



Dave Yost • Auditor of State



RENAISSANCE ACADEMY  
FRANKLIN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Renaissance Academy  
Franklin County  
4300 Kimberly Parkway  
Columbus, Ohio 43232

To the Board of Directors:

We have audited the accompanying basic financial statements of Renaissance Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Renaissance Academy, Franklin County, Ohio, as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, the Academy has suffered losses from operations and has a net asset deficiency. Note 14 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of the uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

**Dave Yost**  
Auditor of State

March 11, 2013

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

Our discussion and analysis of the Renaissance Academy (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

**FINANCIAL HIGHLIGHTS**

Key Financial Highlights for the School for the 2011-12 school year are as follows:

- Total assets decreased \$158,695.
- Total liabilities increased \$85,430.
- Total net assets decreased \$244,125.
- Total operating and non-operating revenues were \$1,691,185. Total operating expenses were \$1,935,310.

**USING THIS ANNUAL REPORT**

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

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets reflect how the School did financially during fiscal year 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

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

The School uses enterprise presentation for all of its activities.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

**Statement of Net Assets**

The Statement of Net Assets answers the question of how the School did financially during 2012. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal years 2012 and 2011.

**Table 1  
Statement of Net Assets**

	2012	2011
<b>Assets</b>		
Current Assets	\$ 117,456	\$ 273,496
Capital Assets, Net of Accumulated Depreciation	131,373	134,028
Total Assets	248,829	407,524
 <b>Liabilities</b>		
Current Liabilities	366,721	281,291
Total Liabilities	366,721	281,291
 <b>Net Assets</b>		
Investment in Capital Assets	131,373	134,028
Unrestricted	(291,181)	(92,983)
Restricted	41,916	85,188
Total Net Assets	\$ (117,892)	\$ 126,233

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the School's net assets totaled \$(117,892)

Current assets represent cash and cash equivalents, accounts receivable and grants receivable. Current liabilities represent accounts payable, accrued expenses and deferred revenue at fiscal year-end.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

**Statement of Revenues, Expenses and Changes in Net Assets**

Table 2 shows the changes in net assets for fiscal years 2012 and 2011, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**Table 2  
Change in Net Assets**

	<b>2012</b>	<b>2011</b>
<b>Operating Revenue</b>		
State Aid	\$ 1,242,819	\$ 1,307,679
Other	8,328	14,571
Total Operating Revenues	1,251,147	1,322,250
<b>Operating Expenses</b>		
Salaries	850,379	1,127,386
Fringe Benefits	237,772	227,904
Purchased Services	728,289	875,655
Materials and Supplies	55,907	158,353
Depreciation	45,494	37,395
Other	17,469	20,404
Total Operating Expenses	1,935,310	2,447,097
Operating (Loss)	(684,163)	(1,124,847)
<b>Non-Operating Revenues</b>		
Federal & State Grants	440,038	988,709
Total Non-Operating Revenues	440,038	988,709
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (244,125)</b>	<b>\$ (136,138)</b>

Total State Aid revenue decreased by \$64,860 from prior year, which was primarily the result of decreased student enrollment. This decrease was compounded by a decrease in other Federal and State Grant revenue of \$548,671. Total Operating Expenses decreased \$511,787 over the prior year primarily due to staff reductions and as a result of the Federal PCSP funds expiring. Net assets decreased \$244,125 in 2012 as a result of these changes.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

**BUDGETING HIGHLIGHTS**

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

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

**CAPITAL ASSETS**

At fiscal year end, the School's net capital asset balance was \$131,373. This balance represents current year additions of \$42,839 offset by current year depreciation of \$45,494. For more information on capital assets, see Note 5 of the Basic Financial Statements.

**DEBT OBLIGATIONS**

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

**CURRENT FINANCIAL ISSUES**

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

During the fiscal year 2012, per pupil revenue decreased slightly over the prior year and stimulus monies through the State Fiscal Stabilization Fund (SFSF) were no longer available. As a result, the School was dependent on higher enrollments and active budget monitoring to close this gap. With no projected increase in per pupil funding for fiscal year 2013, the School will need to continue to closely manage expenses and evaluate the impact this will have on current and future year operations.

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

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**Statement of Net Assets  
At June 30, 2012**

<b>Assets</b>	<u>2012</u>
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 65,564
Intergovernmental Receivables	<u>51,892</u>
 Total Current Assets	 117,456
 <i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Depreciable Capital Assets, net	<u>131,373</u>
 <i>Total Noncurrent Assets</i>	 <u>131,373</u>
 Total Assets	 <u><u>\$ 248,829</u></u>
 <b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	164,778
Intergovernmental Payable	1,157
Accrued Wages and Benefits	135,027
Accrued Expenses	32,607
Deferred Revenue	<u>33,152</u>
Total Current Liabilities	<u>366,721</u>
 Total Liabilities	 <u>\$366,721</u>
 <b>Net Assets</b>	
Investment in Capital Assets	131,373
Restricted	41,916
Unrestricted	<u>(291,181)</u>
 Total Net Assets	 <u><u>\$(117,892)</u></u>

