

Renaissance Learning Academy, Inc.

Basic Financial Statements
For the Year Ended June 30, 2022



Table of Contents

Independent Auditor's Report	1-3
------------------------------	-----

Management's Discussion and Analysis (Not covered by Independent Auditor's Report)	4-7
---	-----

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	8
---------------------------	---

Statement of Activities	9
-------------------------	---

Fund Basic Financial Statements:

Balance Sheet - Governmental Funds	10
------------------------------------	----

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
--	----

Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	12
---	----

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds to the Statement of Activities	13
---	----

Notes to Basic Financial Statements	14-22
-------------------------------------	-------

Required Supplementary Information

Statement of Revenues and Expenditures Budget and Actual - General Fund	23
---	----

Statement of Revenues and Expenditures Budget and Actual – Special Revenue Fund	24
---	----

Other Independent Auditor's Reports

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 <i>Government Auditing Standards</i>	25-26
---	-------

Independent Auditor's Report to the Board of Directors	27-28
--	-------

Internal Control Comments and Recommendations	29
---	----

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Renaissance Learning Academy, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Renaissance Learning Academy, Inc. (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and pages 23 and 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 August 8, 2023, 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
August 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



Our discussion and analysis of the Renaissance Learning Academy, Inc.'s (the "School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022 with certain comparative information for 2021. Please read it in conjunction with the School's basic financial statements which immediately follow this discussion.

Financial Highlights

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

- As of June 30, 2022, the School had net position of \$ 2,470,036 as compared to \$ 2,136,786 as of June 30, 2021.
- As of June 30, 2022, the School's governmental fund balances were \$ 2,419,960 as compared to \$ 2,060,905 as of June 30, 2021.

Overview of the Basic 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. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the statement of net position and the statement of activities, 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 financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education must be considered in order to reasonably assess the School's overall performance.

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.

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

Fund 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 financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing 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 the governmental funds and governmental activities.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results.

Government-Wide Financial Analysis

As noted earlier, net position, over time, may serve as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position:

Renaissance Learning Academy, Inc. Net Position			
	June 30, 2021	June 30, 2022	Increase (Decrease)
Assets:			
Current assets	\$ 2,435,644	\$ 2,761,553	\$ 325,909
Non-current assets	75,881	50,076	(25,805)
Total assets	2,511,525	2,811,629	300,104
Liabilities:			
Current liabilities	374,739	341,593	(33,146)
Total liabilities	374,739	341,593	(33,146)
Net Position:			
Net investment in capital assets	75,881	50,076	(25,805)
Restricted	19,278	89,871	70,593
Unrestricted	2,041,627	2,330,089	288,462
Total net position, as restated	\$ 2,136,786	\$ 2,470,036	\$ 333,250

The Governmental Activities current and other assets consists of cash, accounts receivable and prepaid expenses. The School's investment in capital assets consists of furniture, fixtures, equipment, and vehicles, net of depreciation. Liabilities consists of accounts payable and accrued expenses.

The Governmental Activities total net position amounted to \$ 2,470,036 as of June 30, 2022, representing an increase of \$ 333,250 from the prior fiscal year.

The following table presents comparative information of the condensed government-wide statements of change in net position:

Renaissance Learning Academy, Inc. Change in Net Position			
	June 30, 2021	June 30, 2022	Increase (Decrease)
Revenues:			
General revenues	\$ 3,865,973	\$ 4,079,703	\$ 213,730
Program revenues	<u>458,934</u>	<u>506,491</u>	<u>47,557</u>
Total revenues	<u>4,324,907</u>	<u>4,586,194</u>	<u>261,287</u>
Expenses:			
Instruction	1,940,164	2,566,341	626,177
Instructional support services	1,403,414	1,432,387	28,973
Non-instructional services	<u>238,296</u>	<u>254,216</u>	<u>15,920</u>
Total expenses	<u>3,581,874</u>	<u>4,252,944</u>	<u>671,070</u>
Change in net position	\$ <u>743,033</u>	\$ <u>333,250</u>	\$ <u>(409,783)</u>

The largest revenue source for the School is the State of Florida (75%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentration of expenses was for Instruction (58%) and Student Support Services (13%).

