

Boston Renaissance Charter Public School
And
The Boston Renaissance Charter School, Inc.

Combining Financial Statements and
Independent Auditors' Reports in Accordance with
Governmental Auditing Standards and OMB A-133

June 30, 2015 and 2014

Boston Renaissance Charter Public School

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Daniel Dennis & Company LLP

Certified Public Accountants

To the Board of Trustees of
Boston Renaissance Charter Public School
The Boston Renaissance Charter School, Inc.

Independent Auditors' Report

Report on the Combining Financial Statements

We have audited the accompanying combining financial statements of Boston Renaissance Charter Public School (the School) and The Boston Renaissance Charter School, Inc. (a nonprofit organization) (collectively, the Organization) as of and for the year ended June 30, 2015, and the related notes to the combining financial statements, which collectively comprise the Organization's basic combining financial statements as listed in the table of contents.

Management's Responsibility for the Combining Financial Statements

Management is responsible for the preparation and fair presentation of these combining financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combining financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combining financial statements based on our audits. We conducted our audits 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 combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combining financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combining financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combining financial statements listed in the table of contents present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, and the respective changes in the combined financial position and combined cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's fiscal year 2014 financial statements, and our report dated October 31, 2014, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 9 be presented to supplement the basic combining financial statements. Such information, although not a part of the basic combining 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 combining 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 combining financial statements, and other knowledge we obtained during our audit of the basic combining 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 Information

Our audit was conducted for the purpose of forming an opinion on the combining financial statements that collectively comprise the Organization's basic combining financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic combining financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combining financial statements. The information has been subjected to auditing procedures applied in the audit of the basic combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combining financial statements or to the basic combining financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic combining financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015, on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.

Daniel Dennis & Company LLP

Dedham, Massachusetts

October 27, 2015

Boston Renaissance Charter Public School
Management Discussion and Analysis
June 30, 2015 (Unaudited)

The following discussion and analysis of Boston Renaissance Charter Public School's (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2015 with comparative information for fiscal year 2014. Please read it in conjunction with the School's combining financial statements and the related notes, which begin on page 10.

The School as a Whole

The School received its charter on July 1, 1995 to operate as a public charter school in the Commonwealth of Massachusetts. The charter is awarded in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE). The School's charter was recently renewed for a fifth time and is effective through June 30, 2020. During fiscal year 2015 and 2014, the School operated kindergarten through sixth grade and the enrollment was comprised of approximately 944 students for each fiscal year.

The School is a pioneer and innovator in urban charter school education, providing students with a rigorous education in English language arts, math, social studies and science integrated with an array of arts and experiential learning programs. Among others, these programs include vocal and instrumental music, dance, visual arts, technology, mentoring, and Mandarin Chinese as a second language. The School seeks to develop students' skills, curiosity, confidence, and character, preparing them for success in academics and life in the 21st Century global society.

The School's teachers employ best practices in data-driven instruction to provide students with the skills and knowledge they need to be successful in all core subjects. The School has a commitment to small-group instruction and employs a cadre of Reading Specialists, Literacy Fellows, and Math Fellows in order to provide literacy and math instruction in small groups daily. The School also provides students with an extensive arts and cultural program with instrumental and vocal music, visual arts, dance, martial arts, and physical education.

After 15 years in a mid-rise office tower in downtown Boston, in September 2010 the School moved to a new building located in Hyde Park and is now sited on a six-acre campus in a fully renovated, state of the art facility, expressly designed for young children. In this new facility, the School is able to offer on-site medical, dental, and mental health services to students. Students are able to access these services through partnerships the School maintains with local universities, clinics, and nonprofit service providers.

The School's primary source of revenue is from DESE, in the form of a public school tuition rate. The public school tuition rate represents the average per pupil expenditures incurred by the traditional public school district. The tuition rate per pupil increased from an average of \$14,825 in fiscal year 2014 to an average of \$15,177 in fiscal year 2015.

Boston Renaissance Charter Public School
Management Discussion and Analysis - *Continued*
June 30, 2015 (Unaudited)

Using This Annual Report

This annual report consists of a series of combining financial statements. In accordance with Government Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statement – Management’s Discussion and Analysis - for State and Local Governments* (GASB No. 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 34 and GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Combining Statement of Net Position*, a *Combining Statement of Revenues, Expenses and Changes in Net Position* and a *Combining Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the combining financial statements and other information which provides additional information that is essential to a full understanding of the information provided in the basic combining financial statements and the schedule of federal expenditures which identifies all of the School’s federal funding.

