

Renaissance Charter School at Boggy Creek  
A Department of Renaissance Charter School, Inc.  
(A Component Unit of the School Board of  
Osceola County, Florida)

Basic Financial Statements  
For the Year Ended June 30, 2020

Keefe  
McCullough  
CPA's + Trusted Advisors

# Renaissance Charter School at Boggy Creek

## Table of Contents

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|   |       |
|---|-------|
| Independent Auditor's Report  | 1-2   |
| Management's Discussion and Analysis<br>(not covered by Independent Auditor's Report)   | 3-7   |
| <b>Basic Financial Statements</b>   |       |
| Government-wide Financial Statements:   |       |
| Statement of Net Position (Deficit)   | 8     |
| Statement of Activities   | 9     |
| Fund Financial Statements:  |       |
| Balance Sheet - Governmental Funds  | 10    |
| Reconciliation of the Balance Sheet of Governmental<br>Funds to the Statement of Net Position (Deficit)   | 11    |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Governmental Funds  | 12    |
| Reconciliation of the Statement of Revenues,<br>Expenditures and Changes in Fund Balances<br>of Governmental Funds to the Statement of Activities   | 13    |
| Statement of Revenues and Expenditures -<br>Budget and Actual - General Fund  | 14    |
| Statement of Revenues and Expenditures -<br>Budget and Actual - Special Revenue Fund  | 15    |
| Statement of Assets and Liabilities - Agency Fund   | 16    |
| Notes to Basic Financial Statements   | 17-26 |
| <b>Other Independent Auditor's Reports</b>  |       |
| Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> | 27-28 |
| Independent Auditor's Report to the Board of Directors  | 29-30 |

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Renaissance Charter School at Boggy Creek  
A Department of Renaissance Charter School, Inc.  
Kissimmee, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Charter School at Boggy Creek (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School'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 presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2020, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2020 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 9, 2020, (except for Note 15, as to which the date is October 27, 2020), on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the School'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 the School's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 9, 2020  
(except for Note 15, as to which the date is October 27, 2020)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe  
McCullough**  
CPA's + Trusted Advisors

**Renaissance Charter School at Boggy Creek  
Management's Discussion and Analysis  
June 30, 2020**

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As management of Renaissance Charter School at Boggy Creek (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2020 and 2019.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2020, the School's governmental fund balances were \$ 1,813,631 as compared to \$ 1,483,508 at June 30, 2019.
- As of June 30, 2020 the School had net position (deficit) of \$ (1,597,358) as compared to \$ (1,402,143) at June 30, 2019.

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

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-Wide Basic Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

**Fund Basic Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Special Revenue Fund and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 10 through 15 of this report.

**Agency Fund:** In addition, the School has one agency fund which is a student activity fund. This fund was formed for educational and school purposes.

The Agency Fund financial statement can be found on page 16 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net position.

**Notes to Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 26 of this report.

## Government-Wide Financial Analysis

This is the School's third year of operations; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (1,597,358) at June 30, 2020. This amount represents net investment in capital assets (deficit) of \$ (2,171,913), restricted for debt service of \$ 205,881 and unrestricted of \$ 368,674. The School's net position (deficit) was \$ (1,402,143) at June 30, 2019. This amount represents net investment in capital assets (deficit) of \$ (1,466,995) and unrestricted of \$ 64,852.

**Renaissance Charter School at Boggy Creek  
Management's Discussion and Analysis  
June 30, 2020**

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Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

| Renaissance Charter School at Boggy Creek<br>Net Position (Deficit) |                             |                             |
|---|-----------------------------|-----------------------------|
|   | June 30,<br>2020            | June 30,<br>2019            |
|   | <u>                    </u> | <u>                    </u> |
| Assets:   |                             |                             |
| Current and other assets  | \$ 1,266,815                | \$ 617,204                  |
| Noncurrent assets   | <u>19,851,635</u>           | <u>20,707,584</u>           |
| Total assets  | <u>21,118,450</u>           | <u>21,324,788</u>           |
| Liabilities:  |                             |                             |
| Current liabilities   | 975,777                     | 689,540                     |
| Noncurrent liabilities  | <u>21,740,031</u>           | <u>22,037,391</u>           |
| Total liabilities   | <u>22,715,808</u>           | <u>22,726,931</u>           |
| Net Position (Deficit):   |                             |                             |
| Net investment in capital assets (deficit)                          | (2,171,913)                 | (1,466,995)                 |
| Restricted for debt service   | 205,881                     | -                           |
| Unrestricted (deficit)  | <u>368,674</u>              | <u>64,852</u>               |
| Total net position (deficit)  | <u>\$ (1,597,358)</u>       | <u>\$ (1,402,143)</u>       |

Current and other assets increased due to an increase in cash and cash equivalents. Noncurrent assets decreased due to a decrease in restricted investments. The restricted investments consist of funds for a debt service reserve, which is a requirement of the School's bond financing. Capital assets, net of depreciation decreased as a result of depreciation expense taken during the year. Current liabilities increased mainly due to an increase in payable to management company. Noncurrent liabilities decreased due to principal payments made on the school's capital lease payable.

