
RENAISSANCE LEARNING ACADEMY, INC.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

RENAISSANCE LEARNING ACADEMY, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION:

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

FINANCIAL SECTION:

INDEPENDENT AUDITOR'S REPORT	2 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 7
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	9 - 10
BALANCE SHEET--GOVERNMENTAL FUNDS	11 - 12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS	13 - 14
NOTES TO FINANCIAL STATEMENTS	15 - 22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL, GOVERNMENTAL FUNDS	23
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	24
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 <i>GOVERNMENT AUDITING STANDARDS</i>	25 - 26
MANAGEMENT LETTER PURSUANT TO FLORIDA STATUTES AND RULES OF THE FLORIDA AUDITOR GENERAL	27 - 28



The Learning Academy at The Els Center of Excellence
18370 Limestone Creek Rd., Jupiter, FL, 33458 (561)296-1776

September 25, 2018

To whom it may Concern:

The Board of Directors and administration of the Renaissance Learning Academy Inc. (TLA) are responsible for the contents of the attached report.

TLA was formed as a Florida nonprofit corporation on April 30, 2007. It's currently located at 18370 Limestone Creek Road Jupiter FL. 33458. TLA is a charter school open to all Palm Beach County students ages 14-21 with primary individual education plan eligibility of autism spectrum disorder. TLA's curriculum is based on Applied Behavior Analysis and TEACCH combined with an elastic approach to teaching including direct instruction, incidental teaching, video modeling scripts and observational learning. Students work in small groups determined by their abilities and skill levels. Progress is monitored daily with data collection, summary analysis and assessment. TLA offers both standard and special High school diplomas.

TLA ended its tenth year as a charter school in a strong financial position while increasing its enrollment throughout the year. Please refer to management discussion and analysis for further information regarding financial status.

Sincerely, Dick Busto

President
Board of Directors of Renaissance Learning Academy



Michael C. Becker & Co.

Certified Public Accountants

400 Columbia Drive
Suite 101
West Palm Beach, Florida 33409

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Renaissance Learning Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Renaissance Learning Academy, Inc. as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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 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 *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 entity's preparation and fair representation 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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Renaissance Learning Academy, Inc. as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages four through seven, and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of Renaissance Learning Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Renaissance Learning Academy, Inc.'s 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 Renaissance Learning Academy, Inc.'s internal control over financial reporting and compliance.

Michael C. Becker & Co.

West Palm Beach, FL
September 25, 2018

Renaissance Learning Academy, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2018

The Management's Discussion and Analysis (MD&A) provides an overview of Renaissance Learning Academy, Inc.'s (the "School") activities for the year ended June 30, 2018.

This overview is intended to highlight significant matters. For detailed information, refer to the School's financial statements and notes to the financial statements.

Financial Highlights

- The School reported a total net position for governmental activities of \$1,149,026. This amount reflects the amount by which assets exceeded liabilities.
- For the year ended June 30, 2018, the School reported a change in the net position of \$253,147. This amount reflects the amount by which revenues exceeded expenses.

Overview of the Financial Statements

The basic financial statements consist of:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

The government-wide financial statements use an economic resources measurement focus and are presented on the accrual basis of accounting. The government-wide financial statements provide both a short-term and long-term view of the School's overall financial condition.

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

The Statement of Activities reports how the School's net position changed during the period. It presents expenses and revenues and breaks down specific activities and sources.

The government-wide financial statements are presented on pages eight through ten of the financial report.

Fund Financial Statements

The fund financial statements use a current financial resources measurement focus and are presented on the modified accrual basis of accounting. The fund financial statements provide a short-term view of the School's financing requirements.

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

The School's annual report includes two fund financial statements. The balance sheet and the statement of revenues, expenditures, and changes in fund balances.

Renaissance Learning Academy, Inc.
Management's Discussion and Analysis (*Continued*)
For the Year Ended June 30, 2018

There are also two reconciliations to show the amounts that reconcile the government-wide financial statements to the fund statements.

The fund financial statements are presented on pages 11 through 14 and include a reconciliation of the difference between the government-wide financial statements and the fund financial statements.

Notes to the Financial Statements

The notes provide additional information necessary for a full understanding of the data provided in the basic financial statements.