Financial Reporting Entity

As required by generally accepted accounting principles, and in conformance with the *Government Accounting Standards Board (GASB) Statements No. 14, The Financial Reporting Entity* and *GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and subsequently amended by GASB No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The School evaluated its potential component unit and determined The Boston Renaissance Charter School, Inc. (the Foundation) is a component unit of the School and should be presented as a blended component unit in the basic combining financial statements.

The combining financial statements of the primary government consist of the following:

- Boston Renaissance Charter Public School (the School) – operates as a elementary school in Hyde Park, Massachusetts and serves 944 students. At capacity, the School will serve 944 students.
- The Boston Renaissance Charter School, Inc. (the Foundation) – is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources of the School. The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Because these restricted resources can only be used by or for the benefit of the School, the Foundation is considered a component unit of the School and is presented as a blended component unit.

Boston Renaissance Charter Public School
Management Discussion and Analysis - *Continued*
June 30, 2015 (Unaudited)

Financial Statements

The *Combining Statement of Net Position* presents the assets, liabilities and net position of the School as a whole, as of the end of the fiscal year. The *Combining Statement of Net Position* is a point in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the School to the readers of the financial statements. The *Combining Statement of Net Position* includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities, and net position. Net position represent the difference between assets and liabilities. Net position is displayed in three components - *net investment in capital assets, restricted (distinguishing between major categories of restrictions);and unrestricted.*

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Over time, readers of the combining financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Combining Statement of Revenues, Expenses and Changes in Net Position* reports the financial activities (revenues and expenses) of the Organization and divides them into two categories: *Operating activities* and *Non-operating activities*. Operating activities include all financial activities associated with the operation of the Organization and its related programs. Consequently, non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Combining Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

Boston Renaissance Charter Public School
Management Discussion and Analysis - *Continued*
June 30, 2015 (Unaudited)

Financial Statements - continued

The *Combining Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in cash balance during the year?" This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Notes to the Combining Financial Statements provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

Supplemental Information

The *Schedule of Expenditures of Federal Awards* is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget, *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The schedule of expenditures of federal awards can be found on page 28 of this report.

Financial Highlights – Charter School

The following financial highlights are from fiscal year 2015 with comparative information from fiscal year 2014:

- The School held total assets of \$50,649,113 and \$49,530,094 at June 30, 2015 and 2014, respectively, of which \$33,959,032 and \$34,348,485 were net capital assets, respectively, and the majority of the remaining assets consisted of cash and cash equivalents, accounts receivable and bond reserve funds.
- The School owed total liabilities of \$14,698,434 and \$14,989,808 at June 30, 2015 and 2014, respectively, of which \$2,121,138 and \$1,954,185 were current and \$12,577,296 and \$12,944,623 were non-current, respectively.
- Total net position for the School was \$35,950,679 and \$34,631,286 at June 30, 2015 and 2014, respectively. The School had net investment in capital assets of \$26,848,407 and \$26,078,835 as of June 30, 2015 and 2014, respectively.
- The School earned total revenues of \$19,610,609 and \$16,458,697 for the years ended June 30, 2015 and 2014, respectively, of which 98% were operating revenues and 2% were from non-operating revenues (private grants, contributions, gain on sale of assets, etc.).
- The School had total expenses of \$18,291,216 and \$14,840,806 for the years ended June 30, 2015 and 2014, respectively and 99% of expenses were operating expenses and 1% were from non-operating expenses.

Boston Renaissance Charter Public School
Management Discussion and Analysis - *Continued*
June 30, 2015 (Unaudited)

Financial Highlights – Charter School - *continued*

- The School's change in net position was \$1,319,393 and \$1,617,891 for the years ended June 30, 2015 and 2014, respectively. In fiscal year 2015, net income was comprised of operating income of \$864,283 and non-operating income of \$455,110. In fiscal year 2014, net income was comprised of operating income of \$1,323,876 and non-operating income of \$294,015.

Budgetary Highlights

The School's annual budget was amended as the year progressed. For the year ended June 30, 2015, the School incurred \$18,291,216 in actual expenditures compared to budgeted expenditures of \$15,930,487. A portion of this difference stems from an in-kind expense for transportation provided by the City of Boston totaling \$1,462,656 that was not recorded in prior year, thus it was not included in the budget. The remaining difference is due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* that requires the School to record an expense for on behalf fringe benefit payments. This change occurred after the budget was approved and resulted in a significant increase in the on behalf fringe benefit expense. The budgeted amount for on behalf fringe payments was \$35,000 and the actual expense totaled \$1,169,943 at June 30, 2015.

