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**RENAISSANCE LEARNING ACADEMY, INC.**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**

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September 26, 2014

To whom it may Concern:

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

RLA was formed as a Florida nonprofit corporation on April 30, 2007. It's currently located at 1310 North Congress Avenue, West Palm Beach Fl. 33409. RLA is a charter school open to all Palm Beach County students ages 14-21 with primary individual education plan eligibility of autism spectrum disorder. RLA'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. RLA offers both standard and special High school diplomas.

RLA ended its fourth 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

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President  
Board of Directors of Renaissance Learning Academy

# Michael C. Becker & Co.

Certified Public Accountants

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## 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, 2014, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

### Opinion

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, 2014, 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 22 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 26, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Renaissance Learning Academy, Inc.'s internal control over financial reporting and compliance.

*Michael C. Becker & Co.*

West Palm Beach, FL  
September 26, 2014

Renaissance Learning Academy, Inc.  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014

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, 2014.

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 \$723,073. This amount reflects the amount by which assets exceeded liabilities.
- For the year ended June 30, 2014, the School reported a change in the net position of \$199,367. This amount reflects the amount by which revenues exceeded expenses.

### **Overview of the Financial Statements**

The basic financial statements consists 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, 2014

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, 2013 and June 30, 2014:

Governmental Activities

	2013	2014	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 566,738	\$ 793,813	\$ 227,075
Capital Assets (net)	56,138	76,302	20,164
Total Assets	622,876	870,115	247,239
<b>LIABILITIES</b>			
Current Liabilities	99,170	147,042	47,872
Long Term Liabilities	0	0	0
Total Liabilities	99,170	147,042	47,872
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Debt	56,138	76,302	20,164
Restricted	0	0	0
Unrestricted	467,568	646,771	179,203
Total Net Position	\$ 523,706	\$ 723,073	\$ 199,367

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 \$723,073 as of June 30, 2014, representing an increase of \$199,367 from the prior fiscal year.

Renaissance Learning Academy, Inc.  
Management's Discussion and Analysis (*Continued*)  
For the Year Ended June 30, 2014

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2013, and June 30, 2014 are as follows:

**Operating Results for the Year**

Governmental Activities

	2013	2014	Increase (Decrease)
<b>Revenues:</b>			
Federal Through Local	\$ 86,136	\$ 95,540	\$ 9,404
State and Local Sources	1,570,022	1,945,781	375,759
Contributions and Other	200,942	192,146	(8,796)
Charges for Services	23,502	19,997	(3,505)
<b>Total Revenues</b>	<b>1,880,602</b>	<b>2,253,464</b>	<b>372,862</b>
<b>Expenses:</b>			
Instruction and instructional related services	887,628	1,129,623	241,995
Instructional support services	119,610	179,315	59,705
Instructional related technology	4,804	17,018	12,214
Board	7,708	6,662	(1,046)
General administration	-	-	-
School administration	157,836	202,347	44,511
Administrative technology services	1,297	2,514	1,217
Fiscal services	44,493	47,637	3,144
Plant, facilities, and maintenance	321,704	302,948	(18,756)
Pupil transportation	45,694	104,455	58,761
Central services	64,415	50,180	(14,235)
Community services	13,396	11,398	(1,998)
<b>Total Expense</b>	<b>1,668,585</b>	<b>2,054,097</b>	<b>385,512</b>
<b>Increase/(Decrease) in Net Position</b>	<b>212,017</b>	<b>199,367</b>	<b>(12,650)</b>
Beginning Net Position	311,689	523,706	212,017
Ending Net Position	<u>\$ 523,706</u>	<u>\$ 723,073</u>	<u>\$ 199,367</u>

Renaissance Learning Academy, Inc.  
Management's Discussion and Analysis (*Continued*)  
For the Year Ended June 30, 2014

The largest revenue source for the School is the State of Florida (86%). 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 (54%) and Plant, facilities and maintenance (15%).

**Capital Assets and Long-Term Debt**

The School had an increase in capital assets of \$47,206 for the year ended June 30, 2014.

The School had no long-term debt as of June 30, 2014.