Government-wide Financial Analysis

The following is a summary of the School's net position as of June 30, 2017 and June 30, 2018:

	Governmental Activities		
	2017	2018	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 983,487	\$ 1,395,031	\$ 411,544
Capital Assets (net)	134,523	105,755	(28,768)
Total Assets	1,118,010	1,500,786	382,776
LIABILITIES			
Current Liabilities	222,131	351,760	129,629
Long Term Liabilities	0	0	0
Total Liabilities	222,131	351,760	129,629
NET POSITION			
Invested in Capital Assets, Net of Debt	134,523	105,755	(28,768)
Restricted	0	0	0
Unrestricted	761,356	1,043,271	281,915
Total Net Position	\$ 895,879	\$ 1,149,026	\$ 253,147

The Governmental Activities current and other assets consists of cash, accounts receivable and prepaid expenses. The School's investment in capital assets consists of furniture, fixtures, equipment, and vehicles, net of depreciation. Liabilities consists of accounts payable.

The Governmental Activities total net position amounted to \$1,149,026 as of June 30, 2018, representing an increase of \$253,147 from the prior fiscal year.

Renaissance Learning Academy, Inc.
Management's Discussion and Analysis (*Continued*)
For the Year Ended June 30, 2018

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2017, and June 30, 2018 are as follows:

Operating Results for the Year – Governmental Activities

	2017	2018	Increase (Decrease)
Revenues:			
Federal through local	\$ 311,087	\$ 314,767	\$ 3,680
State and local sources	2,648,664	2,857,020	208,356
Contributions and other	101,357	141,502	40,145
Charges for services	26,261	24,317	(1,944)
Interest earned	2,103	3,044	941
Total Revenues	3,089,472	3,340,650	251,178
Expenses:			
Instruction	1,765,301	2,072,331	307,030
Instructional & curriculum development	67,524	81,581	14,057
Instructional staff training services	243	1,381	1,138
Instruction related technology	667	2,389	1,722
School board	7,695	8,136	441
General administration	32,919	33,892	973
School administration	353,136	362,912	9,776
Fiscal services	64,852	69,304	4,452
Central services	93,041	79,451	(13,590)
Pupil transportation	89,289	29,214	(60,075)
Operation of plant	334,179	324,272	(9,907)
Maintenance of plant	3,512	1,375	(2,137)
Administrative technology services	2,456	1,131	(1,325)
Community services	13,185	20,134	6,949
Total Expenses	2,827,999	3,087,503	259,504
Increase/(Decrease) in Net Position	261,473	253,147	(8,326)
Beginning Net Position	634,406	895,879	261,473
Ending Net Position	<u>\$ 895,879</u>	<u>\$ 1,149,026</u>	<u>\$ 253,147</u>

Renaissance Learning Academy, Inc.
Management's Discussion and Analysis (*Continued*)
For the Year Ended June 30, 2018

The largest revenue source for the School is the State of Florida (83%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentration of expenses was for Instruction (67%) and School administration (12%).

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$1,043,271.

Capital Assets and Long-Term Debt

The School had a decrease in capital assets of \$3,500 for the year ended June 30, 2018, due to the disposition of assets.

The School had no long-term debt as of June 30, 2018.

Budget Analysis

Revenues were less than original budgeted amounts by \$6,358. Expenditures were less than original budgeted amounts by \$270,509. See page 23 for a detailed comparison of budget to actual revenues and expenditures.

Request for Information

This financial report is designed to provide a general overview of the Renaissance Learning Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional information should be address to Renaissance Learning Academy, Inc., 18370 Limestone Creek Road, Jupiter, FL 33458.

Renaissance Learning Academy, Inc.
Statement of Net Position
June 30, 2018

	Governmental Activities	Total
Assets		
Cash	\$ 1,334,924	\$ 1,334,924
Accounts receivable	5,077	5,077
Prepaid expenses	55,030	55,030
Capital assets:		
Building and fixed equipment	-	-
Furniture, fixtures, and equipment	43,180	43,180
Motor vehicle	167,279	167,279
Less accumulated depreciation	(104,704)	(104,704)
Total capital assets net of depreciation	105,755	105,755
Total Assets	\$ 1,500,786	\$ 1,500,786
Liabilities		
Accounts payable and other current liabilities	\$ 351,760	\$ 351,760
Total Liabilities	\$ 351,760	\$ 351,760
Net Position		
Invested in capital assets, net of related debt	\$ 105,755	\$ 105,655
Restricted	-	-
Unrestricted	1,043,271	1,043,271
Total Net Position	\$ 1,149,026	\$ 1,149,026
Total Liabilities and Net Position	\$ 1,500,786	\$ 1,500,786

