

THE RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
FINANCIAL STATEMENTS

June 30, 2013

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October 21, 2013

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, 2013 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.

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, 2013, 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 18, 2013 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,

Stamm & Bader

Stamm & Bader, CPA

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2013**

ASSETS		
Cash & Cash Equivalents (Note 3)	\$ 2,245,419	
Accounts Receivable (Note 2)	182,942	<u> </u>
Total Current Assets		2,428,361
Equipment, Furniture & Fixtures -		
Net of Accumulated Depreciation of 194,454 (Note 2)	518,681	
Prepaid Expenses	3,901	<u> </u>
TOTAL ASSETS		<u>\$ 2,950,943</u>
 LIABILITIES AND NET ASSETS		
Accounts Payable		176,863
Net Assets		
Unrestricted (6-30-12)	1,822,246	
Increase/(Decrease) in Net Assets (6-30-13)	951,834	<u>2,774,080</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 2,950,943</u>

See Accompanying Notes and Independent Accountants Report

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

CHANGES IN UNRESTRICTED NET ASSETS

Revenue	
General Operating Programs	\$ 5,087,348
Special Education Services	1,555,352
Title I Income	135,583
Title II - ESEA	6,321
Corporate Contributions	5,000
REMS Grant (Note 7)	34,059
Unrestricted Donations	30,475
E - Rate Income (Note 8)	<u>43,069</u>
Total Revenues & Other Support	6,897,207
Expenses	
Program Services - Unrestricted	3,185,842
Special Education	1,297,250
Management & Administrative - Unrestricted	<u>1,462,346</u>
Total Unrestricted Expenses	<u>5,945,438</u>
Increase in Unrestricted Net Assets	951,769
Interest Income	<u>65</u>
Increase in Net Assets	951,834
Net Assets	
Beginning of Year	1,822,246
Net Assets, End of Year	<u><u>\$ 2,774,080</u></u>

See Accompanying Notes and Independent Accountants Report

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013**

Cash Flows from Operating Activities

Increase in Net Assets		\$ 951,834
Adjustments to Reconcile Increase in Total Net Assets to Net Cash Provided/Used by Operating Activities:		
Depreciation	110,266	
(Increase)/Decrease in Accounts Receivable	(16,889)	
(Increase)/Decrease in Prepaid Expenses	2,499	
Increase/(Decrease) in Accounts Payable	34,025	129,901
Net Cash Provided/Used by Operating Activities		1,081,735
 Investing Activities		
Purchase of Equipment & Fixed Assets		(298,811)
 Net Increase/(Decrease) in Cash		
		782,924
Cash, Beginning of Year		<u>1,462,495</u>
Cash, End of Year		<u><u>\$ 2,245,419</u></u>

See Accompanying Notes and Independent Accountants Report

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

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 330 children attending grades 9, 10 and 11. 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	\$ 117,443
NYC Department of Education	\$ 22,430
E-Rate Grant	<u>\$ 43,069</u>
Total	<u><u>\$ 182,942</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	\$ 2,158,821
Payroll	\$ 16,150
Escrow Account (Note 6)	\$ 70,000
CSP Grant	\$ 125
REMS- Grant	\$ 323
	<hr/>
Total	<u><u>\$ 2,245,419</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 3%.

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

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.

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.

Innovation's fee is \$2,838.26 per month, over the life of the Grant.

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 \$47,854 of which it will receive 90% (\$43,069) in a reimbursement check sometime in the Fall.

**RENAISSANCE CHARTER HIGH SCHOOL FOR INNOVATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013**

	Program Services	Special Education	Management and Administration	Total Expenses
Unrestricted Expenses:				
Salaries	2,182,931	947,310	988,497	\$ 4,118,738
Payroll Taxes and Employee Benefits	466,628	188,288	163,729	818,645
Total Salaries and Related Costs	2,649,559	1,135,598	1,152,226	4,937,383
Grant Expenses	35,354	9,972		45,326
Accounting			13,000	13,000
ADP Expenses			11,651	11,651
Advertising & Recruitment Expense	22,873	9,229	8,025	40,127
Books & Testing Equipment	48,426	14,465		62,891
Consultants	70,745	25,589		96,334
Depreciation (Note 2)			110,266	110,266
Dues & Fees			6,738	6,738
Insurance			76,220	76,220
Miscellaneous	1,364	550	479	2,393
Professional Development	53,592	16,008		69,600
School Operating Expenses	121,840	30,420		152,260
School Program Expenses	182,089	55,419		237,508
Repair & Maintenance			60,916	60,916
Telephone & Internet			22,825	22,825
Total Expenses - Unrestricted	536,283	161,652	310,120	1,008,055
Total Expenses	\$ 3,185,842	\$ 1,297,250	\$ 1,462,346	\$ 5,945,438