**Budget Analysis**

Revenues exceeded budgeted amounts with a net positive result of \$212,332. Expenditures exceeded budgeted amounts as well by \$109,796. See page 22 for a detailed comparison of budget to actual revenues and expenditures.

Renaissance Learning Academy, Inc.  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Total
<b>Assets</b>		
Cash	\$ 747,564	\$ 747,564
Accounts receivable	9,300	9,300
Prepaid expenses	21,449	21,449
Deposits	15,500	15,500
Capital assets:		
Building and fixed equipment	84,596	84,596
Furniture, fixtures, and equipment	116,634	116,634
Motor vehicle	49,486	49,486
Less accumulated depreciation	(174,414)	(174,414)
Total capital assets net of depreciation	76,302	76,302
Total Assets	\$ 870,115	\$ 870,115
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 147,042	\$ 147,042
Total Liabilities	\$ 147,042	\$ 147,042
<b>Net Position</b>		
Invested in capital assets, net of related debt	\$ 76,302	\$ 76,302
Unrestricted	646,771	646,771
Total Net Position	\$ 723,073	\$ 723,073
Total Liabilities and Net Position	\$ 870,115	\$ 870,115

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.  
Statement of Activities  
For the Year Ended June 30, 2014

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 and instructional related services	\$ 1,129,623	\$ -	\$ 95,540	\$ -	(1,034,083)	\$ (1,034,083)
Instructional support services	179,315	-	-	-	(179,315)	(179,315)
Instructional related technology	17,018	-	-	-	(17,018)	(17,018)
Board	6,662	-	-	-	(6,662)	(6,662)
General administration	-	-	-	-	-	-
School administration	202,347	-	-	-	(202,347)	(202,347)
Administrative technology services	2,514	-	-	-	(2,514)	(2,514)
Fiscal services	47,637	-	-	-	(47,637)	(47,637)
Plant, facilities, and maintenance	302,948	-	-	56,311	(246,637)	(246,637)
Pupil transportation	104,455	-	-	-	(104,455)	(104,455)
Central services	50,180	-	-	-	(50,180)	(50,180)
Community services	11,398	19,997	-	-	8,599	8,599
<b>Total Governmental Activities</b>	<b>\$ 2,054,097</b>	<b>\$ 19,997</b>	<b>\$ 95,540</b>	<b>\$ 56,311</b>	<b>(1,882,249)</b>	<b>\$ (1,822,249)</b>

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.  
Statement of Activities (Continued)  
For the Year Ended June 30, 2014

Functions	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Total	\$ 19,997	\$ 95,540	\$ 56,311	\$ (1,882,249)	\$ (1,822,249)
General Revenues					
Grants and revenues not restricted to specific programs				2,079,507	2,079,507
Investment earnings				2,109	2,109
Total General Revenues and Special Items				2,081,616	2,081,616
Change in Net Position				199,367	199,367
Net Position-Beginning balance				551,727	551,727
Adjustment to beginning balance				(28,021)	(28,021)
Restated, Net Position-Beginning balance				523,706	523,706
Net Position-Ending balance				723,073	723,073

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.  
 Balance Sheet  
 Governmental Funds  
 June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 747,564	\$ -	\$ 747,564
Accounts Receivable	9,300	-	9,300
Prepaid expenses	21,449	-	21,449
Deposits	15,500	-	15,500
<b>Total Assets</b>	<b>\$ 793,813</b>	<b>\$ -</b>	<b>\$ 793,813</b>
 <b>Liabilities:</b>			
Accounts Payable and Other Current Liabilities	\$ 147,042	\$ -	\$ 147,042
<b>Total Liabilities</b>	<b>\$ 147,042</b>	<b>\$ -</b>	<b>\$ 147,042</b>
 <b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid expenses	21,449	-	21,449
Deposits	15,500	-	15,500
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	609,822	-	609,822
<b>Total Fund Balances</b>	<b>\$ 646,771</b>	<b>\$ -</b>	<b>\$ 646,771</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 793,813</b>	<b>\$ -</b>	<b>\$ 793,813</b>