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.
Statement of Activities
For the Year Ended June 30, 2018

Functions	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Instruction	\$ 2,072,331	\$ -	\$ 314,767	\$ -	\$ (1,757,564)	\$ (1,757,564)
Instructional & curriculum development services	81,581	-	-	-	(81,581)	(81,581)
Instructional staff training	1,381	-	-	-	(1,381)	(1,381)
Instruction related technology	2,389	-	-	-	(2,389)	(2,389)
School board	8,136	-	-	-	(8,136)	(8,136)
General administration	33,892	-	-	-	(33,892)	(33,892)
School administration	362,912	-	-	-	(362,912)	(362,912)
Fiscal services	69,304	-	-	-	(69,304)	(69,304)
Central services	79,451	-	-	-	(79,451)	(79,451)
Pupil transportation	29,214	-	-	-	(29,214)	(29,214)
Operation of plant	324,272	-	-	72,604	(251,668)	(251,668)
Maintenance of plant	1,375	-	-	-	(1,375)	(1,375)
Administrative technology services	1,131	-	-	-	(1,131)	(1,131)
Community services	20,134	24,317	-	-	4,183	4,183
Total Governmental Activities	\$ 3,087,503	\$ 24,317	\$ 314,767	\$ 72,604	\$ (2,675,815)	\$ (2,675,815)

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.
Statement of Activities (Continued)
For the Year Ended June 30, 2018

Functions	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Total	\$ 3,087,503	\$ 24,317	\$ 314,767	\$ 72,604	\$ (2,675,815)	\$ (2,675,815)
General Revenues						
Grants and revenues not restricted to specific programs					2,925,217	2,925,217
Investment earnings					3,044	3,044
Gain on disposal of assets					701	701
Total General Revenues and Special Items					2,928,962	2,928,962
Change in Net Position				253,147		253,147
Net Position-Beginning balance					895,879	895,879
Net Position-Ending balance					\$ 1,149,026	\$ 1,149,026

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Total Governmental Funds
Assets		
Cash	\$ 1,334,924	\$ 1,334,924
Accounts Receivable	5,077	5,077
Prepaid Expenses	55,030	55,030
Total Assets	\$ 1,395,031	\$ 1,395,031
 Liabilities:		
Accounts Payable and Other Current Liabilities	\$ 351,760	\$ 351,760
Total Liabilities	\$ 351,760	\$ 351,760
 Fund Balances:		
Nonspendable:		
Prepaid Expenses	55,030	55,030
Deposits	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	988,241	988,241
Total Fund Balances	\$ 1,043,271	\$ 1,043,271
Total Liabilities and Fund Balances	\$ 1,395,031	\$ 1,395,031

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

Total fund balances--governmental funds \$ 1,043,271

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$210,459 the accumulated depreciation is (\$104,704). 105,755

Total net position--governmental activities \$ 1,149,026

Renaissance Learning Academy, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal passed through school district	\$ -	\$ 314,767	\$ 314,767
State passed through school district	2,794,708	-	2,794,708
Gifts, grants, and local sources	206,613	-	206,613
Summer camp & pre/after care	24,317	-	24,317
Interest earned	3,044	-	3,044
Total Revenues	<u>3,028,682</u>	<u>314,767</u>	<u>3,343,449</u>
Expenditures:			
Current:			
Instruction	1,757,564	314,767	2,072,331
Instructional & curriculum development	81,581	-	81,581
Instructional staff training services	1,381	-	1,381
Instruction related technology	318	-	318
School board	8,136	-	8,136
General administration	33,892	-	33,892
School administration	362,912	-	362,912
Fiscal services	69,304	-	69,304
Central services	79,451	-	79,451
Pupil transportation	5,316	-	5,316
Operation of plant	324,272	-	324,272
Maintenance of plant	1,375	-	1,375
Administrative technology services	1,131	-	1,131
Community services	20,134	-	20,134
Total Expenditures	<u>2,746,767</u>	<u>314,767</u>	<u>3,061,534</u>
Excess (deficiency) of revenues over (under) expenditures	281,915	-	281,915
Fund balance - July 1, 2017	761,356	-	761,356
Fund balance - June 30, 2018	<u>\$ 1,043,271</u>	<u>\$ -</u>	<u>\$ 1,043,271</u>

