

THE RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION

FINANCIAL STATEMENTS

June 30, 2014

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November 27, 2014

The Trustees of
Renaissance Charter High School for Innovation
410 East 100th Street
New York, NY 10029

We have audited the accompanying statement of financial position of Renaissance Charter High School for Innovation as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Renaissance Charter High School for Innovation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 of material misstatements. 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 that our audit provides a reasonable basis for our opinion.

Subsequent to the issuance of the report, information was received which resulted in a change to the original report. The enclosed report encompasses these changes.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Renaissance Charter High School for Innovation as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014 on our consideration of Renaissance Charter High School for Innovation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Very truly yours,

Arthur H. Bader, CPA

Stamm & Bader, CPA

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2014**

ASSETS

Cash & Cash Equivalents (Note 3)	\$ 3,258,121
Accounts Receivable (Note 2)	<u>146,142</u>

Total Current Assets	3,404,263
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Equipment, Furniture & Fixtures - Net of Accumulated Depreciation of \$346,964 (Note 2)	<u>551,807</u>
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TOTAL ASSETS	<u><u>\$ 3,956,070</u></u>
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LIABILITIES AND NET ASSETS

Accounts Payable	\$ 242,453
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Net Assets	
Unrestricted (6-30-13)	2,774,080
Increase/(Decrease) in Net Assets (6-30-14)	<u>939,537</u>
	<u>3,713,617</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,956,070</u></u>
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See Accompanying Notes and Independent Accountants Report

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

CHANGES IN UNRESTRICTED NET ASSETS

Revenue

General Operating Programs	\$ 5,906,482
Special Education Services	2,890,552
Title I Income	142,098
Title II - ESEA	6,630
REMS Grant (Note 7)	5,077
Unrestricted Donations	2,000
E - Rate Income (Note 8)	17,262
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Total Revenues & Other Support **8,970,101**

Expenses

Program Services - Unrestricted	4,744,646
Special Education	1,480,682
Management & Administrative - Unrestricted	1,805,523
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Total Unrestricted Expenses 8,030,851

Increase in Unrestricted Net Assets 939,250

Interest & Divident Income 287

Increase in Net Assets **939,537**

Net Assets

Beginning of Year 2,774,080

Net Assets, End of Year **\$ 3,713,617**

See Accompanying Notes and Independent Accountants Report

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

Cash Flows from Operating Activities

Increase in Net Assets		\$ 939,537
Adjustments to Reconcile Increase in Total Net Assets to Net Cash Provided/Used by Operating Activities:		
Depreciation	152,510	
(Increase)/Decrease in Accounts Receivable	36,800	
(Increase)/Decrease in Prepaid Expenses	3,901	
Increase/(Decrease) in Accounts Payable	65,590	258,801
Net Cash Provided/Used by Operating Activities		1,198,338

Investing Activities

Purchase of Equipment & Fixed Assets		(185,636)
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Net Increase/(Decrease) in Cash 1,012,702

Cash, Beginning of Year 2,245,419

Cash, End of Year \$ 3,258,121

See Accompanying Notes and Independent Accountants Report

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

Note 1: Nature of Activities

In December of 2009, The Renaissance Charter High School for Innovation was granted a charter by the New York State Board of Regents. For enrollment purposes, the school has a full time equivalent total of 438 children attending grades 9, 10, 11 and 12. The mission of the school is to develop leadership through Innovation.

Note 2: Summary of Accounting Policies

a) The financial statements have been prepared on the accrual basis.

b) Accounts Receivable

The accounts receivable as of June 30 consists of the following:

Title I and Title II Income	\$ 103,928
E-Rate Grant	\$ 27,627
DOE Reconciliation 2013/2014	\$ 14,587
	<u> </u>
Total	<u><u>\$ 146,142</u></u>

c) Computer & Computer Equipment

Computer & computer equipment is stated at cost at date of acquisition.

d) Depreciation

Depreciation on the computer and computer equipment, owned by the School, have been compiled using the straight-line method. The estimated useful lives of the assets are five to ten years.

e) Income Tax

The Charter School is tax-exempt under section 501 (C) (3) of the Internal Revenue Code as a School, and as such, is deemed to be public charity, rather than a private foundation.

Note 3: Cash & Cash Equivalents

Investments are stated at current market value. The major types of investments are cash and certificates of deposit.