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements.

As of the end of fiscal year 2021/2022 the School's governmental funds reported ending fund balance of \$ 2,419,960. The fund balance unassigned and available for spending at the School's discretion is \$ 1,268,812. These funds will be available for the School's future ongoing operations.

General Fund Budgetary Highlights

Total revenues were favorable to the original budget by approximately \$ 10,700.

Total expenditures were unfavorable to the original budget by approximately \$ 227,000. See page 23 for budget and actual comparisons.

Capital Assets and Debt Administration

As of June 30, 2022, the School had capital assets of \$ 50,076. This amount is net of accumulated depreciation of \$ 206,462.

The School has no outstanding debt.

Requests for Information

This financial report is designed to provide a general overview of the Renaissance Learning Academy, Inc.'s finances for all those with an interest. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the Finance Director of Renaissance Learning Academy, Inc. at 18370 Limestone Creek Road, Jupiter, FL 33458.

BASIC FINANCIAL STATEMENTS

Renaissance Learning Academy, Inc.
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 2,119,688
Accounts receivable	580,588
Prepaid items	61,277
Capital assets:	
Furniture, fixtures, and equipment	89,259
Vehicles	167,279
Less accumulated depreciation	<u>(206,462)</u>
Total assets	<u>2,811,629</u>
Liabilities:	
Accounts payable	<u>341,593</u>
Net Position:	
Net investment in capital assets	50,076
Restricted	89,871
Unrestricted	<u>2,330,089</u>
Total net position	\$ <u><u>2,470,036</u></u>

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

Renaissance Learning Academy, Inc.
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
	Expenses				
Functions/Programs:					
Instruction	\$ 2,566,341	\$ -	\$ 506,491	\$ -	\$ (2,059,850)
Student support services	548,905	-	-	-	(548,905)
Instructional staff training services	1,991	-	-	-	(1,991)
Instructional related technology	36,010	-	-	-	(36,010)
Board services	8,699	-	-	-	(8,699)
General administration	44,198	-	-	-	(44,198)
School administration	510,403	-	-	-	(510,403)
Fiscal services	79,280	-	-	-	(79,280)
Central services	99,998	-	-	-	(99,998)
Student transportation services	22,041	-	-	-	(22,041)
Operation of plant	335,078	-	-	-	(335,078)
Total governmental activities	\$ <u>4,252,944</u>	\$ <u>-</u>	\$ <u>506,491</u>	\$ <u>-</u>	<u>(3,746,453)</u>
General revenues:					
Grants and entitlements					4,051,918
Miscellaneous revenues					<u>27,785</u>
Total general revenues					<u>4,079,703</u>
Change in net position					333,250
Net position, July 1, 2021, as restated (Note 14)					<u>2,136,786</u>
Net position, June 30, 2022					<u>\$ 2,470,036</u>

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

Renaissance Learning Academy, Inc.
Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets:			
Cash	\$ 2,119,688	\$ -	\$ 2,119,688
Accounts receivable	580,588	-	580,588
Prepaid items	61,277	-	61,277
Total assets	\$ <u>2,761,553</u>	\$ <u>-</u>	\$ <u>2,761,553</u>
Liabilities:			
Accounts payable and other current liabilities	\$ <u>341,593</u>	\$ <u>-</u>	\$ <u>341,593</u>
Fund Balance:			
Nonspendable	61,277	-	61,277
Restricted for physical education	19,278	-	19,278
Restricted for extracurricular activities	70,593	-	70,593
Committed	1,000,000	-	1,000,000
Unassigned	1,268,812	-	1,268,812
Total fund balances	<u>2,419,960</u>	<u>-</u>	<u>2,419,960</u>
Total liabilities and fund balances	\$ <u>2,761,553</u>	\$ <u>-</u>	\$ <u>2,761,553</u>

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

Renaissance Learning Academy, Inc.
Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds \$ 2,419,960

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

Capital assets used in governmental activities are not
financial resources; and therefore, are not reported in
the governmental funds:

Cost of capital assets	\$ 256,538	
Accumulated depreciation	<u>(206,462)</u>	<u>50,076</u>