School's Financial Activities

The majority of the School's funding is received from DESE in the form of a per pupil tuition. The School received \$14,327,111 in per pupil funding in fiscal year 2015, versus \$13,994,975 in fiscal year 2014. This represents 75% and 86% of the School's total operating revenue for the years ended June 30, 2015 and 2014, respectively. In addition, the School received various federal and state grants that totaled \$1,856,113 and \$1,836,658 in fiscal years 2015 and 2014, respectively.

Other Financial Factors

In September 2008, the Foundation purchased the land and building located at 1415 Hyde Park Avenue, Hyde Park, Massachusetts and immediately entered into a seventy-five year lease agreement with the School. The terms of the lease agreement require the School to make an initial payment of \$5,000,000, which represents the base rent for the entire lease term. The School also agrees to pay additional rent which includes all operating expenses associated with the property. Due to the terms of the lease, the School has treated the lease transaction as if it has purchased the land and building from the Foundation as this reflects the economic substance of the transaction.

Boston Renaissance Charter Public School
Management Discussion and Analysis - *Continued*
June 30, 2015 (Unaudited)

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional information, please contact Yolanda Burnett, Chief Financial Officer at (617) 357-0900.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Combining Statement of Net Position
June 30, 2015
With summarized comparative totals at June 30, 2014

	<i>Boston Renaissance Charter Public School</i>	<i>Boston Renaissance Charter School, Inc.</i>	<i>Memorandum Only Total Primary Government June 30, 2015</i>	<i>Memorandum Only Total Primary Government June 30, 2014</i>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 9,802,696	\$ 423,707	\$ 10,226,403	\$ 6,231,575
Grants and accounts receivable	615,866	45,004	660,870	3,951,883
Due from component unit	98,951	-	98,951	88,573
Prepaid expenses	67,738	-	67,738	35,840
Designated cash for scholarship fund	-	16,100	16,100	17,095
Total current assets	<u>10,585,251</u>	<u>484,811</u>	<u>11,070,062</u>	<u>10,324,966</u>
Noncurrent Assets:				
Bond reserve funds	6,104,830	-	6,104,830	5,278,962
Capital assets, net	<u>33,959,032</u>	<u>-</u>	<u>33,959,032</u>	<u>34,348,485</u>
Total noncurrent assets	<u>40,063,862</u>	<u>-</u>	<u>40,063,862</u>	<u>39,627,447</u>
Total assets	<u>\$ 50,649,113</u>	<u>\$ 484,811</u>	<u>\$ 51,133,924</u>	<u>\$ 49,952,413</u>
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 191,591	\$ 90	\$ 191,681	\$ 201,108
Accrued expenses	1,203,529	-	1,203,529	1,056,266
Due to the School	-	98,951	98,951	88,573
Advances	87,859	-	87,859	92,822
Bonds payable - current	608,462	-	608,462	595,983
Notes payable - current	<u>29,697</u>	<u>-</u>	<u>29,697</u>	<u>8,006</u>
Total current liabilities	<u>2,121,138</u>	<u>99,041</u>	<u>2,220,179</u>	<u>2,042,758</u>
Noncurrent Liabilities:				
Bonds payable	12,468,596	-	12,468,596	12,944,623
Notes payable	<u>108,700</u>	<u>-</u>	<u>108,700</u>	<u>-</u>
Total noncurrent liabilities	<u>12,577,296</u>	<u>-</u>	<u>12,577,296</u>	<u>12,944,623</u>
Total liabilities	<u>14,698,434</u>	<u>99,041</u>	<u>14,797,475</u>	<u>14,987,381</u>
Net Position:				
Net investment in capital assets	26,848,407	-	26,848,407	26,078,835
Unrestricted	8,663,855	322,300	8,986,155	8,241,328
Restricted - imputed interest on bond	438,417	-	438,417	585,149
Restricted - other	<u>-</u>	<u>63,470</u>	<u>63,470</u>	<u>59,720</u>
Total net position	<u>35,950,679</u>	<u>385,770</u>	<u>36,336,449</u>	<u>34,965,032</u>
Total liabilities and net position	<u>\$ 50,649,113</u>	<u>\$ 484,811</u>	<u>\$ 51,133,924</u>	<u>\$ 49,952,413</u>

See accompanying notes to combined financial statements.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ending June 30, 2015
With summarized comparative totals at June 30, 2014