See accompanying notes to financial statements

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

Total net change in fund balances--governmental funds	\$ 281,915
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay - 0 - exceeds depreciation of (\$25,969).	(25,969)
Capital outlays are reported in governmental funds as expenditures. Assets that are disposed of at a gain have already been completely expended in the governmental funds; however, in the statement of activities the gain is reported.	701
The sale of assets provide current resources that are reported in the governmental funds as revenues.	<u>(3,500)</u>
Change in net position of governmental activities	<u>\$ 253,147</u>

Renaissance Learning Academy, Inc.
Notes to Financial Statements
June 30, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- For the first time the financial statements include:

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

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

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

These and other changes are reflected in the accompanying financial statements (including notes to financial statements) as of June 30, 2018. Renaissance Learning Academy, Inc. has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, nonexchange transactions, and certain liabilities and expenditures.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011.

Organization--Renaissance Learning Academy, Inc. (the Organization) was incorporated in Florida in the year 2007. The Organization operates as a charter school under the sponsorship of and by agreement with the School District of Palm Beach County, Florida as provided by Florida Statutes. The agreement between the Organization and the School District provides for teaching grades nine through twelve, ages 14 - 21. The current charter school contract is effective until June 30, 2024.

Reporting Entity-- The Organization is financially accountable to the Palm Beach County School District. There are no component units of Renaissance Learning Academy, Inc. The Organization is no longer subject to being reported as a component unit of the Palm Beach County School District. Please refer to Note H.

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

Renaissance Learning Academy Inc.
Notes to Financial Statements (*Continued*)
June 30, 2018

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific program. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

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

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

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

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

The Organization reports the following major governmental funds:

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

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

Renaissance Learning Academy, Inc.
Notes to Financial Statements (*Continued*)
June 30, 2018

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

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

Contributed Services--No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks for the Organization, but these services do not meet the criteria for recognition as contributed services.

Accounts Receivable--The Organization considers accounts receivable to be fully collectible as of June 30, 2018, accordingly, no allowance for doubtful accounts was provided for.

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

Capital Assets--Capital assets, which include buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial, individual cost of more than \$1,000 for furniture and equipment and \$3,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Renaissance Learning Academy, Inc.
Notes to Financial Statements (Continued)
June 30, 2018

Capital asset activity for the period July 1, 2017 to June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Improvements	\$ -	\$ -	\$ -	\$ -
Buildings and fixed equipment	-	-	-	-
Furniture, fixtures, and equipment	46,680	-	(3,500)	43,180
Motor vehicles	167,279	-	-	167,279
Total capital assets being depreciated	<u>\$ 213,959</u>	<u>\$ -</u>	<u>\$ (3,500)</u>	<u>\$ 210,459</u>
Less accumulated depreciation for:				
Improvements	\$ -	\$ -	\$ -	\$ -
Buildings and fixed equipment	-	-	-	-
Furniture, fixtures, and equipment	(42,396)	(2,071)	701	(43,766)
Motor vehicles	(37,040)	(23,898)	-	(60,938)
Total accumulated depreciation	<u>(79,436)</u>	<u>(25,969)</u>	<u>701</u>	<u>(104,704)</u>
Government activities, net capital assets	<u>\$ 134,523</u>	<u>\$ (25,969)</u>	<u>\$ (2,799)*</u>	<u>\$ 105,755</u>

*Decrease due to disposition

Depreciation expense was charged to the following governmental activities:

School administration	\$ -
Instruction related technology	\$ 2,071
Pupil transportation	\$ 23,898

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

Assets - Public Funds	\$117,513
Assets - Non public Funds	\$ 92,946
Total	\$210,459

Renaissance Learning Academy, Inc.
Notes to Financial Statements *(Continued)*
June 30, 2018

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

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

Fund Balances--GASB Statement No. 54 requires fund balances reported in governmental funds to be classified under the following classifications:

Nonspendable--Amount that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted--Amounts that can be spent only for specific purposes because of the Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed--Amounts that can be used only for specific purposes determined by a formal action by the Board of Directors.

