monies received through the State Fiscal Stabilization Fund (SFSF) and American Recovery and Reinvestment Act (ARRA) funds. Additionally, all community schools in the State saw a slight reduction in the amount of per pupil revenue (State Aid) for FY12. The School will need to evaluate the extent of the impact this will have on current year operations.

Overall, the School will continue to provide learning opportunities and apply resources to best meet the needs of students.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact C. David Massa, CPA of Massa Financial Solutions, LLC, 4300 Kimberly Parkway, Columbus, Ohio 43232 or e-mail at dave@massasolutionsllc.com

RENAISSANCE ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
AT JUNE 30, 2011

Assets	<u>2011</u>
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$195,621
Intergovernmental Receivables	<u>77,875</u>
Total Current Assets	273,496
<i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Depreciable Capital Assets, net	<u>134,028</u>
<i>Total Noncurrent Assets</i>	<u>134,028</u>
Total Assets	<u>\$ 407,524</u>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	63,068
Intergovernmental Payable	6,189
Accrued Wages and Benefits	<u>212,034</u>
Total Current Liabilities	<u>281,291</u>
Total Liabilities	<u>\$281,291</u>
Net Assets	
Investment in Capital Assets	134,028
Unrestricted	(92,983)
Restricted	<u>85,188</u>
Total Net Assets	<u>\$ 126,233</u>

See accompanying notes to the basic financial statements

RENAISSANCE ACADEMY
FRANKLIN COUNTY

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2011

<u>Operating Revenues</u>	
State Aid	\$ 1,307,679
Other	14,571
Total Operating Revenues	<u>1,322,250</u>
<u>Operating Expenses</u>	
Salaries	1,127,386
Fringe Benefits	227,904
Purchased Services	875,655
Materials and Supplies	158,353
Depreciation	37,395
Other	20,404
Total Operating Expenses	<u>2,447,097</u>
Operating Loss	(1,124,847)
<u>Non-Operating Revenues</u>	
Federal & State Grants	<u>988,709</u>
Total Non-Operating Revenues	<u>988,709</u>
Change in Net Assets	(136,138)
Net Assets, Beginning of Year	<u>262,371</u>
Net Assets, End of Year	<u>\$ 126,233</u>

See accompanying notes to the basic financial statements

RENAISSANCE ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State of Ohio	\$1,363,517
Cash Received from Other Operating Sources	14,571
Cash Payments to Suppliers for Goods and Services	(987,423)
Cash Payments to Employees for Services	(1,130,336)
Cash Payments for Employee Benefits	(193,651)

Net Cash Used for Operating Activities (933,322)

Cash Flows from Noncapital Financing Activities

Cash Received from Federal Grants 907,845

Net Cash Provided by Noncapital Financing Activities 907,845

Cash Flows from Capital and Related Financing Activities

Cash Payments for Capital Assets (48,550)

Net Cash Used in Capital Financing Activities (48,550)

Net Decrease in Cash and Cash Equivalents (74,027)

Cash and Cash Equivalents, Beginning of Year 269,648

Cash and Cash Equivalents, End of Year \$ 195,621

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET
CASH USED FOR OPERATING ACTIVITIES**

Operating Loss \$ (1,124,847)

Depreciation 37,395

Changes in Assets and Liabilities:

Accounts Receivable	49,347
Prepaid Expenses	20,181
Accounts Payable	49,140
Accrued Wages and Benefits	67,034
Intergovernmental Payable	(31,752)

Net Cash Used for Operating Activities (933,322)

See accompanying notes to the basic financial statements

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**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE ENTITY

The Renaissance Academy, Inc., (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The School operates on a foundation, which fosters character building for all students, parents and staff members. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with Educational Resource Consultants of Ohio, Inc. ("ERCO") (the Sponsor) for a one year period commencing on July 1, 2009. On July 1, 2010, the School was renewed for an additional one year period. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a Governing Board. The Governing Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Governing Board controls the School's instructional and administrative staff.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial Statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Fund Net Asset, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the changes net assets, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by measurement focus. Under this measurement focus, all assets and all liabilities are included on the balance sheet. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided for in the School's sponsorship agreement. The contract between the School and its Sponsor requires a detailed budget for each year of the contract.

D. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash. The School has no investment.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

F. Capital Assets

Capital assets are capitalized at cost. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets. Capital assets were \$134,028 as of June 30, 2011, net of accumulated depreciation. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets, utilizing the half-year convention with consideration given to the salvage value. The useful lives follow:

<u>Asset</u>	<u>Useful Life</u>
Computers & Software	3 years
Furniture, Fixtures, & Equipment	5 years
Leasehold Improvements	10 years

The School has an asset capitalization threshold policy of \$500. (See Note 5) Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompany statement of net assets.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues

The School currently participates in the State Foundation Program; Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

The School also participates in various federal and state programs through the Ohio Department of Education.

Under the above programs the School received \$1,307,679 this fiscal year from the Foundation Program and \$977,942 from Federal and State grants.

H. Compensated Absences

Vacation is taken in a manner in which corresponds with the school calendar; therefore School does not accrue vacation time as a liability.

Sick/personal leave benefits are earned by full-time employees at the rate of eight days per year and cannot be carried into the subsequent years. No accrual for sick time is made since unused time is not paid to employees upon employment termination.

I. Accrued Liabilities

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements which consisted of accounts payable, accrued wages and benefits, accrued expenses totaled \$281,291 at June 30, 2011.

J. Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School on a reimbursement basis.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors, or law and regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenue and expenses not meeting this definition are reported as non-operating.

3. CASH AND CASH EQUIVALENTS

The following information classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The School maintains its cash balances at one financial institution, Huntington Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2011, the book amount of the School's deposits was \$195,621 and the bank balance was \$222,514.

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2011, none of the bank balance was exposed to custodial credit risk.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

4. INTERGOVERNMENTAL RECEIVABLE

The School has intergovernmental receivables totaling \$77,875 at June 30, 2011. These receivables represented monies earned, but not received as of June 30, 2011 for the following programs:

Title 1	\$48,210
ARRA Title 1	5,423
Ed Jobs	8,851
National School Lunch Program	4,624
PCSP Grant	<u>10,767</u>
Total	<u>\$77,875</u>

5. CAPITAL ASSETS AND DEPRECIATION

For the period ending June 30, 2011, the School's capital assets consisted of the following:

	<u>Balance 06/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>
Capital Assets:				
Furniture, Fixtures, & Equipment	145,515	11,619	-	157,134
Leasehold Improvements	7,179	36,931	-	44,110
Total Capital Assets	<u>152,694</u>	<u>48,550</u>	<u>-</u>	<u>201,244</u>
Less Accumulated Depreciation:				
Furniture, Fixtures, & Equipment	(29,103)	(30,712)	-	(59,815)
Leasehold Improvements	(718)	(6,683)	-	(7,401)
Total Accumulated Depreciation	<u>(29,821)</u>	<u>(37,395)</u>	<u>-</u>	<u>(67,216)</u>
Capital Assets, Net	<u>\$ 122,873</u>	<u>\$ 11,155</u>	<u>\$ -</u>	<u>\$ 134,028</u>

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

6. RISK MANAGEMENT

A. Property & Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2011, the School obtained private insurance coverage for property and general liability in the following coverage amounts:

Damages to Rented Premises	50,000
<u>General Liability</u>	
Each Occurrence	1,000,000
Aggregate	3,000,000
Employment Dishonesty Liability	25,000
Personal Injury	1,000,000

B. Workers' Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

C. Employee Medical and Dental Benefits

The School provides medical, vision, and dental insurance benefits through Anthem to all full-time employees. During the School year, the School paid 60% of the monthly premiums for all employees.