	<i>Boston Renaissance Charter Public School</i>	<i>Boston Charter School, Inc.</i>	<i>Memorandum Only Total Primary Government June 30, 2015</i>	<i>Memorandum Only Summarized Comparative June 30, 2014</i>
<i>Operating revenues:</i>				
State grants	\$ 14,327,111	\$ -	\$ 14,327,111	\$ 14,029,577
Federal grants	1,300,009	-	1,300,009	1,280,228
School food	556,104	-	556,104	521,828
Contributions	-	156,126	156,126	136,091
After school program	240,609	-	240,609	250,601
Summer camp	77,540	-	77,540	44,006
On-behalf fringe benefits	1,169,943	-	1,169,943	-
In-kind transportation	<u>1,462,656</u>	<u>-</u>	<u>1,462,656</u>	<u>1,170,102</u>
Total operating revenues	<u>19,133,972</u>	<u>156,126</u>	<u>19,290,098</u>	<u>17,432,433</u>
<i>Operating expenses:</i>				
Salaries	9,570,508	-	9,570,508	8,999,979
Payroll taxes	596,537	-	596,537	346,847
Fringe benefits	1,185,074	-	1,185,074	1,086,171
On-behalf fringe benefits	1,169,943	-	1,169,943	-
Insurance	80,263	-	80,263	71,781
Contracted labor	211,350	-	211,350	246,368
Professional fees	120,143	-	120,143	173,942
Supplies	520,224	-	520,224	211,193
Computer	63,254	-	63,254	277,535
Travel	1,130	-	1,130	11,482
Field trips	28,536	-	28,536	24,408
Vehicles	14,998	-	14,998	22,947
Maintenance and operations	853,738	-	853,738	817,425
Staff development	91,958	-	91,958	75,034
Food service	436,937	-	436,937	433,034
Depreciation and amortization	1,038,223	-	1,038,223	1,079,553
Dues and fees	33,737	-	33,737	30,958
Program expenses	-	85,219	85,219	96,195
Bad debt expense	-	-	-	416
Interest expense	780,560	-	780,560	802,446
Scholarships	-	2,000	2,000	8,512
Contributions	-	500	500	2,000
In-kind transportation	1,462,656	-	1,462,656	1,170,102
Miscellaneous	<u>9,920</u>	<u>25,406</u>	<u>35,326</u>	<u>100,928</u>
Total operating expenses	<u>18,269,689</u>	<u>113,125</u>	<u>18,382,814</u>	<u>16,089,256</u>
Operating income	<u>864,283</u>	<u>43,001</u>	<u>907,284</u>	<u>1,343,177</u>
<i>Nonoperating revenues/(expenses):</i>				
Private grants and contributions	88,950	-	88,950	56,426
Interest income	116,224	23	116,247	106,240
Medicaid reimbursement	63,912	-	63,912	20,795
Fundraising income	-	-	-	23,043
Fundraising expense	-	-	-	(27,656)
Loss on disposal of assets	-	-	-	-
Daycare revenue	158,746	-	158,746	92,461
Miscellaneous revenue	48,805	9,000	57,805	33,522
Miscellaneous expense	<u>(21,527)</u>	<u>-</u>	<u>(21,527)</u>	<u>(10,786)</u>
Total nonoperating revenues	<u>455,110</u>	<u>9,023</u>	<u>464,133</u>	<u>294,045</u>
Change in net position	1,319,393	52,024	1,371,417	1,637,222
Net position, beginning of the year	<u>34,631,286</u>	<u>333,746</u>	<u>34,965,032</u>	<u>33,327,810</u>
Net position, end of the year	<u>\$ 35,950,679</u>	<u>\$ 385,770</u>	<u>\$ 36,336,449</u>	<u>\$ 34,965,032</u>

See accompanying notes to combined financial statements.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**