**Governmental Activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2020 and 2019:

| Renaissance Charter School at Boggy Creek<br>Change in Net Position |                             |                             |
|---|-----------------------------|-----------------------------|
|   | June 30,<br>2020            | June 30,<br>2019            |
|   | <u>                    </u> | <u>                    </u> |
| Revenues:   |                             |                             |
| General revenues  | \$ 4,852,610                | \$ 4,413,208                |
| Program revenues  | <u>563,754</u>              | <u>619,817</u>              |
| Total revenues  | <u>5,416,364</u>            | <u>5,033,025</u>            |
| Functions/Program Expenses:   |                             |                             |
| Instruction   | 2,249,389                   | 1,893,857                   |
| Instructional support services                                      | 2,126,266                   | 1,897,967                   |
| Non-instructional services  | <u>1,235,924</u>            | <u>715,982</u>              |
| Total expenses  | <u>5,611,579</u>            | <u>4,507,806</u>            |
| Change in net position  | <u>\$ (195,215)</u>         | <u>\$ 525,219</u>           |



**Renaissance Charter School at Boggy Creek  
Management's Discussion and Analysis  
June 30, 2020**

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General revenues increased over the previous year due to an increase in enrollment. Program revenues decreased mainly due to the School not receiving CSP grant and emergency impact aid; both of which were received in the prior year. Total expenses increased due to the increase in enrollment.

**Governmental Fund Expenditures**

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

| Functions/Programs               | 2020                |             | 2019                 |             |
|----------------------------------|---------------------|-------------|----------------------|-------------|
|                                  | Expenditures        | Percent     | Expenditures         | Percent     |
| Governmental expenditures:       |                     |             |                      |             |
| Instruction                      | \$ 1,945,890        | 38%         | \$ 1,640,843         | 14%         |
| Debt service                     | 1,191,707           | 23%         | 2,551,043            | 22%         |
| Plant operations and maintenance | 955,733             | 19%         | 882,921              | 8%          |
| Administrative services          | 446,278             | 9%          | 414,539              | 4%          |
| Instruction related technology   | 111,607             | 2%          | 85,862               | 1%          |
| All other functions/programs     | 435,026             | 9%          | 5,980,396            | 51%         |
| Total governmental expenditures  | \$ <u>5,086,241</u> | <u>100%</u> | \$ <u>11,555,604</u> | <u>100%</u> |

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2020, the School had capital assets of \$ 18,683,411, net of accumulated depreciation, invested in buildings, furniture, fixtures and equipment and computer equipment as compared to \$ 19,324,893 at June 30, 2019.

**Debt:** At June 30, 2020, the School had outstanding debt of \$ 22,023,548 as compared to \$ 22,174,579 at June 30, 2019. Additional information on the School's debt can be found in Notes 7 through 9 on pages 23 and 24.

**General Fund Budgetary Highlights**

State source revenues were unfavorable to the budget due to lower enrollment than anticipated. Local source revenues were unfavorable to the budget due to lower contributions than budgeted. Total expenditures were favorable to budgeted mainly due to savings in instruction related expenses as well as savings on school administration and operation of plant expenses. Overall, the School ended the year with a change in fund balance that was favorable to the budget by approximately \$ 330,000.

**Economic Factors and Next Year's Budget**

In fiscal year 2020, the State of Florida increased its Florida Education Finance Program base funding, safe schools and mental health initiative allocations. The capital outlay funding pool increased to \$ 158 million. A 2% merit increase was also paid out to eligible staff.

For fiscal year 2021, capital outlay revenue was assumed at a flat rate in comparison to the current rate per student. The budgets reflect the Florida Education Finance Program funding increase to fund teacher salary increases. A 2% merit increase for all staff was also budgeted. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

**Requests for Information**

If you have any questions about this report or need additional information, please write Maria C. Garzon, Controller - Schools, Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33308.