7. DEFINED BENEFIT PENSIONS PLANS

A. School Employees Retirement System of Ohio (SERS Ohio)

Plan Description – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plans. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free 1-800-878-5853. It is also posted at the SERS' website at www.ohsers.org under Employer/ Audit Resources.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

7. DEFINED BENEFIT PENSIONS PLANS (Continued)

A. School Employees Retirement System of Ohio (SERS Ohio) (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B and Health Care Fund.) of the System. For the fiscal year ending June 30, 2011, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School contribution to SERS for the year ended June 30, 2011 and 2010 were \$30,411 and \$30,250 respectively which equaled the required contributions for those years.

B. State Teachers Retirement System (STRS Ohio)

The State Teacher Retirement System is a cost-sharing, multi-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision. STRS Ohio issues a stand-alone financial report. Copies of the STRS Ohio's 2011 *Comprehensive Annual Financial Report* will be available after December 17, 2011.

Additional information or copies of the STRS Ohio's 2011 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio, 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their members contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan a, members contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payments at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

7. DEFINED BENEFIT PENSIONS PLANS (Continued)

B. State Teachers Retirement System (STRS Ohio) (Continued)

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any members may retire who has (i) five year of service credit and attained age 60, (ii) 25 years of service credit and attained age 55; or (iii) 30 year of service credit regardless of ages. The annual retirement allowance payable for life is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 years or more of Ohio contributing services, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchases benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 and 3307.89 of the Revised Code. For members who select the DC Plan, all members' contributions and employer contributions at a rate of 10.5% are placed in an investment account. The members determined how to allocate the members and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into member's accounts are vested after the first anniversary of the first day of the paid service. Members in the DC Plan who become disabled are entitled only to their account balances. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Members contributions are allocated by the members and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS of Ohio or another Ohio public retirement system is eligible for reemployment as teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contribution with interest before age 65, once employment is terminated.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

7. DEFINED BENEFIT PENSIONS PLANS (Continued)

B. State Teachers Retirement System (STRS Ohio) (Continued)

Combined Plan Benefits (Continued)

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB and Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC and Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for members and employer contributions. Contributions rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contributions requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers. Employers contributions actually paid should be disclosed in both dollar amounts and as a percentage of the employer's covered payroll for the current year and the two preceding years. Members and employer contributions actually made for DC and Combined Plan participants will be provided upon written request. The School contributions to STRS for the years ended June 30, 2011 and 2010 were \$134,435 and \$94,995 respectively which equaled the required contributions for those years.

8. POST EMPLOYMENT BENEFITS

A. School Employee Retirement Systems of Ohio (SERS Ohio)

In addition to a cost-sharing multiple-employer defined pension plan the School Employees Retirement System of Ohio (SERS) administers two post employment benefit plans.

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76%. The School contributions for the years ended June 30, 2011 and 2010 were \$1,650 and \$1,799 respectively which equaled the required contributions for those years.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

8. POST EMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement Systems of Ohio (SERS Ohio) (Continued)

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned.

Statutes provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care, including the surcharge for the years ended June 30, 2011 and 2010 were \$4,229 and \$4,891 respectively. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under **Employers/Audit Resources**.

B. State Teachers Retirement System of Ohio (STRS Ohio)

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan: self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan; STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plan. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B Premiums.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

8. POST EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System of Ohio (STRS Ohio) (Continued)

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefits recipients for the most recent years pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2011. The 14% employer contribution rate is the maximum rate established under Ohio law.

9. CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. Amount received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amount which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Litigation

There are currently no matters in litigation with the School as defendant.

C. Full-Time Equivalency

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated.

10. SPONSOR CONTRACT

The School contracted with Educational Resource Consultants of Ohio, Inc. as its sponsor and oversight services as required by law. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. For the fiscal year ended June 30, 2011, the total sponsorship fees paid totaled \$39,293.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

11. PURCHASED SERVICES

For the period of July 1, 2010 through June 30, 2011, the School made the following purchased services commitments.