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** \$ 646,771

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 \$250,716 the accumulated depreciation is (\$174,414). 76,302

**Total net position--governmental activities** \$ 723,073

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>			
Federal passed through school district	\$ -	\$ 95,540	\$ 95,540
State passed through school district	1,945,781	-	1,945,781
Gifts, grants, and local sources	190,037	-	190,037
Summer camp	19,997	-	19,997
Interest earned	2,109	-	2,109
<b>Total Revenues</b>	<b>2,157,924</b>	<b>95,540</b>	<b>2,253,464</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction and instructional related services	1,083,431	46,192	1,129,623
Instructional support services	129,967	49,348	179,315
Instructional related technology	17,018	-	17,018
Board	6,662	-	6,662
General administration	-	-	-
School administration	202,347	-	202,347
Administrative technology services	2,514	-	2,514
Plant, facilities, and maintenance	275,906	-	275,906
Fiscal services	47,637	-	47,637
Pupil transportation	104,455	-	104,455
Central services	50,180	-	50,180
Community services	11,398	-	11,398
Capital outlay	47,206	-	47,206
<b>Total Expenditures</b>	<b>1,978,721</b>	<b>95,540</b>	<b>2,074,261</b>
Excess (deficiency) of revenues over (under) expenditures	179,203	-	179,203
Fund balance - July 1, 2013	467,568	-	467,568
Fund balance - June 30, 2014	\$ 646,771	\$ -	\$ 646,771

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

<b>Total net change in fund balances--governmental funds</b>	\$ 179,203
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 \$47,206 exceeds depreciation of (\$27,042).	<u>20,164</u>
<b>Change in net position of governmental activities</b>	<u>\$ 199,367</u>

See accompanying notes to financial statements

Renaissance Learning Academy, Inc.  
Notes to Financial Statements  
June 30, 2014

**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, 2014. 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, 2014

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. *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, 2014

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.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

**Budgetary Data**--Budget information is presented on the *modified accrual basis of accounting* for all government funds. The board of directors adopts the budget. Once adopted, the board can amend the budget.

**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 estimated fair 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, 2014

Capital asset activity for the period July 1, 2013 to June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Improvements	\$ -	\$ -	\$ -	-
Buildings and fixed equipment	84,596	-	-	84,596
Furniture, fixtures, and equipment	112,989	3,645	-	116,634
Motor vehicles	5,925	43,561	-	49,486
Total capital assets being depreciated	<u>203,510</u>	<u>47,206</u>	<u>-</u>	<u>250,716</u>
Less accumulated depreciation for:				
Improvements	\$ -	\$ -	\$ -	-
Buildings and fixed equipment	(65,156)	(19,440)	-	(84,596)
Furniture, fixtures, and equipment	(79,995)	(5,233)	-	(85,228)
Motor vehicles	(2,221)	(2,369)	-	(4,590)
Total accumulated depreciation	<u>(147,372)</u>	<u>(27,042)</u>	<u>-</u>	<u>(174,414)</u>
Government activities, net capital assets	<u>\$ 56,138</u>	<u>\$ 20,164</u>	<u>\$ -</u>	<u>\$ 76,302</u>

Depreciation expense was charged to the following governmental activities: "instructional support services; plant, facilities, and maintenance; and pupil transportation."

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

Assets - Public Funds	\$197,585
Assets - Non public Funds	\$ 53,131
Total	\$250,716

Renaissance Learning Academy, Inc.  
Notes to Financial Statements *(Continued)*  
June 30, 2014

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

**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, 2014, 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.

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

Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

**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. 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.

**C. PRIOR PERIOD ADJUSTMENT**

		Governmental Activities Net Assets June 30, 2013
As previously Stated	\$	551,727
Correction for expenses incorrectly expensed during fiscal year 2012-2013		(28,201)
As restated	\$	523,706

**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. COMMITMENT**

The Organization leases its location at 1310 Old Congress Avenue, West Palm Beach, FL. The lease is for three years and commenced July 3, 2013. The lease obligations are: years 1, 2 and 3 \$186,000 per year; years 4 and 5 have options with rent of \$206,500 and \$217,000, respectively. Additional common charges can apply.