# BASIC FINANCIAL STATEMENTS

**Keefe  
McCullough**  
CPA's + Trusted Advisors



**Renaissance Charter School at Boggy Creek**  
**Statement of Net Position (Deficit)**  
**June 30, 2020**

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Current Assets:</b>  |                                    |
| Cash and cash equivalents                                     | \$ 891,152                         |
| Due from other governments                                    | 26,967                             |
| Due from related parties                                      | 8,366                              |
| Accrued interest receivable                                   | 8                                  |
| Other receivables   | 9,217                              |
| Prepaid items   | 23,461                             |
| Deposits  | 58,870                             |
| Restricted investments  | <u>248,774</u>                     |
| Total current assets  | <u>1,266,815</u>                   |
| <b>Noncurrent Assets:</b>                                     |                                    |
| Restricted investments  | 1,168,224                          |
| Capital assets (depreciable), net of accumulated depreciation | <u>18,683,411</u>                  |
| Total noncurrent assets                                       | 19,851,635                         |
| Total assets  | <u>21,118,450</u>                  |
| <b>Current Liabilities:</b>                                   |                                    |
| Accounts payable and accrued liabilities                      | 38,723                             |
| Salaries and wages payable                                    | 190,769                            |
| Due to management company                                     | 391,140                            |
| Accrued interest payable                                      | 42,874                             |
| Compensated absences  | 21,566                             |
| Capital lease   | 150,868                            |
| Bonds payable   | <u>139,837</u>                     |
| Total current liabilities                                     | <u>975,777</u>                     |
| <b>Noncurrent Liabilities:</b>                                |                                    |
| Compensated absences  | 7,188                              |
| Capital lease   | 81,206                             |
| Bonds payable   | <u>21,651,637</u>                  |
| Total noncurrent liabilities                                  | <u>21,740,031</u>                  |
| Total liabilities   | <u>22,715,808</u>                  |
| <b>Commitments (Note 10)</b>                                  | -                                  |
| <b>Net Position (Deficit):</b>                                |                                    |
| Net investment in capital assets (deficit)                    | (2,171,913)                        |
| Restricted for debt service                                   | 205,881                            |
| Unrestricted (deficit)  | <u>368,674</u>                     |
| Total net position (deficit)                                  | <u>\$ (1,597,358)</u>              |

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Charter School at Boggy Creek**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

|   | <u>Expenses</u>     | <u>Program Revenues</u>     |   |   | <u>Governmental</u>                                     |
|---|---------------------|-----------------------------|---|---|---|
|   |                     | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net Revenue (Expense) and Change in Net Position</u> |
| <b>Functions/Programs:</b>                      |                     |                             |   |   |   |
| Instruction                                     | \$ 2,249,389        | \$ -                        | \$ 72,472                                 | \$ -                                    | \$ (2,176,917)  |
| Student support services                        | 89,076              | -                           | -   | -                                       | (89,076)  |
| Instructional media services                    | 821                 | -                           | -   | -                                       | (821)   |
| Instruction and curriculum development services | 4,841               | -                           | -   | -                                       | (4,841)   |
| Instructional staff training services           | 10,653              | -                           | 744                                       | -                                       | (9,909)   |
| Instruction related technology                  | 111,607             | -                           | -   | -                                       | (111,607)   |
| Board   | 21,944              | -                           | -   | -                                       | (21,944)  |
| School administration                           | 446,278             | -                           | -   | -                                       | (446,278)   |
| Fiscal services                                 | 6,619               | -                           | -   | -                                       | (6,619)   |
| Central services                                | 96,342              | -                           | -   | -                                       | (96,342)  |
| Transportation services                         | 89,843              | -                           | 39,562                                    | -                                       | (50,281)  |
| Operation of plant                              | 1,203,127           | -                           | 52,873                                    | -                                       | (1,150,254)   |
| Maintenance of plant                            | 170,020             | -                           | -   | -                                       | (170,020)   |
| Community services                              | 53,179              | 104,506                     | -   | -                                       | 51,327  |
| Interest and bond issuance costs                | 1,057,840           | -                           | -   | 293,597                                 | (764,243)   |
|   |                     |                             |   |   |   |
| Total governmental activities                   | \$ <u>5,611,579</u> | \$ <u>104,506</u>           | \$ <u>165,651</u>                         | \$ <u>293,597</u>                       | <u>(5,047,825)</u>                                      |
|   |                     |                             |   |   |   |
| General revenues:                               |                     |                             |   |   |   |
| Grants and entitlements                         |                     |                             |   |   | 3,919,800   |
| Contribution                                    |                     |                             |   |   | 893,135   |
| Interest income                                 |                     |                             |   |   | 25,424  |
| Miscellaneous                                   |                     |                             |   |   | 14,251  |
|   |                     |                             |   |   |   |
| Total general revenues                          |                     |                             |   |   | <u>4,852,610</u>  |
|   |                     |                             |   |   |   |
| Change in net position                          |                     |                             |   |   | (195,215)   |
|   |                     |                             |   |   |   |
| Net position (deficit), July 1, 2019            |                     |                             |   |   | <u>(1,402,143)</u>                                      |
|   |                     |                             |   |   |   |
| Net position (deficit), June 30, 2020           |                     |                             |   |   | \$ <u><u>(1,597,358)</u></u>                            |