Bank Funds - School Funds	\$ 3,134,568
Payroll	\$ 53,038
Escrow Account (Note 6)	\$ 70,067
CSP Grant	\$ 125
REMS- Grant	\$ 323
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Total	<u><u>\$ 3,258,121</u></u>

Note 4: Pension

At the present time, The Renaissance Charter High School for Innovation does not have its own qualified pension plan. The School has a voluntary 401(k) plan with a matching contribution of a maximum of 5%.

Note 5: Other

The Renaissance Charter High School for Innovation, as a New York City Public School, received benefits for its students from the City of New York including: Food Services, Building & Custodial Services, Public Transportation, Committee of of Special Education Evaluations and Services, School Safety, and a Department of Health Nurse.

Note 6: Escrow Account

As part of the charter renewal agreement between the Chancellor of the Board of Education of the City School District of the City of New York and the Board of Trustees of The Renaissance Charter School High School for Innovation, an escrow account had been established in the amount of \$70,000. This account is for any legal and audit expenses that would be associated with a dissolution should it occur. The amount as of June 30, 2014, including interest is \$ 70,067.

Note 7: REMS Grant

Renaissance Charter High School for Innovation received a REMS (Readiness and Emergency Management for Schools) grant award from the US Department of Education. The School acts as a conduit for other schools who apply for participation in the Grant. The award is used to educate, improve and strengthen schools' emergency management plans.

As soon as an invoice is authorized by the grant administrator, Innovation will secure the Funds and pay the bill within the required three (3) days.

Note 8: E-Rate Income

E-Rate is a Federal Program that provides discounts to schools to obtain affordable telecommunications and internet access. Renaissance Charter High School for Innovation has spent from this Grant through two different vendors a total of \$19,180 of which it will receive 90% (\$17,262) in a reimbursement check sometime in the Fall.

The school, as of June 30, 2013 has yet to receive \$10,365 relating to reimbursements for the period 2012/2013.

Note 9: Potential Storefront Rent

Innovation intended to lease the storefront at 1974 First Avenue, New York, New York, to create a venue for science and technology projects, and to provide additional classroom space. However, the cost of renovating the premises turned out to be twice the anticipated projected budget (\$400,000 instead of \$200,000). Accordingly, Innovation decided to discontinue the project. The \$47,697 expended prior to the discontinuance of the project, largely represents architectural, engineering and planning fees.

Note 10: Telephone & Internet

For the fiscal year 2014, Innovation engaged the services of their site providers as they prepared for transition of their website among other services for the amount of \$114,525. The School also spent \$29,204 on Time Warner as it has now have added fiber to it's service. These two items are being capitalized over a five year period. The School also added the monthly service of several Clear Channel mobile hot spots in the event that their internet would not work. This total cost was \$14,709. The other costs of \$16,909 included telephone expenses as well as other related telephone and internet services which are being expensed.

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	<u>Program Services</u>	<u>Special Education</u>	<u>Management and Administration</u>	<u>Total Expenses</u>
Unrestricted Expenses:				
Salaries	3,470,773	993,257	994,793	\$ 5,458,823
Payroll Taxes and Employee Benefits	<u>777,150</u>	<u>240,270</u>	<u>263,520</u>	<u>1,280,940</u>
Total Salaries and Related Costs	4,247,923	1,233,527	1,258,313	6,739,763
Potential Storefront Rent (Note 9)			47,696	47,696
Grant Expenses	26,198	12,903		39,101
Accounting			12,000	12,000
ADP Expenses			13,606	13,606
Advertising & Recruitment Expense	1,011	315	331	1,657
Books & Testing Equipment	3,653	1,799		5,452
Consultants	212,783	104,803		317,586
Depreciation (Note 2)			152,510	152,510
Dues & Fees			13,407	13,407
Insurance			160,646	160,646
Professional Development	36,380	17,918		54,298
School Operating Expenses	91,078	47,545		138,623
School Program Expenses	125,620	61,872		187,492
Repair & Maintenance			115,396	115,396
Telephone & Internet (Note 10)			<u>31,618</u>	<u>31,618</u>
Total Expenses - Unrestricted	<u>496,723</u>	<u>247,155</u>	<u>547,210</u>	<u>1,291,088</u>
Total Expenses	<u>\$ 4,744,646</u>	<u>\$ 1,480,682</u>	<u>\$ 1,805,523</u>	<u>\$ 8,030,851</u>

See Accompanying Notes and Independent Accountants Report