Combining Statement of Cash Flows
For the Year Ended June 30, 2015

With summarized comparative totals for the year ended June 30, 2014

	<i>Boston Renaissance Charter Public School</i>	<i>Boston Renaissance Charter School, Inc.</i>	<i>Total Primary Government June 30, 2015</i>	<i>Total Primary Government June 30, 2014</i>
Cash flows from operating activities:				
Receipts from tuition	\$ 17,811,765	\$ -	\$ 17,811,765	\$ 10,544,923
Receipts from grants	1,147,762	112,062	1,259,824	965,078
Receipts from programs	871,960	-	871,960	868,257
Payments to employees	(10,034,913)	-	(10,034,913)	(10,236,375)
Payments to suppliers and vendors	<u>(4,458,318)</u>	<u>(101,662)</u>	<u>(4,559,980)</u>	<u>(3,406,495)</u>
Net cash provided by/(used in) operating activities	<u>5,338,256</u>	<u>10,400</u>	<u>5,348,656</u>	<u>(1,264,612)</u>
Cash flows from investing activities:				
Non-operating receipts	476,637	9,023	485,660	332,488
Non-operating disbursements	(21,527)	-	(21,527)	(38,442)
Bond reserve deposits (net)	<u>(825,868)</u>	<u>-</u>	<u>(825,868)</u>	<u>(819,103)</u>
Net cash (used in)/provided by investing activities	<u>(370,758)</u>	<u>9,023</u>	<u>(361,735)</u>	<u>(525,057)</u>
Cash flows from capital and related financing activities:				
Loan proceeds	192,566	-	192,566	
Payment of loan principal	(50,509)	-	(50,509)	(15,007)
Payment of bond principal	(463,548)	-	(463,548)	(437,547)
Purchase of capital assets	<u>(670,602)</u>	<u>-</u>	<u>(670,602)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(992,093)</u>	<u>-</u>	<u>(992,093)</u>	<u>(452,554)</u>
Cash flows from noncapital financing activities:				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in cash and cash equivalents	3,975,405	19,423	3,994,828	(2,242,223)
Cash and cash equivalents, beginning of year	<u>5,827,291</u>	<u>404,284</u>	<u>6,231,575</u>	<u>8,473,798</u>
Cash and cash equivalents, end of year	<u>\$ 9,802,696</u>	<u>\$ 423,707</u>	<u>\$ 10,226,403</u>	<u>\$ 6,231,575</u>
Supplemental Cash Flow Information				
Cash paid for interest	<u>\$ 650,340</u>	<u>\$ -</u>	<u>\$ 650,340</u>	<u>\$ 656,984</u>
Reconciliation of operating income to net cash provided by/(used in) operating activities:				
Change in net position from operations	\$ 864,283	\$ 43,001	\$ 907,284	\$ 1,343,177
<i>Adjustments to reconcile change in net position to net cash provided by/(used in) operating activities:</i>				
Depreciation and amortization	1,038,223	-	1,038,223	1,079,553
Bad debt expense	-	-	-	416
<i>Change in assets and liabilities:</i>				
Decrease/(increase) in accounts receivable	3,335,077	(44,064)	3,291,013	(3,938,800)
Increase in prepaid expenses	(31,898)	-	(31,898)	(5,602)
(Decrease)/increase in accounts payable	(9,517)	11,463	1,946	(22,852)
Increase in accrued expenses	147,263	-	147,263	228,090
(Decrease)/increase in advances	<u>(5,175)</u>	<u>-</u>	<u>(5,175)</u>	<u>51,406</u>
Net cash provided by/(used in) operating activities	<u>\$ 5,338,256</u>	<u>\$ 10,400</u>	<u>\$ 5,348,656</u>	<u>\$ (1,264,612)</u>

See accompanying notes to combined financial statements

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**

Notes to Combining Financial Statements

June 30, 2015

1. Nature of Organization

The Boston Renaissance Charter Public School (the School) was established on September 1995 after receiving its charter from the Commonwealth of Massachusetts under Chapter 71 Section 89 of the General Laws of Massachusetts. The School's charter is granted in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts' Department of Elementary and Secondary Education (DESE). The School's charter was renewed for a fifth time during fiscal year 2015 and is effective through June 30, 2020. The School is considered a special purpose governmental entity, and operates as a public school. For the years ended June 30, 2015 and 2014, DESE provided 95% and 94% of the funding to operate the School through federal and state grants and tuition.

The School was initially located in Boston, Massachusetts and moved to a new facility in Hyde Park, Massachusetts in August 2010. The School offers children in the City of Boston in grades kindergarten through sixth a publicly supported academic education. During fiscal years 2015 and 2014, the School served approximately 944 students.

The School's mission is to *nurture and develop academic, social and emotional competence while building confidence, character and citizenship among its students.*

The basic combining financial statements consist of the following:

Primary Government

- Boston Renaissance Charter Public School (the School) – operates as a elementary school in Hyde Park, Massachusetts and serves 944 students. At capacity, the School will serve 944 students.
- The Boston Renaissance Charter School, Inc. (the Foundation) – The Foundation is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources of the School. The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Because these restricted resources can only be used by or for the benefit of the School, the Foundation is considered a component unit of the School and is presented as a blended component unit.