The Organization leased two vans at a monthly rate of approximately \$718 each. The leases were for 24 months commencing May 2012. The leases terminated in 2014 and the Organization purchased the vans.

**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.

**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, 2013 to June 30, 2014 was \$27,420.

#### **I. INCOME TAX STATUS**

The Organization qualifies as a I.R.C. Section 501(c)(3) non profit organization, which is generally exempt from Federal and State income taxes.

The Organization's tax returns are generally subject to examination by the Internal Revenue Service for three years after filing. Therefore, years 2012, 2013, 2014 are still subject to such regulations.

#### **J. 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.

#### **K. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 26, 2014.

Renaissance Learning Academy, Inc.  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual, Governmental Funds  
For the Year Ended June 30, 2014

	Government Funds										Totals	
	Original	Final	General Fund	Variance with Final Budget Pos/(Neg)	Original	Final	Special Revenue Fund	Variance with Final Budget Pos/(Neg)	Original	Final	Governmental Funds	Variance with Final Budget Pos/(Neg)
<b>Revenues:</b>												
Federal pass through district	\$											
State pass through district	1,808,796	1,830,592	1,945,781	115,189	95,540	95,540	95,540	0	95,540	95,540	95,540	0
Gifts, grants	18,000	115,000	190,037	75,037	0	0	0	0	1,808,796	1,830,592	1,945,781	115,189
Summer camp	0	0	19,997	19,997	0	0	0	0	18,000	115,000	190,037	75,037
Interest earned	0	0	2,109	2,109	0	0	0	0	0	0	19,997	19,997
<b>Total Revenues</b>	<b>1,826,796</b>	<b>1,945,592</b>	<b>2,157,924</b>	<b>212,332</b>	<b>95,540</b>	<b>95,540</b>	<b>95,540</b>	<b>0</b>	<b>1,922,336</b>	<b>2,041,132</b>	<b>2,253,464</b>	<b>212,332</b>
<b>Expenditures:</b>												
<b>Current:</b>												
Instruction and related services	924,076	936,507	1,083,431	(146,924)	46,192	46,192	46,192	0	970,268	982,699	1,129,623	(146,924)
Instructional Support Services	174,549	174,549	129,967	44,582	49,348	49,348	49,348	0	223,897	223,897	179,315	44,582
Instructional Related Technology	20,000	20,000	17,018	2,982	0	0	0	0	20,000	20,000	17,018	2,982
Board	7,500	7,500	6,662	838	0	0	0	0	7,500	7,500	6,662	838
General administration	0	0	0	0	0	0	0	0	0	0	0	0
School administration	251,752	251,752	202,347	49,405	0	0	0	0	251,752	251,752	202,347	49,405
Administrative technology services	4,200	5,000	2,514	2,486	0	0	0	0	4,200	5,000	2,514	2,486
Plant, facilities and maintenance	282,468	292,540	275,906	16,634	0	0	0	0	282,468	292,540	275,906	16,634
Fiscal services	47,759	48,001	47,637	364	0	0	0	0	47,759	48,001	47,637	364
Pupil transportation	63,364	89,076	104,455	(15,379)	0	0	0	0	63,364	89,076	104,455	(15,379)
Central services	44,000	44,000	50,180	(6,180)	0	0	0	0	44,000	44,000	50,180	(6,180)
Community services	0	0	11,398	(11,398)	0	0	0	0	0	0	11,398	(11,398)
Capital outlay	0	0	47,206	(47,206)	0	0	0	0	0	0	47,206	(47,206)
<b>Total Expenditures</b>	<b>1,819,668</b>	<b>1,868,925</b>	<b>1,978,721</b>	<b>(109,796)</b>	<b>95,540</b>	<b>95,540</b>	<b>95,540</b>	<b>0</b>	<b>1,915,208</b>	<b>1,964,465</b>	<b>2,074,261</b>	<b>(109,796)</b>
Excess (deficiency) of revenues over (under) expenditures	7,128	76,667	179,203	102,536	0	0	0	0	7,128	76,667	179,203	102,536
Net change in fund balance	7,128	76,667	179,203	102,536	0	0	0	0	7,128	76,667	179,203	102,536
Fund balance -- July 1, 2013	467,568	467,568	467,568	0	0	0	0	0	467,568	467,568	467,568	0
Fund balance -- June 30, 2014	\$ 474,696	\$ 544,235	\$ 646,771	\$ 102,536	\$ 0	\$ 0	\$ 0	\$ 0	\$ 474,696	\$ 544,235	\$ 646,771	\$ 102,536