Professional and Technical Services	\$396,005
Property Services	326,375
Travel and Meetings	8,176
Communications	7,506
Contractual Trade Services	123,923
Pupil Support	13,670
	\$875,655

12. OPERATING LEASES

On or about June 22, 2009, the School entered into an Office Lease Agreement for the lease of 4300 Kimberly Parkway, Suites 100 and 200, Columbus, Ohio. The term of the lease agreement is September 1, 2009 to August 31, 2014 for Suite 100 and January 1, 2010 to August 31, 2014 for Suite 200. The base rent for the premises is as follows:

<u>Fiscal year</u>	<u>Suite 100</u>	<u>Suite 200</u>	<u>Total</u>
2012	\$ 214,730	\$ 214,738	\$ 429,469
2013	239,048	239,048	478,097
2014	263,358	263,358	526,717
2015	44,568	44,568	89,137

The School has the option to terminate the Suite 200 portion of the lease by providing written notice to the Landlord and by providing the Landlord with repayment of the abated rent for the Suite 200 portion of the premises in the amount of \$18,000, on or before September 1, 2011. Lease payments during the fiscal year totaled \$262,076.

13. CONTRACTED FISCAL SERVICES

The School entered into a contract with Mangen & Associates (M&A), which is an education finance consulting company to provide basic treasurer and financial/operations management services for the fiscal year 2011. The Agreement may be terminated by either party, with or without cause by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform basic treasurer services, financial management services and basic CSADM/EMIS/DASL services. The total fee paid for these services during fiscal year 2011 was \$88,400

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

14. SUBSEQUENT EVENT

The School exercised its option to terminate the lease for Suite 200 prior to September 1, 2011.

Additionally, in December 2011, the School received its official determination letter from the Internal Revenue Service granting the School status as a 501c3 organization.

The School contracted with Massa Financial Solution, LLC for treasurer services for fiscal year 2012.

15. MANAGEMENT PLAN

For fiscal year 2011, the Academy had decrease of net assets of \$136,138 and a cumulative net asset surplus of \$126,233. Due to changes required by the Sponsor which limited the grade levels served for the 2011-2012 school year, the Academy is expected to incur an operating loss and a net asset deficit for the fiscal year that ends June 30, 2012 due to 15 percent lower enrollment and steady fixed costs. The cash balance as of February 29, 2012 was approximately \$88,000. Management is working diligently to implement cost saving efforts for the remainder of the School year to include consolidation of certain staff positions, elimination of auxiliary programs, facility cost renegotiation, and maximization of all federal program funds. The Academy is also currently focused on strategies to increase enrollment for the following school year, which will help reduce future deficits.

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**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Cash Assistance:			
Breakfast Program	10.553	\$ 29,983	\$ 29,983
National School Lunch Program	10.555	66,364	66,364
Total Child Nutrition Cluster		<u>96,347</u>	<u>96,347</u>
Total U.S. Department of Agriculture		<u>96,347</u>	<u>96,347</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	236,044	258,216
Title I Grants to Local Educational Agencies - ARRA	84.389	176,296	174,158
Ed Jobs - Federal Grant	84.410	54,818	54,818
Special Education Grants to States	84.027	63,750	73,750
Charter Schools	84.282	161,387	134,107
Education Technology State Grant	84.318	83	-
Improving Teacher Quality	84.367	3,095	8,000
ARRA - State Fiscal Stabilization Fund	84.394	111,685	111,685
Total U.S. Department of Education		<u>807,158</u>	<u>814,734</u>
Total		<u>\$ 903,505</u>	<u>\$ 911,081</u>

The accompanying notes are an integral part of this schedule.

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Renaissance Academy (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Renaissance Academy
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

We have audited the financial statements of Renaissance Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 5, 2012. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-02 to be a significant deficiency. 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.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 and 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated March 5, 2012.