The School and its blended component unit, the Foundation, are referred to collectively as the Organization.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Organization's significant accounting policies:

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

2. *Summary of Significant Accounting Policies – Continued*

Financial Reporting Entity

As required by generally accepted accounting principles, and in conformance with the *Government Accounting Standards Board (GASB) Statements No. 14, The Financial Reporting Entity and GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and subsequently amended by GASB No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* the School evaluated its potential component unit to determine the reporting entity.

The reporting entity consists of the School and its blended component unit. Component units are legally separate organizations for which the board is financially accountable for or other organizations whose nature and significant relationship with the School are such that exclusion would cause the financial statements to be misleading or incomplete. The School is financially accountable if it appoints a majority of the Foundation's board and (1) is able to impose its will on the Foundation, or (2) there is a potential to provide specific financial benefit or to impose a burden on the School.

The Foundation was evaluated and is reported as a blended component unit. The blended component unit, although a legally separate entity, is in substance, part of the School's operations and so the financial data is combined and reported within the financial data of the primary government.

The Foundation is a non-profit organization that reports under Financial Accounting Standards Board (FASB) accounting standards, including *Accounting Standards Codification 958 (ASC 958), Financial Reporting for Non-Profit Organizations*. As such, certain revenue recognition criteria and financial presentation features are different from GASB revenue recognition and financial presentation features. No modifications have been made to the Foundation's financial information in the School's reporting entity for those differences.

Complete financial statements for the Foundation can be obtained from the School's Business Office.

Financial Statement Presentation

The Organization, in accordance with GASB Statement No. 34 - *Basic Financial Statement – and Management's Discussion and Analysis - for State and Local Governments*, is considered a special purpose governmental entity that engages in only business type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all of the activity is recorded in the enterprise fund.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

2. ***Summary of Significant Accounting Policies – Continued***

Basis of Accounting

The accrual basis of accounting is used for all governmental entities that operate as business type entities. Accordingly revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the School has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

Tax Status

The School was established under a charter granted by DESE and operates as part of the Commonwealth of Massachusetts and, is therefore, generally exempt from income taxes under Section 115 of the Internal Revenue Code.

The Foundation is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the year ended June 30, 2015, the Foundation had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

The Foundation evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable federal or state authority. The Foundation has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2015 returns and believes they are more-likely-than-not to be sustained if examined by federal or state tax authorities. The Foundation's returns are subject to examination by federal and state tax authorities for up to a three year period after the returns have been filed (2012-2014).

Cash and Cash Equivalents

For the purpose of the *Combining Statement of Net Position* and the *Combining Statement of Cash Flows*, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

Grants and Accounts Receivable

Grants and accounts receivable are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are written off when deemed uncollectible. At June 30, 2015 and 2014, management has deemed all receivables to be fully collectable.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing educational and instructional services in connection with the School's principal operations. The principal operating revenues include tuition receipts, federal grants and state grants. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital Assets

Capital assets are recorded at cost or at fair market value at the date of donation. Capital assets purchased with a cost or value greater than \$5,000 are capitalized. Depreciation is computed on the straight-line basis using estimated useful lives as follows:

Buildings	40 years
Building improvements	25-40 years
Furniture and fixtures	7 years
Curriculum	6 years
Vehicles	5 years
Software	3 years

Classification of Net Position

Net position of the Organization are classified into three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets.

The restricted component of net position consists of restricted assets when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Organization's policy is to first apply restricted resources when an expense is incurred for the purpose for which both restricted and unrestricted resources are available. The restricted net position balance at June 30, 2015 and 2014 represents the discounted portion of the zero percent interest bond received by the School (Note 9).

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

2. ***Summary of Significant Accounting Policies – Continued***

Classification of Net Position - Continued

The unrestricted component of net position is the net amount of assets and liabilities that are not included in the net investment in capital assets or the restricted component of net position.

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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Accrued Sick and Vacation Leave

Teaching and administrative personnel are granted vacation and sick leave benefits pursuant to the School's policy. All vacation must be taken within the fiscal year earned. Sick days can be accrued for future use, but there is no buy-back policy upon termination of employment. Accordingly, there is no obligation recorded for payment of any accrued sick or vacation days in the accompanying combining financial statements.

In-Kind Contributions

The School receives donated services in support of the School. Donated services are recorded at fair value. Donates services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if they were not donated are recorded as in-kind contributions in the combining financial statements. Donates services such as fund-raising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the combining financial statements.

Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and accounts receivable. The School estimates that the fair value of all financial instruments at June 30, 2015 and 2014 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

Summarized Comparative Totals

The basic combining financial statements include certain prior year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

3. Deposits with Financial Institutions

At June 30, 2015 and 2014, the bank balance of cash, cash equivalents, and bond reserve funds was \$16,292,762 and \$11,196,606, respectively. The School maintains its cash accounts at one financial institution. The balances, at times, may exceed the Federal Deposit Insurance Corporation insured limit. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institutions minimizes such risk.

As required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures* the following represents a summary of deposits held by the School as of June 30, 2015 and 2014:

	2015	2014
Fully insured deposits	\$ 250,000	\$ 250,000
Collateralized with securities held by the pledging financial institution in the School's name	-	-
Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School's name	-	-
Uncollateralized	<u>16,042,762</u>	<u>10,946,606</u>
Total	<u>\$ 16,292,762</u>	<u>\$ 11,196,606</u>

As required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures* the following represents a summary of deposits held by the Foundation as of June 30, 2014:

	2015	2014
Fully insured deposits	\$ 304,918	\$ 304,876
Collateralized with securities held by the pledging financial institution in the Foundation's name	-	-
Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Foundation's name	-	-
Uncollateralized	<u>134,888</u>	<u>86,476</u>
Total	<u>\$ 439,806</u>	<u>\$ 391,352</u>

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

4. *Bond Reserve Funds*

Debt Service Reserve Fund

Proceeds from the bond financing described at Note 9 were used to establish a debt service reserve fund. The fund is restricted to be used to make required payments on the outstanding bonds if operating funds are not available. Accrued investment income from the fund is applied semi-annually to the required monthly payments. During the year ended June 30, 2015 and 2014, the School earned interest of \$23,220 and \$26,724, respectively. The balance of the *Debt Service Reserve Fund* at June 30, 2015 and 2014 was \$1,380,413 and \$1,355,087, respectively.

Project Fund

Proceeds from the bond financing described at Note 9 were used to establish three accounts collectively known as the *Project Fund*. The Project Fund is restricted to pay costs related to the construction of the school project in Hyde Park, Massachusetts and disbursements require approval of the bond owner. The School is required to make monthly payments to the fund of \$125,000 for the first three years after the bond proceeds have been disbursed. During the year ended June 30, 2015, the School made deposits of \$1,500,000, withdrew \$854,318 and earned interest of \$70,236. During the year ended June 30, 2014, the School made deposits of \$1,500,000, withdrew \$854,318 and earned interest of \$68,379. The balance of the *Project Fund* at June 30, 2015 and 2014 was \$4,338,886 and \$3,619,693, respectively.

Renewal and Replacement Fund

The bond financing described at Note 9 requires the School to establish a renewal and replacement fund which is to be used to pay for capital improvements and repairs to the school building located in Hyde Park, Massachusetts. Withdrawals from the fund are subject to bond owner approval. Funding of \$6,750 per month is required per the agreement. During the year ended June 30, 2015, the School made deposits of \$81,000 and earned interest of \$366. During the year ended June 30, 2014, the School made deposits of \$81,000 and earned interest of \$285. The balance of the *Renewal and Replacement Fund* at June 30, 2015 and 2014 was \$385,529 and \$304,182, respectively.

5. *Net Position - Foundation*

The following represents the Foundation's cumulative excess of revenue and support over expenses and consist of three components, unrestricted, temporarily restricted, and permanently restricted. Restricted contributions are funds that have been restricted as to use by donor or grant requirements. Unrestricted contributions are not restricted as to use by donor or grant requirements.

Unrestricted

The Foundation Board designated \$16,513 of the unrestricted assets for the Janiak Scholarship Fund for both fiscal years. These funds will be awarded to students of the School based on criteria set forth by the Board of Directors.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

5. Net Position – Foundation - Continued

Temporarily Restricted

At June 30, 2015 and 2014, temporarily restricted net position was restricted for the following:

<i>Purpose</i>	<i>2015</i>	<i>2014</i>
Parent's center	\$ 22,845	\$ 22,845
Voices of Renaissance	16,900	14,900
Youth Kings	425	425
Literacy	2,900	1,150
Other programs	<u>20,000</u>	<u>20,000</u>
Total	<u><u>\$ 63,070</u></u>	<u><u>\$ 59,320</u></u>

Permanently Restricted

At June 30, 2015 and 2014, \$400 was permanently restricted. The income generated is unrestricted and will be held for operating activities.