Net Position of Governmental Activities \$ 2,470,036

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

Renaissance Learning Academy, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal through state	\$ -	\$ 506,491	\$ 506,491
State sources	3,440,286	-	3,440,286
Local sources	611,632	-	611,632
Miscellaneous	27,785	-	27,785
Total revenues	<u>4,079,703</u>	<u>506,491</u>	<u>4,586,194</u>
Expenditures:			
Instruction	2,059,664	506,491	2,566,155
Student support services	548,905	-	548,905
Instructional staff training services	1,991	-	1,991
Instructional related technology	254	-	254
Board services	8,699	-	8,699
General administration	44,198	-	44,198
School administration	510,403	-	510,403
Fiscal services	79,280	-	79,280
Central services	99,998	-	99,998
Student transportation services	5,232	-	5,232
Operation of plant	335,078	-	335,078
Capital outlay	26,946	-	26,946
Total expenditures	<u>3,720,648</u>	<u>506,491</u>	<u>4,227,139</u>
Net change in fund balance	<u>359,055</u>	<u>-</u>	<u>359,055</u>
Fund Balances, July 1, 2021, as restated (Note 14)	<u>2,060,905</u>	<u>-</u>	<u>2,060,905</u>
Fund Balances, June 30, 2022	<u>\$ 2,419,960</u>	<u>\$ -</u>	<u>\$ 2,419,960</u>

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

**Renaissance Learning Academy, Inc.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 359,055
---	-------------------

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

The governmental funds report capital outlay as
expenditures; however, in the statement of activities
these costs are allocated over their estimated useful
lives as provision for depreciation:

Capital outlay	1,594
Current year provision for depreciation	<u>(27,399)</u>

Change in Net Position of Governmental Activities	\$ <u>333,250</u>
--	--------------------------

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

Note 1 - Organization and Operations

Reporting Entity: Renaissance Learning Academy, Inc. (the "School") was incorporated in Florida in the year 2007. The Organization operates as a charter school under the sponsorship of and by agreement with the School District of Palm Beach County, Florida as provided by Florida Statutes. The agreement between the Organization and the School District provides for teaching grades nine through twelve, ages 14 through 21. The current charter school contract is effective until June 30, 2024.

The Organization is financially accountable to the Palm Beach County School District. There are no component units of Renaissance Learning Academy, Inc. The Organization is no longer subject to being reported as a component unit of the Palm Beach County School District (See Note 5).

The financial statements of Renaissance Learning Academy, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included with the reporting entity of the School.

Note 2 - Summary of Significant Accounting Policies

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(9), 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 reports the following major governmental funds:

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.

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.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

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 leases are reported as other financing sources.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more for furniture and equipment and \$ 3,000 or more for buildings and improvements, respectively, are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are recorded 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 capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Furniture, fixtures, and equipment	5-7 years
Vehicles	7 years

Within the governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

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 assets 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.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

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

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

Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to 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) imposed by law through constitutional provisions or enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

Unrestricted - indicates that portion of net position that is available to fund future operations and that do not meet the definition of "restricted" or "net investment in capital assets".

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.

The following classifications describe the relative strength of the spending constraints:

- *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.
- *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 Funds 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.

Note 2 - Summary of Significant Accounting Policies (continued)

State funding (primary source of revenue): Student funding is provided by the State of Florida through the District. In accordance with the Charter Agreement, the District retains not more than 5% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent ("FTE") reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

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.

Income taxes: The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 August 8, 2023, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2022, the carrying amount of the School's deposits and cash on hand totaled \$ 2,119,688 with a bank balance of \$ 2,206,213.

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. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2022.

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 87,665	\$ 1,594	\$ -	\$ 89,259
Vehicles	<u>167,279</u>	<u>-</u>	<u>-</u>	<u>167,279</u>
Total capital assets being depreciated	<u>254,944</u>	<u>1,594</u>	<u>-</u>	<u>256,538</u>
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	(50,930)	(10,590)	-	(61,520)
Vehicles	<u>(128,133)</u>	<u>(16,809)</u>	<u>-</u>	<u>(144,942)</u>
Total accumulated depreciation	<u>(179,063)</u>	<u>(27,399)</u>	<u>-</u>	<u>(206,462)</u>
Net capital assets being depreciated	\$ <u>75,881</u>	\$ <u>(25,805)</u>	\$ <u>-</u>	\$ <u>50,076</u>

The provision for depreciation for the year ended June 30, 2022 amounted to \$ 27,399.