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Charter School at Boggy Creek**  
**Balance Sheet - Governmental Funds**  
**June 30, 2020**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Project<br/>Fund</u> | <u>Total</u>        |
|--|-------------------------|-------------------------------------|-------------------------------------|---------------------|
| <b>Assets:</b>   |                         |                                     |                                     |                     |
| Cash and cash equivalents  | \$ 891,143              | \$ -                                | \$ -                                | \$ 891,143          |
| Due from other governments   | -                       | 776                                 | 26,191                              | 26,967              |
| Due from other funds   | 28,287                  | -                                   | -                                   | 28,287              |
| Due from related parties   | 6,270                   | 2,096                               | -                                   | 8,366               |
| Accrued interest receivable  | 8                       | -                                   | -                                   | 8                   |
| Other receivables  | 9,217                   | -                                   | -                                   | 9,217               |
| Prepaid items  | 23,461                  | -                                   | -                                   | 23,461              |
| Deposits   | 58,870                  | -                                   | -                                   | 58,870              |
| Restricted investments   | <u>1,417,007</u>        | <u>-</u>                            | <u>-</u>                            | <u>1,417,007</u>    |
| Total assets   | <u>\$ 2,434,263</u>     | <u>\$ 2,872</u>                     | <u>\$ 26,191</u>                    | <u>\$ 2,463,326</u> |
| <b>Liabilities:</b>  |                         |                                     |                                     |                     |
| Accounts payable<br>and accrued liabilities                              | \$ 38,723               | \$ -                                | \$ -                                | \$ 38,723           |
| Salaries and wages payable   | 190,769                 | -                                   | -                                   | 190,769             |
| Due to management company  | 391,140                 | -                                   | -                                   | 391,140             |
| Due to other funds   | <u>-</u>                | <u>2,096</u>                        | <u>26,191</u>                       | <u>28,287</u>       |
| Total liabilities  | <u>620,632</u>          | <u>2,096</u>                        | <u>26,191</u>                       | <u>648,919</u>      |
| <b>Deferred Inflows of Resources:</b>                                    |                         |                                     |                                     |                     |
| Unavailable revenues   | <u>-</u>                | <u>776</u>                          | <u>-</u>                            | <u>776</u>          |
| <b>Commitments (Note 10)</b>   |                         |                                     |                                     |                     |
|  | -                       | -                                   | -                                   | -                   |
| <b>Fund Balances:</b>  |                         |                                     |                                     |                     |
| Nonspendable:  |                         |                                     |                                     |                     |
| Prepaid items  | 23,461                  | -                                   | -                                   | 23,461              |
| Deposits   | 58,870                  | -                                   | -                                   | 58,870              |
| Restricted for capital projects  | 19                      | -                                   | -                                   | 19                  |
| Restricted for debt service  | 1,416,979               | -                                   | -                                   | 1,416,979           |
| Unassigned   | <u>314,302</u>          | <u>-</u>                            | <u>-</u>                            | <u>314,302</u>      |
| Total fund balances  | <u>1,813,631</u>        | <u>-</u>                            | <u>-</u>                            | <u>1,813,631</u>    |
| Total liabilities, deferred<br>inflows of resources and<br>fund balances | <u>\$ 2,434,263</u>     | <u>\$ 2,872</u>                     | <u>\$ 26,191</u>                    | <u>\$ 2,463,326</u> |

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Charter School at Boggy Creek  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position (Deficit)  
 June 30, 2020**

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**Total Fund Balances - Governmental Funds** \$ 1,813,631

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position (deficit) includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

|                          |                    |            |
|--------------------------|--------------------|------------|
| Cost of capital assets   | \$ 20,484,928      |            |
| Accumulated depreciation | <u>(1,801,517)</u> | 18,683,411 |

|   |  |     |
|---|--|-----|
| Unavailable revenue in the governmental funds is susceptible to full accrual in the government-wide statements. |  | 776 |
|---|--|-----|

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

|                          |                 |                     |
|--------------------------|-----------------|---------------------|
| Accrued interest payable | \$ (42,874)     |                     |
| Capital lease            | (232,074)       |                     |
| Bonds payable            | (21,791,474)    |                     |
| Compensated absences     | <u>(28,754)</u> | <u>(22,095,176)</u> |

**Net Position (Deficit) of Governmental Activities** \$ (1,597,358)

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Charter School at Boggy Creek  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2020**