See accompanying notes to financial statements

# Michael C. Becker & Co.

Certified Public Accountants

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## 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, 2014, 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 26, 2014.

### Internal Control Over Financial Reporting

Management of Renaissance Learning Academy, Inc. is responsible for establishing and maintaining effective 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 opinion 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 26, 2014

# Michael C. Becker & Co.

Certified Public Accountants

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

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

### Report on the Financial Statements

We have audited the financial statements of The Renaissance Learning Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 26, 2014.

### Auditor's Responsibility

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.

### Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 26, 2014, should be considered in conjunction with this management letter.

### Prior Audit Findings

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 findings or recommendations made in the preceding audit report.

Tabulation of Uncorrected Audit Findings	
Current Year Finding #	2012-2013 FY Finding #
2014-1	N/A

### Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not The Renaissance Learning Academy, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that The 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.

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 The Renaissance Learning Academy, Inc. It is management's responsibility to monitor The 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.

### **Transparency**

Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, required that we apply appropriate procedures to determine 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 The Renaissance Learning Academy, Inc. did not maintain on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

We applied certain procedures pursuant to Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General. As a result, we have the following finding and recommendation:

- a) Florida Statute Section 1002.33(9)(p)
- b) The Organization's Web site did not contain all of the information enumerated in the Statute.
- c) Partial information was available, all information enumerated in Florida Statute 1002.33(9)(p) should be available.
- d) The effect of this finding is that all information required by Florida Statute was not available on the Organization's Web site.
- e) Recommendation - The Organization should update its Web site, and monitor quarterly for compliance.
- f) Reference number: 2014-1

### **Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations other than those discussed above as recommendations to the findings.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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.

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 The Renaissance Learning Academy, Inc.

### **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 House of Representatives, the Florida Auditor General, Federal and other granting agencies, and 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 26, 2014



Renaissance Learning Academy

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Richard Busto  
Board President

Toby Honsberger  
Executive Director

Michael C. Becker, CPA  
Michael C. Becker, CPA & Company  
400 Columbia Drive, Suite 101  
West Palm Beach, FL 33409

September 24, 2014

The Renaissance Learning Academy Board has received the school's initial financial audit dated September 23, 2014. This is in response to the issue brought forward in the Management Letter. The comment included in the letter was as follows:

We applied certain procedures pursuant to Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General. As a result, we have the following finding and recommendation:

- a) Florida Statute Section 1002.33(9)(p)
- b) The Organization's Web site did not contain all of "the information enumerated in the Statute.
- c) Partial information was available, all information enumerated in Florida Statute 1002.33(9)(p) should be available.
- d) The effect of this finding is that all information required by Florida Statute was not available on the Organization's Web site.
- e) Recommendation - The Organization should update its Web site, and monitor quarterly for compliance
- f) Reference number: 2014-1

The Governing Board of Renaissance Learning Academy requires the school staff and students comply with all FL Statutes. The Statute (See Note #1) has been reviewed by the Board and School Administration. All missing information enumerated in the audit finding and Florida Statute will be added to the school's web site and maintained as required.

Thank you.

Richard Busto, Chairperson  
Renaissance Learning Academy Board of Directors

Note #1: FL Statute 1002.33(9)p Each charter school shall maintain a website that enables the public to obtain information regarding the school; the school's academic performance; the names of the governing board members; the programs at the school; any management companies, service providers, or education management corporations associated with the school; the school's annual budget and its annual independent fiscal audit; the school's grade pursuant to s. 1008.34; and, on a quarterly basis, the minutes of governing board meetings.