Assigned--Amounts that are designated by the Board of Directors for a particular purpose but are not spendable until there is a majority vote approval (for capital projects or debt service) by the Board of Directors.

Unassigned--All amounts not included in other spendable classifications.

Accordingly, the fund balances have been presented on the governmental fund balance sheet.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Equity Classifications--Government-wide Statements

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The three categories of net position are as follows:

Net investment in capital assets--consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position--net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or contributors. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position--consists of all other net position that does not meet the definition of the above two components and is available for general use.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. Renaissance Learning Academy, Inc.'s policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Cash and Cash Equivalents—The Organization considers all highly-liquid debt instruments available for current use purchased with an original maturity of three months or less to be cash equivalents.

B. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net positions that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

C. USE OF ESTIMATES

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

D. CONTINGENCIES

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

E. LEASE COMMITMENTS

The Organization leased its facilities from the Els for Autism Foundation. The lease payments for fiscal year-end June 30, 2018 total \$269,505. An additional amount of \$3,500 was paid for summer camp facilities.

The Organization entered into a one-year lease for 2018/2019 with the Els for Autism Foundation. The lease calls for base rent payments of \$282,300.

F. CASH

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

Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's bank accounts exceeded the insured amount.

G. RISK MANAGEMENT PROGRAMS

Insurance is being provided through purchased commercial insurance as per the minimum requirement provided by the District. Settled claims resulting from the risks have not exceeded commercial coverage for the current year or the three prior years.

H. RELATED PARTY TRANSACTIONS

The Palm Beach County School District and its auditors are of the opinion that the Organization is no longer to be treated as a component unit for financial reporting purposes.

The change in financial reporting status was the result of the District's and its auditor's interpretation of the Governmental Accounting Standards Board (GASB) Statement Number 61, effective for fiscal years beginning after June 15, 2012.

The financially-dependent relationship between the Organization and the District has not changed as a result of this financial reporting decision.

The general operating authority of the Organization is contained in Section 228.056, Florida Statutes. The Organization operates under a charter of the sponsoring school district, the Palm Beach County District School Board (the District). The current charter is effective until June 30, 2024. At the end of the term of charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the Organization in writing at least 90 days prior to the charter's expiration.

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

The Palm Beach County School District holds back an administration fee from certain funds. The revenue reported in these financial statements is net of that fee. The hold back fee for the Period July 1, 2017 to June 30, 2018 was \$33,892.

I. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state, and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

J. INTERNAL FUNDS

Cash in the internal funds bank account is held and administered by the Organization in a custodial capacity for the purpose of expending the cash for its intended purposes.

The account is titled in the name of the Organization and has the same signature authority as the Organization's operating account.

The remaining balance of funds not expended by the end of the year is used to increase the liability that offsets the cash balance.

The balance of the internal funds account was \$75,669 at June 30, 2018.

K. INCOME TAX STATUS

The Organization qualifies as an I.R.C. Section 501(c)(3) non profit organization, which is generally exempt from Federal and State income taxes. Accordingly, no provision for income taxes have been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements.

The Organization's tax returns are generally subject to examination by the Internal Revenue Service for three years after filing. Therefore, years 2016, 2017 and 2018 are still subject to such regulations.

L. RETIREMENT PLAN

The Organization sponsors a retirement plan for employees. The plan, under IRC Section 403b, allows employees to defer a discretionary portion of their salaries into retirement accounts. The Organization does not contribute to the retirement plan.

M. FICTITIOUS NAME

The Organization filed a fictitious name registration to do business as The Learning Academy at The Els Center of Excellence on February 15, 2017.

N. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date and through September 25, 2018, the date the financial statements were available to be issued, and has determined that there were no events that would require modification of the financial statements or disclosure in the notes to financial statements.