Depreciation expense was charged to the following governmental activities:

Instruction	\$ 186
Instruction related technology	10,404
Student transportation services	<u>16,809</u>
	\$ <u>27,399</u>

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

Public funds	\$ 153,693
Non-public funds	<u>102,845</u>
	\$ <u>256,538</u>

Note 5 - Related Party Transactions

The Palm Beach County School District and its auditors are of the opinion that the School is no longer to be treated as a component unit for financial reporting purposes.

The change in financial reporting status was the result of the District's and its auditor's interpretation of the Governmental Accounting Standards Board (GASB) Statement Number 61, effective for fiscal years beginning after June 15, 2012.

Note 5 - Related Party Transactions (continued)

The financially-dependent relationship between the School and the District has not changed as a result of this financial reporting decision.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Palm Beach County District School Board (the District). The current charter is effective until June 30, 2024. At the end of the term of charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration.

Pursuant to Section 228.056(10)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all of the School's property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

The Palm Beach County School District charges an administration fee from certain funds. The administrative fee for the period July 1, 2021 to June 30, 2022 was \$ 44,198.

Note 6 - Funding and Credit Concentrations

The School receives substantially all of its support and revenue from federal, state, and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operations of the School is greatly dependent upon the continued support of these governmental agencies.

Note 7 - Internal Funds

Cash in the internal funds bank account is held and administered by the School for the purpose of expending the cash for extracurricular activities. The account is titled in the name of the School and has the same signature authority as the School's operating account. The remaining balance of funds in this account is considered restricted fund balance at fiscal year end.

Note 8 - Commitments

The School has leased its facility through June 2023 with the Els for Autism Foundation. The lease payments are \$ 27,096 per month.

Note 9 - Employee Benefit Plan

The School sponsors a retirement plan for employees. The plan, under IRC Section 403b, allows employees to defer a discretionary portion of their salaries into retirement accounts. The School does not contribute to the retirement plan.

Note 10 - Contingencies

The School receives funding from the Palm Beach County School District. The disbursement of funds received under the contract generally requires compliance with terms and conditions specified in the contract and is subject to audit by the District, the District's independent auditors, and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the School believes such disallowance, if any, would be immaterial.

Note 11 - Risk Management

Insurance is being provided through purchased commercial insurance as per the minimum requirement provided by the District. Settled claims resulting from the risks have not exceeded commercial coverage during the past three years.

Note 12 - Fictitious Name

The Organization filed a fictitious name registration to do business as The Learning Academy at The Els Center of Excellence on February 15, 2017.

Note 13 - Articulation Agreement

On February 27, 2019, the Organization entered into an agreement with The Renaissance Learning Center, Inc. d/b/a The Learning Center at The Els Center of Excellence (TLC) and The School Board of Palm Beach County, Florida to provide for enrollment assistance and support to students enrolled at RLC to allow for articulation of students from RLC to Renaissance Learning Academy, Inc.

The term of the agreement remains effective so long as both schools maintain their respective Charters. Either party may terminate the agreement by providing written notice to the other party of not less than ninety (90) days prior to the start of any school year.