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Project<br/>Fund</u> | <u>Total</u>        |
|---|-------------------------|-------------------------------------|-------------------------------------|---------------------|
| <b>Revenues:</b>  |                         |                                     |                                     |                     |
| Federal through state                                   | \$ -                    | \$ 12,812                           | \$ -                                | \$ 12,812           |
| State sources   | 4,029,542               | -                                   | 282,692                             | 4,312,234           |
| Local sources   | 975,907                 | -                                   | 10,905                              | 986,812             |
| Aftercare   | 104,506                 | -                                   | -                                   | 104,506             |
|   | <u>5,109,955</u>        | <u>12,812</u>                       | <u>293,597</u>                      | <u>5,416,364</u>    |
| <b>Expenditures:</b>                                    |                         |                                     |                                     |                     |
| Instruction   | 1,938,144               | 7,746                               | -                                   | 1,945,890           |
| Student support services                                | 89,076                  | -                                   | -                                   | 89,076              |
| Instructional media services                            | 77                      | 744                                 | -                                   | 821                 |
| Instruction and curriculum<br>development services      | 4,841                   | -                                   | -                                   | 4,841               |
| Instructional staff training<br>services                | 10,653                  | -                                   | -                                   | 10,653              |
| Instruction related technology                          | 111,607                 | -                                   | -                                   | 111,607             |
| Board   | 21,944                  | -                                   | -                                   | 21,944              |
| School administration                                   | 446,278                 | -                                   | -                                   | 446,278             |
| Fiscal services   | 6,619                   | -                                   | -                                   | 6,619               |
| Central services  | 96,342                  | -                                   | -                                   | 96,342              |
| Transportation services                                 | 89,843                  | -                                   | -                                   | 89,843              |
| Operation of plant                                      | 785,713                 | -                                   | -                                   | 785,713             |
| Maintenance of plant                                    | 170,020                 | -                                   | -                                   | 170,020             |
| Community services                                      | 53,179                  | -                                   | -                                   | 53,179              |
| Capital outlay  | 61,708                  | -                                   | -                                   | 61,708              |
| Debt service:   |                         |                                     |                                     |                     |
| Principal   | 139,946                 | -                                   | -                                   | 139,946             |
| Interest  | 758,164                 | -                                   | 293,597                             | 1,051,761           |
|   | <u>4,784,154</u>        | <u>8,490</u>                        | <u>293,597</u>                      | <u>5,086,241</u>    |
| Excess (deficiency)<br>of revenues over<br>expenditures | 325,801                 | 4,322                               | -                                   | 330,123             |
| <b>Other Financing Sources (Uses):</b>                  |                         |                                     |                                     |                     |
| Transfer out  | -                       | (4,322)                             | -                                   | (4,322)             |
| Transfer in   | 4,322                   | -                                   | -                                   | 4,322               |
|   | <u>4,322</u>            | <u>(4,322)</u>                      | <u>-</u>                            | <u>-</u>            |
| Total other financing<br>sources (uses)                 | 4,322                   | (4,322)                             | -                                   | -                   |
| Net change in<br>fund balances                          | 330,123                 | -                                   | -                                   | 330,123             |
| <b>Fund Balances, July 1, 2019</b>                      | <u>1,483,508</u>        | <u>-</u>                            | <u>-</u>                            | <u>1,483,508</u>    |
| <b>Fund Balances, June 30, 2020</b>                     | <u>\$ 1,813,631</u>     | <u>\$ -</u>                         | <u>\$ -</u>                         | <u>\$ 1,813,631</u> |

The accompanying notes to basic financial statements are an integral part of these statements.



**Renaissance Charter School at Boggy Creek  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances  
 of the Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2020**

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**Net Change in Fund Balances - Governmental Fund** \$ 330,123

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

|                            |                  |           |
|----------------------------|------------------|-----------|
| Cost of capital assets     | \$ 61,708        |           |
| Provision for depreciation | <u>(703,190)</u> | (641,482) |

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position (deficit).

|   |  |         |
|---|--|---------|
| Retirement of capital lease obligations |  | 139,946 |
|---|--|---------|

Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Change in accrued interest payable | \$ (17,164)     |                 |
| Amortization of bond premium       | 11,085          |                 |
| Compensated absences               | <u>(17,723)</u> | <u>(23,802)</u> |

**Change in Net Position of Governmental Activities** \$ (195,215)

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Charter School at Boggy Creek  
Statement of Revenues and Expenditures -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2020**

|   | <u>Original<br/>and Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance</u>   |
|---|--|-------------------|-------------------|
| <b>Revenues:</b>                                  |  |                   |                   |
| State sources                                     | \$ 4,088,234                             | \$ 4,029,542      | \$ (58,692)       |
| Local sources                                     | 845,500                                  | 975,907           | 130,407           |
| Aftercare   | 171,292                                  | 104,506           | (66,786)          |
|   | <u>5,105,026</u>                         | <u>5,109,955</u>  | <u>4,929</u>      |
| <b>Expenditures:</b>                              |  |                   |                   |
| Instruction                                       | 2,047,830                                | 1,938,144         | 109,686           |
| Student support services                          | 175,626                                  | 89,076            | 86,550            |
| Instructional media services                      | -  | 77                | (77)              |
| Instruction and curriculum development services   | -  | 4,841             | (4,841)           |
| Instructional staff training services             | 7,523                                    | 10,653            | (3,130)           |
| Instruction related technology                    | 57,509                                   | 111,607           | (54,098)          |
| Board   | 19,527                                   | 21,944            | (2,417)           |
| School administration                             | 503,956                                  | 446,278           | 57,678            |
| Fiscal services                                   | 5,792                                    | 6,619             | (827)             |
| Food services                                     | 1,200                                    | -                 | 1,200             |
| Central services                                  | 88,960                                   | 96,342            | (7,382)           |
| Transportation services                           | 102,060                                  | 89,843            | 12,217            |
| Operation of plant                                | 834,778                                  | 785,713           | 49,065            |
| Maintenance of plant                              | 166,752                                  | 170,020           | (3,268)           |
| Community services                                | 62,802                                   | 53,179            | 9,623             |
| Capital outlay                                    | 72,500                                   | 61,708            | 10,792            |
| Debt service:                                     |  |                   |                   |
| Principal   | 139,946                                  | 139,946           | -                 |
| Interest  | 818,265                                  | 758,164           | 60,101            |
|   | <u>5,105,026</u>                         | <u>4,784,154</u>  | <u>320,872</u>    |
| Excess (deficiency) of revenues over expenditures | -  | 325,801           | 325,801           |
| <b>Other Financing Sources (Uses):</b>            |  |                   |                   |
| Transfer in                                       | -  | 4,322             | 4,322             |
| Net change in fund balance                        | <u>\$ -</u>                              | <u>\$ 330,123</u> | <u>\$ 330,123</u> |

The accompanying notes to basic financial statements are an integral part of these statements.