See accompanying notes to the basic financial statements

RENAISSANCE ACADEMY  
FRANKLIN COUNTY

Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
For the Year Ending June 30, 2012

<b><u>Operating Revenues</u></b>	
State Aid	\$ 1,242,819
Other	8,328
Total Operating Revenues	<u>1,251,147</u>
<b><u>Operating Expenses</u></b>	
Salaries	850,379
Fringe Benefits	237,772
Purchased Services	728,289
Materials and Supplies	55,907
Depreciation	45,494
Other	17,469
Total Operating Expenses	<u>1,935,310</u>
Operating Loss	(684,163)
<b><u>Non-Operating Revenues</u></b>	
Federal & State Grants	<u>440,038</u>
Total Non-Operating Revenues	<u>440,038</u>
Change in Net Assets	(244,125)
Net Assets, Beginning of Year	<u>126,233</u>
Net Assets, End of Year	<u>\$ (117,892)</u>

See accompanying notes to the basic financial statements

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2012**

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from State of Ohio	\$1,237,787
Cash Received from Other Operating Sources	8,328
Cash Payments to Suppliers for Goods and Services	(749,252)
Cash Payments to Employees for Services	(870,199)
Cash Payments for Employee Benefits	<u>(213,056)</u>

Net Cash Used for Operating Activities (586,392)

**Cash Flows from Noncapital Financing Activities**

Cash Received from Federal Grants 499,173

Net Cash Provided by Noncapital Financing Activities 499,173

**Cash Flows from Capital and Related Financing Activities**

Cash Payments for Capital Assets (42,838)

Net Cash (Used in) Capital Financing Activities (42,838)

**Net Decrease in Cash and Cash Equivalents** (130,057)

**Cash and Cash Equivalents, Beginning of Year** 195,621

**Cash and Cash Equivalents, End of Year** \$ 65,564

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2012  
(Continued)**

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

<b>Operating (Loss)</b>	<b>\$ (684,163)</b>
Depreciation	45,494
Changes in Assets and Liabilities:	
Accrued Expenses	32,607
Accounts Payable	101,709
Accrued Wages and Benefits	(77,007)
Intergovernmental Payable	<u>(5,032)</u>
 Net Cash (Used for) Operating Activities	 <u>(586,392)</u>

See accompanying notes to the basic financial statements

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**1. DESCRIPTION OF THE ENTITY**

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

The School was approved for operation under a contract with Educational Resource Consultants of Ohio, Inc. ("ERCO") (the Sponsor) for a one year period commencing on July 1, 2011. On July 1, 2012, the School was renewed for an additional one year period. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting**

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

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

**C. Budgetary Process**

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

**D. Cash and Cash Equivalents**

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

**E. Estimates**

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

**F. Capital Assets**

Capital assets are capitalized at cost. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets. Capital assets were \$131,373 as of June 30, 2012, net of accumulated depreciation. Deprecation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets, utilizing the half-year convention with consideration given to the salvage value. The useful lives follow:

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

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Intergovernmental Revenues**

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

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

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

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

Under the above programs the School received \$1,242,819 this fiscal year from the Foundation Program and \$440,038 from Federal and State grants.

**H. Compensated Absences**

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

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

**I. Accrued Liabilities**

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements which consisted of accounts payable, accrued wages and benefits, accrued expenses totaled \$366,721 at June 30, 2012.

**J. Exchange and Non-Exchange Transactions**

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Net Assets**

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

**L. Operating Revenues and Expenses**

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

**3. CASH AND CASH EQUIVALENTS**

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

The School maintains its cash balances at one financial institution, Huntington Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2012, the book amount of the School's deposits was \$65,564 and the bank balance was \$67,419.

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2012, none of the bank balance was exposed to custodial credit risk.

**4. INTERGOVERNMENTAL RECEIVABLE**

The School has intergovernmental receivables totaling \$51,892 at June 30, 2012. These receivables represented monies earned, but not received as of June 30, 2012.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**5. CAPITAL ASSETS AND DEPRECIATION**

For the period ending June 30, 2012, the School's capital assets consisted of the following:

	<u>Balance 06/30/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/12</u>
<b>Capital Assets:</b>				
Furniture, Fixtures, & Equipment	157,134	34,678	-	191,812
Textbooks	-	8,160	-	8,160
Leasehold Improvements	44,110	-	-	44,110
<b>Total Capital Assets</b>	<b>201,244</b>	<b>42,839</b>	<b>-</b>	<b>244,083</b>
<b>Less Accumulated Depreciation:</b>				
Furniture, Fixtures, & Equipment	(59,815)	(38,363)	-	(98,178)
Textbooks	-	(2,720)	-	(2,720)
Leasehold Improvements	(7,401)	(4,411)	-	(11,812)
<b>Total Accumulated Depreciation</b>	<b>(67,216)</b>	<b>(45,494)</b>	<b>-</b>	<b>(112,710)</b>
<b>Capital Assets, Net</b>	<b>\$ 134,028</b>	<b>\$ (2,655)</b>	<b>\$ -</b>	<b>\$ 131,373</b>

**6. RISK MANAGEMENT**

**A. Property & Liability**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2012, the School obtained private insurance coverage for property and general liability in the following coverage amounts:

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

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

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

**C. Employee Medical and Dental Benefits**

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

**7. DEFINED BENEFIT PENSIONS PLANS**

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

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$25,762, \$30,411 and \$30,250 respectively, which equaled the required contribution for those years or 100%.