Note 14 - Prior Period Adjustment

The School's beginning fund balance and net position has been restated to record a prior period adjustment to correct the accrual for payroll related contractual costs for the prior school year. A summary of the restatements as of June 30, 2021 is as follows:

Government-wide	
Description	Governmental Activities
Net position, July 1, 2021	\$ 2,065,792
Prior period adjustment	<u>70,994</u>
Net position, July 1, 2021, as restated	<u>\$ 2,136,786</u>

Note 14 - Prior Period Adjustment (continued)

Fund Financials	
Description	General Fund
Fund balance, July 1, 2021	\$ 1,989,911
Prior period adjustment	<u>70,994</u>
Fund balance, July 1, 2021, as restated	\$ <u><u>2,060,905</u></u>

REQUIRED SUPPLEMENTARY INFORMATION



Renaissance Learning Academy, Inc.
Statement of Revenues and Expenditures
Budget and Actual - General Fund (unaudited)
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:				
State sources	\$ 3,405,528	\$ 3,440,286	\$ 3,440,286	\$ -
Local sources	661,478	611,632	611,632	-
Miscellaneous	<u>2,000</u>	<u>27,785</u>	<u>27,785</u>	<u>-</u>
Total revenues	<u>4,069,006</u>	<u>4,079,703</u>	<u>4,079,703</u>	<u>-</u>
Expenditures:				
Instruction	1,769,998	2,059,664	2,059,664	-
Student support services	534,000	548,905	548,905	-
Instructional staff training services	-	1,991	1,991	-
Instructional related technology	-	254	254	-
Board services	12,000	8,699	8,699	-
General administration	-	44,198	44,198	-
School administration	553,000	510,403	510,403	-
Fiscal services	80,000	79,280	79,280	-
Central services	222,000	99,998	99,998	-
Student transportation services	10,000	5,232	5,232	-
Operation of plant	313,000	335,078	335,078	-
Capital outlay	<u>-</u>	<u>26,946</u>	<u>26,946</u>	<u>-</u>
Total expenditures	<u>3,493,998</u>	<u>3,720,648</u>	<u>3,720,648</u>	<u>-</u>
Net change in fund balance	\$ <u><u>575,008</u></u>	\$ <u><u>359,055</u></u>	\$ <u><u>359,055</u></u>	\$ <u><u>-</u></u>

Renaissance Learning Academy, Inc.
Statement of Revenues and Expenditures
Budget and Actual - Special Revenue Fund (unaudited)
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:				
Federal through state	\$ <u>589,208</u>	\$ <u>506,491</u>	\$ <u>506,491</u>	\$ <u>-</u>
Total revenues	<u>589,208</u>	<u>506,491</u>	<u>506,491</u>	<u>-</u>
Expenditures:				
Instruction	<u>589,208</u>	<u>506,491</u>	<u>506,491</u>	<u>-</u>
Total expenditures	<u>589,208</u>	<u>506,491</u>	<u>506,491</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

OTHER INDEPENDENT AUDITOR'S REPORTS



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*

To the Board of Directors
Renaissance Learning Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Renaissance Learning Academy, Inc., (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 8, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

CPAs + Trusted Advisors

Reporting on 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Internal Control Comments and Recommendations as item 2022-001.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying Internal Control Comments and Recommendations. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 School'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
August 8, 2023

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Renaissance Learning Academy, Inc.

Report on the Financial Statements

We have audited the financial statements of the Renaissance Learning Academy, Inc. (the "School"), as of and for the year ended June 30, 2022, and have issued our report thereon dated August 8, 2023.

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 August 8, 2023, should be considered in conjunction with this management letter.

Prior Year and Current Year 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. A current year finding (2022-001) is described in the accompanying Internal Control Comments and Recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 school code assigned by the Florida Department of Education of the entity are Renaissance Learning Academy, Inc. and school code 503083.

CPAs + Trusted Advisors

Financial Condition and Management

Section 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 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 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
August 8, 2023

Current Year Internal Control Comments and Recommendations:

2022-001 Financial Reporting Requirements:

Criteria: The School is required to have their financial statements audited and submitted to the State of Florida and School District before their respective deadlines.

Condition: The School did not have their audit completed and submitted before the appropriate deadlines.

Cause: The School did not have a procedure in place to ensure that the audit was completed.

Effect: The School was late in having their audit completed and submitted. This can potentially cause a delay in funding, loss of funding or loss of charter.

Recommendation: We recommend that the School put procedures in place to ensure that the audit is completed timely going forward.

Management response: We agree with the recommendation and have put procedures in place to ensure that our financial statement audit will be timely completed and submitted for fiscal year 2023.

Prior Year Internal Control Comments and Recommendations:

None