**Renaissance Charter School at Boggy Creek  
Statement of Revenues and Expenditures -  
Budget and Actual - Special Revenue Fund  
For the Year Ended June 30, 2020**

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|  | <u>Original<br/>and Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance</u> |
|--|--|----------------|-----------------|
| <b>Revenues:</b>                                     |  |                |                 |
| Federal sources:                                     |  |                |                 |
| Title IV   | \$ -                                     | \$ 8,490       | \$ 8,490        |
| Federal Emergency Impact Aid                         | <u>-</u>                                 | <u>4,322</u>   | <u>4,322</u>    |
| Total revenues                                       | <u>-</u>                                 | <u>12,812</u>  | <u>8,490</u>    |
| <b>Expenditures:</b>                                 |  |                |                 |
| Instruction  | -  | 7,746          | (7,746)         |
| Instructional media services                         | <u>-</u>                                 | <u>744</u>     | <u>(744)</u>    |
| Total expenditures                                   | <u>-</u>                                 | <u>8,490</u>   | <u>(8,490)</u>  |
| Excess (deficiency) of<br>revenues over expenditures | -  | 4,322          | 4,322           |
| <b>Other Financing Sources (Uses):</b>               |  |                |                 |
| Transfer out   | <u>-</u>                                 | <u>(4,322)</u> | <u>(4,322)</u>  |
| Net change in fund balance                           | <u>\$ -</u>                              | <u>\$ -</u>    | <u>\$ -</u>     |

The accompanying notes to basic financial statements are an integral part of these statements.

Renaissance Charter School at Boggy Creek  
Statement of Assets and Liabilities - Agency Fund  
June 30, 2020

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|                           | <u>Student<br/>Activities</u> |
|---------------------------|-------------------------------|
| <b>Assets:</b>            |                               |
| Cash and cash equivalents | \$ <u>39,309</u>              |
| Total assets              | \$ <u><u>39,309</u></u>       |
| <b>Liabilities:</b>       |                               |
| Due to students           | \$ <u>39,309</u>              |
| Total liabilities         | \$ <u><u>39,309</u></u>       |

The accompanying notes to basic financial statements are an integral part of these statements.

### **Note 1 - Organization and Operations**

Renaissance Charter School at Boggy Creek (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, was established in June 2017 as a public charter school to serve students from kindergarten to eighth grade in Osceola County. The School is sponsored by its charter-holder, Renaissance Charter School, Inc., a Florida nonprofit corporation organized in August 1998. There were 561 students enrolled for the 2019/2020 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2020, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

### **Note 2 - Summary of Significant Accounting Policies**

**Reporting entity:** The School operates under a charter granted by the sponsoring school board, the School Board of Osceola County. The current charter is effective until June 31, 2022 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case, the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

**Basis of presentation:** Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide financial statements:** Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

**Note 2 - Summary of Significant Accounting Policies (continued)**

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

**Fund financial statements:** Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Special Revenue Fund** - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Project Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following fiduciary fund type:

**Agency Fund** - This fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

**Basis of accounting:** Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Cash and cash equivalents:** The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Due to and due from other funds and transfers:** Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Transfers are used to move revenues from the fund that is required to collect them to the fund that incurred the reimbursable expenditures in the prior year.

**Revenue recognition:** Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a pro rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

**Income taxes:** The School is a division of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

**Capital assets:** Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with a cost of \$ 750 and useful life of over one year. Donated property and equipment assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

|                                   |          |
|-----------------------------------|----------|
| Buildings                         | 45 years |
| Furniture, fixtures and equipment | 5 years  |
| Computer equipment                | 3 years  |

**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.

## Note 2 - Summary of Significant Accounting Policies (continued)

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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted (deficit) - indicates that portion of net position that will need to be funded by future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.



**Note 2 - Summary of Significant Accounting Policies (continued)**

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Budget:** An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

**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.

**Date of management review:** Subsequent events were evaluated by management through September 9, 2020 (except for Note 15, as to which the date is October 27, 2020), which is the date the financial statements were available to be issued.

**Note 3 - Cash and Cash Equivalents**

At June 30, 2020, the carrying amount of the deposits and cash on hand totaled \$ 930,452 with a bank balance of \$ 939,989.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository and are covered by the collateral pool as the School has identified itself as a public entity.