We intend this report solely for the information and use of management, the audit committee, Board of Directors, the Community School's sponsor, and federal awarding agencies and pass-through entities, and others within the Academy. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 5, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Renaissance Academy
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

Compliance

We have audited the compliance of Renaissance Academy, Franklin County, Ohio, (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Academy's major federal programs. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

In our opinion, the Renaissance Academy complied, in all material respects, with the requirements referred to above could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. 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 noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Academy's management in a separate letter dated March 5, 2012.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, the Community School's sponsor, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 5, 2012

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.394 – State Fiscal Stabilization CFDA #84.010 and #84.389 – Title I Part A Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2011-01

Prior Certification – Noncompliance Finding

The Academy has a policy under section 510 of the School's policy manual which states verbal approval by itself is never acceptable to make a purchase or place an order. A requisition must first be completed and then signed by the appropriate supervisor and the Superintendent and then sent to the Treasurer. The Treasurer will determine if there are adequate funds available in the budget for the transaction and will then issue a written purchase order and send it to the vendor.

For 11 of the 26 (42%), of nonpayroll expenditures tested, a purchase order was not issued until after the obligation for the good or service was incurred.

Not certifying the availability of funds prior to making purchases could result in negative fund balances.

The Academy's administration should ensure policies are followed before incurring purchase obligations.

FINDING NUMBER 2011-02

Noncompliance/Significant Deficiency - Attendance and Withdrawal Records

Ohio Rev. Code §3314.08 requires the board of education of each school district to annually report the number of students entitled to attend school in the district that are actually enrolled in community schools. This section also requires the governing authority of each community school to annually report the number of students enrolled in the community school. For each student, the governing board of the community school must report the city, exempted village, or local school district in which the student is entitled to attend.

Based on these reported numbers, the state Department of Education (ODE) shall calculate and subtract the appropriate amount of state aid from each school district. The amount subtracted shall be paid to the corresponding community school or to the internet or computer-based community school entitled to receive those funds. When calculating and subtracting the appropriate amount of state aid, the department should take into consideration any enrollment of students in community schools for less than the equivalent of a full school year.

The Academy is required to maintain and keep accurate attendance records for all students throughout the year. The Academy is also required to ensure that the attendance records that are reported to ODE are accurate. Any students that have been absent due to truancy for 105 consecutive hours or greater are to be withdrawn immediately and reported to ODE, and withdrawal forms are to be completed and kept on file for those students.

While the Academy reported attendance to ODE, the Academy did not maintain supporting documentation to justify attendance reported. The Academy could not provide any attendance or withdrawal records for the eight students that we were selected for testing.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2011-02 (Continued)

Noncompliance/Significant Deficiency - Attendance and Withdrawal Records (Continued)

The Auditor of State did compare an on-site student count with the number of students reported to ODE for fiscal year 2011. However, without adequate supporting documentation, such as completed withdrawal forms or daily attendance records of each student, the Academy cannot ensure attendance amounts reported to ODE are accurate, which could result in improper funding. Additionally, failing to promptly withdraw students could also result in improper or loss of funding.

We recommend that daily attendance records be maintained for all students and that for all student withdrawals, a withdraw form be completed and maintained on file. Additionally, the Academy should ensure all withdrawn students are promptly removed from School Options Enrollment System (SOES) reporting. Someone independent of the student reporting process should be assigned to periodically review student counts with numbers and information reported to ODE and the review should be documented and reported to the Superintendent and the Board.

Officials' Response: We did not receive a response from Officials to the findings reported above.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**RENAISSANCE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Finding For Recovery – Mr. Stuckey	No	\$2,084 Finding For Recovery has not been repaid.
2010-02	Finding For Recovery – Mr. Stuckey	No	\$8,750 Finding For Recovery has not been repaid.
2010-03	Certification of Funds Section 510 of Policy Manual	No	Reissued – Finding Number 2011-01
2010-04	Annual Performance Report (Public Charter School Program Grant)	Yes	



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Renaissance Academy
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Renaissance Academy, Franklin, Ohio, (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. In our report dated March, 25 2011, we noted the Board adopted an anti-harassment policy on January 30, 2010. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. The Board amended the policy on December 16, 2010. We read the amended policy, noting it still does not include the following requirements listed in Ohio Rev. Code 3313.666.
 - (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as amended by House Bill 19 of the 128th General Assembly;
 - (2) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and Academy's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 5, 2012



Dave Yost • Auditor of State

RENAISSANCE ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2012**