The Renaissance Learning Academy, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual, Governmental Funds (unaudited)
For the Year Ended June 30, 2018

	GENERAL FUND				SPECIAL REVENUE FUND			
	Budget		Actual	Variance with Final Budget Pos(Neg)	Budget		Actual	Variance with Final Budget Pos(Neg)
	Original	Final			Original	Final		
Revenues:								
Federal pass through district	\$ -	0	0	0	\$ 311,000	314,767	314,767	0
State pass through district	2,926,307	2,794,708	2,794,708	0	0	0	0	0
Gifts, grants and local sources	112,500	206,613	206,613	0	0	0	0	0
Summer school & pre/after care	-	24,317	24,317	0	0	0	0	0
Interest earned	-	3,044	3,044	0	0	0	0	0
Total Revenues	3,038,807	3,028,682	3,028,682	0	311,000	314,767	314,767	0
Expenditures:								
Current:								
Instruction	2,073,238	1,757,564	1,757,564	0	311,000	314,767	314,767	0
Pupil personnel services	-	0	0	0	0	0	0	0
Instructional media services	-	0	0	0	0	0	0	0
Instruction and curriculum dev svcs.	68,000	81,581	81,581	0	0	0	0	0
Instructional staff training services	1,500	1,381	1,381	0	0	0	0	0
Instructional related technology	500	318	318	0	0	0	0	0
School board	13,000	8,136	8,136	0	0	0	0	0
General administration	34,000	33,892	33,892	0	0	0	0	0
School administration	347,000	362,912	362,912	0	0	0	0	0
Facilities acquisition and construction	-	0	0	0	0	0	0	0
Fiscal services	67,000	69,304	69,304	0	0	0	0	0
Central services	97,000	79,451	79,451	0	0	0	0	0
Pupil transportation	5,800	5,316	5,316	0	0	0	0	0
Operation of plant	309,005	324,272	324,272	0	0	0	0	0
Maintenance of plant	3,600	1,375	1,375	0	0	0	0	0
Administrative technology services	1,400	1,131	1,131	0	0	0	0	0
Community services	-	20,134	20,134	0	0	0	0	0
Total Expenditures	3,021,043	2,746,767	2,746,767	0	311,000	314,767	314,767	0
Excess (deficiency) of revenues over (under) expenditures	17,764	281,915	281,915	0	0	0	0	0
Net change in fund balance	17,764	281,915	281,915	0	0	0	0	0
Fund balance – July 1, 2017	761,356	761,356	761,356	0	0	0	0	0
Fund balance – June 30, 2018	\$ 779,120	1,043,271	1,043,271	0	\$ 0	0	0	0

See independent auditor's report and note to required supplementary information

Renaissance Learning Academy, Inc.
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note A.

The budgeted amounts presented include any amendments made.

Michael C. Becker & Co.

Certified Public Accountants

400 Columbia Drive
Suite 101
West Palm Beach, Florida 33409

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

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

To the Board of Directors
Renaissance Learning Academy, Inc.

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 governmental activities and each major fund of Renaissance Learning Academy, Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Renaissance Learning Academy, Inc.'s basic financial statements, and have issued our report thereon dated September 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Renaissance Learning Academy, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Renaissance Learning Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Renaissance Learning Academy, Inc.'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 a 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 the 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 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 Renaissance Learning Academy, Inc.'s financial statements are free from 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*.

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

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 the *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Michael C. Becker & Co.

West Palm Beach, FL
September 25, 2018

MANAGEMENT LETTER PURSUANT TO FLORIDA STATUTES AND RULES OF THE FLORIDA AUDITOR GENERAL

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

Report on the Financial Statements

We have audited the financial statements of Renaissance Learning Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 25, 2018.

Auditor's Responsibility

We conducted our audit 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 Chapter 10.850, Rules of the Auditor General.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, if any, which are dated September 25, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Tabulation of Uncorrected Audit Findings		
2017-2018 Finding #	2016-2017 Finding #	2015-2016 FY Finding #
N/A	N/A	N/A

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Renaissance Learning Academy, Inc.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the Renaissance Learning Academy, Inc. has met one or more of the conditions described in Section 218.503(1), and to identify the specific condition(s) met. In connection with our audit, we determined that Renaissance Learning Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Therefore, no financial emergency will be reported.

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Renaissance Learning Academy, Inc. It is management's responsibility to monitor Renaissance Learning Academy, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial assessment was done as of the fiscal year end.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Renaissance Learning Academy, Inc., maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Renaissance Learning Academy, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Palm Beach County School District, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Michael C. Becker & Co.

West Palm Beach, FL
September 25, 2018

**RENAISSANCE LEARNING ACADEMY, INC.
18370 Limestone Creek Road
Jupiter, FL 33458**

Management's Response to Audit Findings

Year Ended June 30, 2018

The following is the School's response to the Management Letter dated September 25, 2018, as required by Rule 10-857m Rules of the Auditor General:

No response required