**Renaissance Charter School at Boggy Creek**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 4 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2020 are as follows:

|                                   | Balance at<br>July 1,<br>2019 | Additions           | Deletions   | Balance at<br>June 30,<br>2020 |
|-----------------------------------|-------------------------------|---------------------|-------------|--------------------------------|
| Capital assets, depreciable:      |                               |                     |             |                                |
| Building                          | \$ 19,376,708                 | \$ -                | \$ -        | \$ 19,376,708                  |
| Furniture, fixtures and equipment | 585,732                       | 56,662              | -           | 642,394                        |
| Computer equipment                | 460,780                       | 5,046               | -           | 465,826                        |
|                                   | <u>20,423,220</u>             | <u>61,708</u>       | <u>-</u>    | <u>20,484,928</u>              |
| Total capital assets, depreciable |                               |                     |             |                                |
| Accumulated depreciation:         |                               |                     |             |                                |
| Building                          | 627,865                       | 417,414             | -           | 1,045,279                      |
| Furniture, fixtures and equipment | 181,439                       | 131,197             | -           | 312,636                        |
| Computer equipment                | 289,023                       | 154,579             | -           | 443,602                        |
|                                   | <u>1,098,327</u>              | <u>703,190</u>      | <u>-</u>    | <u>1,801,517</u>               |
| Total accumulated depreciation    |                               |                     |             |                                |
| Net capital assets                | \$ <u>19,324,893</u>          | \$ <u>(641,482)</u> | \$ <u>-</u> | \$ <u>18,683,411</u>           |

Provision for depreciation was charged to governmental activities as follows:

|                    |                   |
|--------------------|-------------------|
| Instruction        | \$ 285,776        |
| Operation of plant | <u>417,414</u>    |
|                    | <u>\$ 703,190</u> |

**Note 5 - Due From Related Parties**

The School is a Department of Renaissance Charter School, Inc. ("RCS"). As of June 30, 2020, the RCS owes the school \$ 2,096 for FEMA funding not yet distributed to the School.

The School is related to various other schools that share common board membership and are departments of RCS. As of June 30, 2020, the School is owed \$ 6,270 from these various other schools for shared expenses.

**Note 6 - Restricted Investments**

In June 2019 Renaissance Charter School, Inc. borrowed funds for acquisition of facilities and refinancing of prior debt for four of their schools, including Renaissance Charter School at Boggy Creek (Note 7). The restricted investments of the School are governed by the Bond Indenture. The investments are held by the Trustee and are restricted for debt service. At June 30, 2020, the School has \$ 1,417,007 invested in a money market fund that is stated at amortized cost which approximates fair value.

Generally, *credit risk* is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

**Renaissance Charter School at Boggy Creek**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 6 - Restricted Investments (continued)**

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is forty-five days.

**Note 7 - Bonds Payable**

Previously, the Capital Trust Agency (the "Agency") issued \$ 84,210,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2019A and \$ 1,770,000 in Taxable Educational Facilities Revenue Bonds, Series 2019B pursuant to an Indenture of Trust between the Agency and a Trustee to make a loan to Renaissance Charter School, Inc. ("REN"), a division of which the School exists to finance the acquisition of the facilities and equipment and refinancing prior debt of four charter schools existing under REN. The Series 2019A Bonds bear interest at 4.00% through June 2029 then at 5.00% through June 2049. The Series 2019B Bonds bear interest at 5.625% through June 2023. Principal and interest will be paid semi-annually on June 15 and December 15. In order to secure the payment of the principal and interest on the Bonds, the Agency assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

The School's share of the annual debt service requirements to maturity for the Series 2019 Bond is as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2021                    | \$ 139,837           | \$ 1,044,121         | \$ 1,183,958         |
| 2022                    | 353,339              | 1,034,127            | 1,387,466            |
| 2023                    | 368,321              | 1,017,429            | 1,385,750            |
| 2024                    | 390,795              | 1,000,610            | 1,391,405            |
| 2025                    | 407,026              | 984,778              | 1,391,804            |
| 2026-2030               | 2,293,579            | 4,662,808            | 6,956,387            |
| 2031-2035               | 2,891,633            | 4,068,575            | 6,960,208            |
| 2036-2040               | 3,710,679            | 3,257,239            | 6,967,918            |
| 2041-2045               | 4,753,215            | 2,217,886            | 6,971,101            |
| 2046-2049               | 6,161,576            | 813,709              | 6,975,285            |
|                         | <u>\$ 21,470,000</u> | <u>\$ 20,101,282</u> | <u>\$ 41,571,282</u> |

**Note 8 - Capital Leases**

The School entered into two capital leases for school furniture and equipment and computer equipment. The leases require monthly payments of \$ 13,585 through June 2021 and then \$ 7,035 through June 2022. As of June 30, 2020, the net book value of the leased furniture, equipment and computer equipment is approximately \$ 94,100. Amortization of the leased furniture, equipment and computer equipment is included with depreciation expense.

**Renaissance Charter School at Boggy Creek**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 8 - Capital Leases**

The Following is a schedule of the future minimum lease payments as of June 30, 2020:

| Year Ending<br>June 30, | Principal         | Interest         | Total             |
|-------------------------|-------------------|------------------|-------------------|
| 2021                    | \$ 150,868        | \$ 12,152        | \$ 163,020        |
| 2022                    | 81,206            | 3,214            | 84,420            |
|                         | <u>\$ 232,074</u> | <u>\$ 15,366</u> | <u>\$ 247,440</u> |