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

**Plan Description** - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**7. DEFINED BENEFIT PENSIONS PLANS (Continued)**

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

**Plan Options** - New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Schools was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$81,744, \$134,435 and \$94,995 respectively, which equaled the required contribution for those years or 100%. There were no contributions to the DC and Combined Plans for fiscal year 2012.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**8. POST EMPLOYMENT BENEFITS**

**A. School Employee Retirement System (SERS Ohio)**

**Plan Description** - The School participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under Employers/Audit Resources.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statute provides that no employer shall pay a health care surcharge greater than 2.0 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The School's contribution for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$6,303, \$4,229 and \$4,891 respectively, which equaled the required contribution for those years or 100%.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**8. POST EMPLOYMENT BENEFITS (Continued)**

**A. School Employee Retirement System (SERS Ohio) (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.76 percent of covered payroll. The School's contribution for Medicare Part B for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,658, \$1,650 and \$1,799 respectively, which equaled the required contribution for those years or 100%.

**Plan Description** - The School contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

**Funding Policy** -Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contribution for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$6,288, \$9,602 and \$6,785 respectively, which equaled the required contribution for those years or 100%.

**9. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**C. Full-Time Equivalency**

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**10. SPONSOR CONTRACT**

The School contracted with Educational Resource Consultants of Ohio, Inc. as its sponsor and oversight services as required by law. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. For the fiscal year ended June 30, 2012, the total sponsorship fees paid totaled \$37,200.

**11. PURCHASED SERVICES**

For the period of July 1, 2011 through June 30, 2012, the School made the following purchased services commitments.

Professional and Technical Services	270,643
Property Services	281,751
Travel and Meetings	3,608
Utilities	4,443
Communications	36,723
Contractual Trade Services	130,736
Pupil Transportation	385
	\$728,289
	\$728,289

**12. OPERATING LEASES**

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

<u>Fiscal year</u>	<u>Suite 100</u>
2013	239,048
2014	263,358
2015	44,568

As of September 1, 2011, the School exercised its option to terminate the Suite 200 portion of the lease by providing written notice to the Landlord and by providing the Landlord with repayment of the abated rent for the Suite 200 portion of the premises in the amount of \$18,000.

**13. CONTRACTED FISCAL SERVICES**

The School entered into a contract with Massa Financial Solutions, LLC, (MFS) which is an education finance consulting company to provide basic treasurer and financial management services for the fiscal year 2012. The Agreement may be terminated by either party, with or without cause by giving the other party thirty days written notice to terminate. The Agreement provides that MFS will perform basic treasurer and financial management services. The total fee paid for these services during fiscal year 2012 was \$45,000.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**14. MANAGEMENT PLAN**

For fiscal year 2012, the School had a decrease of net assets of \$244,125 and a cumulative net asset deficit of \$117,892. Due to a decrease in projected enrollment this year (10% over prior year), the Academy is expected to incur further operating losses for the fiscal year ended June 30, 2013. Management has already implemented significant cost savings measures during the current year to reduce the amount of these losses to include staff reductions and negotiating a lower lease rate for the facility. As of January 24, 2013, the School's cash balance was approximately \$21,543. The School and its fiscal team actively monitor the financial situation and are not incurring any unnecessary costs. The School intends to significantly reduce its accounts payable balances during Fiscal year 2013 and has negotiated payment plans with vendors for all balances over 90 days old. Additionally, through the use of federal program funds like Race to the Top, the School is implementing academic improvement strategies. Management believes that through improving its academic offerings, it will be able to increase its enrollment in the following school year which will improve the overall financial situation.

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# Dave Yost • Auditor of State

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

Renaissance Academy  
Franklin County  
4300 Kimberly Parkway  
Columbus, Ohio 43232

To the Board of Directors:

We have audited the basic financial statements of Renaissance Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2012 and have issued our report thereon dated March 11, 2013, wherein we noted the Academy experienced certain financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated March 11, 2013.

We intend this report solely for the information and use of management, Board of Directors, the Community School's sponsor (Educational Resource Consultants of Ohio, Inc.), and others within the Academy. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

March 11, 2013

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	School policy Section 510 requires a purchase order be executed prior to making purchases. 11 of the 26 (42%) nonpayroll expenditures tested did not have a purchase order issued until after the obligation date.	Yes	
2011-02	Ohio Rev. Code §3314.08 Academy did not maintain supporting documentation to justify student attendance reported. Could not provide attendance or withdrawal records for 8 students that were tested.	Yes	

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Renaissance Academy  
Franklin County  
4300 Kimberly Parkway  
Columbus, Ohio 43232

To the Board of Directors:

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

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

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

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

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

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

**Dave Yost**  
Auditor of State

March 11, 2013



# Dave Yost • Auditor of State

RENAISSANCE ACADEMY

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
APRIL 2, 2013