See Accompanying Notes and Independent Accountants Report

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October 18, 2013

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

We have performed the procedures identified below, for the fiscal year ending June 30, 2012, which were agreed to by the management and Renaissance Charter High School for Innovation solely to assist the specified parties in evaluating the school's assertion that it has financial controls in place for transactions relating to the following:

- a. Preparing financial statements in accordance with generally accepted accounting procedures; and
- b. Payroll procedures; and
- c. Accounting for contributions and grants; and
- d. Procedures for the creation and review of quarterly financial statements, which procedures shall specifically identify the individual who will be responsible for preparing such financial statements; and
- e. Appropriate internal financial controls and procedures.

This agreed-upon procedures' engagement was performed 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 specific users of the report. 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.

The procedures we performed and the related findings are as follows:

Procedure #1:

We obtained a copy of the financial practices of the School and read it to ascertain whether it included accounting procedures for the preparation of the School's financial statements in conformity with generally accepted accounting principles for not-for-profit organizations. We observed that Renaissance Charter High School for Innovation is adhering to all generally accepted accounting procedures on an accrual system.

Procedure #2:

We read the financial practices to ascertain whether it included payroll procedures for the School and to determine whether the School has hired an outside vendor to process the payroll.

We observed that Renaissance Charter High School for Innovation is using an outside vendor to process the payroll as well as adhering to all required procedures.

Procedure #3:

We read the financial practices to ascertain whether it includes procedures for accounting for contributions and grants.

We observed that Renaissance Charter High School for Innovation has procedures for the receipt of contributions and gifts within the scope of its mission, goals and annual plans.

Procedure #4:

We read the available trial balance and documentation supporting cash receipts, cash disbursements and payroll expenses on a sample basis to observe the status of implementation of the accounting procedures.

We observed that we have reviewed all available trial balances and have observed supporting cash receipts, cash disbursements and payroll expenses on a sample basis and they conform to the accounting procedures in place.

Renaissance Charter High School for Innovation

Procedure #5:

We identified and interviewed the persons(s) responsible for financial management of the school regarding the existence of procedures for the creation of quarterly financial reports and review of management reports.

The person(s) responsible for the financial management for the school are the school directors as well as the Board of Trustees, Finance & Audit Committee. An interview with these persons noted that procedures exist for all financial statement requirements.

Procedure #6:

We interviewed the person(s) responsible for the financial management of the school regarding the existence of appropriate internal financial controls and procedures, including procedures related to ensuring that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported.

The School Directors interviewed represented that they are responsible for appropriate internal financial controls and procedures. We have test-checked these procedures and state that they are appropriate. All assets seem safeguarded against unauthorized or improper use. We have reviewed that all transactions are properly recorded and reported.

We are not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the design of the financial controls of Renaissance Charter High School for Innovation. 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 use of Renaissance Charter High School for Innovation and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,

Stamm & Bader

Stamm & Bader, CPA

October 18, 2013

In connection with your examination of the financial statements of The Renaissance Charter High School for Innovation for the period July 1, 2012 – June 30, 2013 for the purpose of expressing our opinion as to whether the financial statements present fairly the financial position, results of operations, and cash flow of The Renaissance Charter High School for Innovation, in conformity, to the generally accepted accounting principles, we confirm, to the best of our knowledge and belief, the following representations made to you during your examination.

1. We are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flow in conformity with generally accepted accounting principles.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no:
 - a. Irregularities involving management or employees who have significant roles in the internal control structure.
 - b. Irregularities involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial statements.
4. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

5. The following have been properly recorded or disclosed in the financial statements:
- a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - c. Agreements to repurchase assets previously sold.
6. There are no:
- a. Violations or possible violations of law or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
7. There are no unasserted claims or assessments that must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
9. The company has satisfactory title to all owned assets, and there are no liens or encumbrances on assets nor has any asset been pledged.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. No events have occurred subsequent to the balance sheet data that would require adjustment to, or disclosure in, the financial statement.


Mr. Nicholas Tishuk, Principal

10/23/13
Date