**Note 9 - Long-Term Liabilities**

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2020, are as follows:

|   | Balance<br>July 1,<br>2019 | Additions        | Retirements       | Amortization  | Balance<br>June 30,<br>2020 | Amount<br>Due Within<br>One Year |
|---|----------------------------|------------------|-------------------|---------------|-----------------------------|----------------------------------|
| Series 2019 Educational<br>Facilities Revenue Bonds,<br>net of unamortized<br>premium of \$ 321,474 | \$ 21,802,559              | \$ -             | \$ -              | 11,085        | \$ 21,791,474               | \$ 139,837                       |
| Capital leases - equipment  | 372,020                    | -                | 139,946           | -             | 232,074                     | 150,868                          |
| Compensated absences  | 11,031                     | 20,187           | 2,464             | -             | 28,754                      | 21,566                           |
|   | <u>\$ 22,185,610</u>       | <u>\$ 20,187</u> | <u>\$ 142,410</u> | <u>11,085</u> | <u>\$ 22,052,302</u>        | <u>\$ 312,271</u>                |

**Note 10 - Commitments**

**Management agreement:** The School has a formal agreement with Charter Schools USA at Boggy Creek, LLC ("CSUSA") to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all bond payment requirements (Note 7). The fee ranges from \$ 326,544 for fiscal year 2023 to \$ 2,412,695 for fiscal year 2049 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. The agreement has an initial term which expires in June 2024. It will automatically renew with Charter renewals unless terminated by either party. CSUSA did not receive a fee for the year ended June 30, 2020 and contributed \$ 893,135 to the School.

The School has an amount of \$ 391,140 due to CSUSA at June 30, 2020 for expenses paid on behalf of the School.

**Land lease agreement:** Concurrent with the Series 2019 Bond issuance (Note 7), subsidiaries of Red Apple Development, LLC ("RAD") entered into four land lease agreements with REN. The land which is owned by RAD is leased by REN on behalf of the schools under a 45-year lease. In addition to rent, REN shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises. Total cost to the School for the lease was \$ 140,234 for the year ended June 30, 2020.

**Renaissance Charter School at Boggy Creek**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 10 - Commitments (continued)**

The following is a schedule of the School's future rent payments as of June 30, 2020:

| <u>Year Ending,<br/>June 30,</u> |                     |
|----------------------------------|---------------------|
| 2021                             | \$ 142,800          |
| 2022                             | 145,656             |
| 2023                             | 148,569             |
| 2024                             | 151,541             |
| 2025                             | 154,571             |
| 2026-2030                        | 820,483             |
| 2031-2035                        | 905,880             |
| 2036-2040                        | 1,000,164           |
| 2041-2045                        | 1,104,262           |
| 2046-2050                        | 1,219,195           |
| 2051-2055                        | 1,346,090           |
| 2056-2060                        | 1,486,192           |
| 2061-2064                        | <u>1,299,576</u>    |
|                                  | <u>\$ 9,924,979</u> |

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Note 11 - Employee Benefit Plan**

During the year ended June 30, 2020, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

| <u>Years of Service</u> | <u>Vesting Percentage</u> |
|-------------------------|---------------------------|
| 1                       | 25%                       |
| 2                       | 50%                       |
| 3                       | 75%                       |
| 4                       | 100%                      |

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2019, the School did not have any forfeitures. For the year ended June 30, 2020, the School contributed a matching amount of \$ 7,756.

**Note 12 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled \$ 282,692 for the 2019/2020 school year and has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of non-renewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the interest expense on the facility.

Previously, Local Capital Improvement Revenue (LCIR) funds were also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. During the year, an adjustment of \$ 10,905 was made to the School's LCIR Award from the 2017/2018 school year, which has been recognized as revenue in the accompanying financial statements.

**Note 13 - Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

**Note 14 - Risks and Uncertainties**

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the School's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

**Note 15 - Reissuance of Financial Statements**

The Foundation has a requirement to meet a certain debt service coverage ratio in connection with the 2019 Series Bonds. It was discovered that the Foundation initially did not meet the requirement and the management company agreed to provide a corporate contribution of \$ 314,302 to allow the Foundation to be in compliance. As a result, the School's fund balance, net change in fund balance, unrestricted net position and change in net position all increased by \$ 314,302.

OTHER INDEPENDENT  
AUDITOR'S REPORTS

Keefe  
McCullough  
CPA's + Trusted Advisors

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 Charter School at Boggy Creek  
A Department of Renaissance Charter School, Inc.  
Kissimmee, Florida

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, each major fund, and the aggregate remaining fund information of Renaissance Charter School at Boggy Creek (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 9, 2020 (except for Note 15, as to which the date is October 27, 2020).

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 the School'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*.

### **Purpose of this Report**

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 9, 2020  
(except for Note 15, as to which the date is October 27, 2020)

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Renaissance Charter School at Boggy Creek  
A Department of Renaissance Charter School, Inc.  
Kissimmee, Florida

### Report on the Financial Statements

We have audited the financial statements of Renaissance Charter School at Boggy Creek (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Osceola County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 9, 2020 (except for Note 15, as to which the date is October 27, 2020).

### 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 and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

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, which is dated September 9, 2020, 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 audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are Renaissance Charter School at Boggy Creek and 490191.

### **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 School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School'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.

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 School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 note 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 Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 9, 2020  
(except for Note 15, as to which the date is October 27, 2020)