6. Capital Assets

Changes in capital assets for the School during fiscal years 2015 and 2014 are as follows:

	<i>Balance July 1, 2014</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2015</i>
<i>Capital assets not being depreciated</i>				
Land	<u>\$ 3,325,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,325,000</u>
Total capital assets not being depreciated	<u>3,325,000</u>	<u>-</u>	<u>-</u>	<u>3,325,000</u>
<i>Capital assets being depreciated</i>				
Building	2,220,787	-	-	2,220,787
Building improvements	31,688,381	59,406	-	31,747,787
Furniture and equipment	924,928	18,191	-	943,119
Computers	774,236	400,439	750,776	423,899
Vehicles	<u>228,044</u>	<u>192,566</u>	<u>163,804</u>	<u>256,806</u>
Total capital assets being depreciated	<u>35,836,376</u>	<u>670,602</u>	<u>914,580</u>	<u>35,592,398</u>
<i>Less accumulated depreciation</i>				
Building	321,552	55,537	-	377,089
Building improvements	3,036,098	792,220	-	3,828,318
Furniture and equipment	502,904	133,868	-	636,772
Computers	766,871	7,365	750,776	23,460
Vehicles	<u>185,466</u>	<u>49,233</u>	<u>141,972</u>	<u>92,727</u>
Total accumulated depreciation	<u>4,812,891</u>	<u>1,038,223</u>	<u>892,748</u>	<u>4,958,366</u>
Capital assets, net	<u><u>\$ 34,348,485</u></u>	<u><u>\$ (367,621)</u></u>	<u><u>\$ (21,832)</u></u>	<u><u>\$ 33,959,032</u></u>

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

6. Capital Assets - Continued

	<i>Balance</i> <i>July 1, 2013</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <i>June 30, 2014</i>
<i>Capital assets not being depreciated</i>				
Land	\$ 3,325,000	\$ -	\$ -	\$ 3,325,000
Total capital assets not being depreciated	<u>3,325,000</u>	<u>-</u>	<u>-</u>	<u>3,325,000</u>
<i>Capital assets being depreciated</i>				
Building	2,220,787	-	-	2,220,787
Building improvements	31,688,381	-	-	31,688,381
Furniture and equipment	924,928	-	-	924,928
Computers	774,236	-	-	774,236
Vehicles	228,044	-	-	228,044
Total capital assets being depreciated	<u>35,836,376</u>	<u>-</u>	<u>-</u>	<u>35,836,376</u>
<i>Less accumulated depreciation</i>				
Building	266,032	55,520	-	321,552
Building improvements	2,243,862	792,236	-	3,036,098
Furniture and equipment	370,772	132,132	-	502,904
Computers	712,815	54,056	-	766,871
Vehicles	139,857	45,609	-	185,466
Total accumulated depreciation	<u>3,733,338</u>	<u>1,079,553</u>	<u>-</u>	<u>4,812,891</u>
Capital assets, net	<u>\$ 35,428,038</u>	<u>\$ (1,079,553)</u>	<u>\$ -</u>	<u>\$ 34,348,485</u>

7. Grants and Accounts Receivable

Grants and Accounts receivable at June 30, 2015 and 2014 are as follows:

	<i>2015</i>	<i>2014</i>
Tuition	\$ -	\$ 3,484,654
Grants	477,943	344,462
Nutrition	115,597	96,831
Miscellaneous	<u>22,326</u>	<u>24,996</u>
Total	<u>\$ 615,866</u>	<u>\$ 3,950,943</u>

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2015 and 2014 are as follows:

	<i>2015</i>	<i>2014</i>
Operating	\$ 267,213	\$ 354,119
Salaries and benefits	<u>1,091,523</u>	<u>903,255</u>
Total	<u>\$ 1,358,736</u>	<u>\$ 1,257,374</u>

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

9. Bonds Payable

On February 19, 2010, the School entered into a loan agreement with the City of Boston Industrial Development Financing Authority (the City). The loan proceeds were used for construction of an academic facility located in Hyde Park, Massachusetts. The loan is financed by the issuance of the following Revenue Bonds:

Boston Renaissance Charter School Issue Series 2010A Revenue Bonds were issued in the original principal amount \$11,605,000. The bonds are payable monthly with interest only payments for the first three years and principal and interest due thereafter. The bonds bear interest at 5.75% for the first ten years. On February 19, 2019 and 2029, the interest rate resets to the Federal Home Loan Bank Rate plus 50 basis points, but cannot be less than 5.75%. At June 30, 2015 and 2014, the outstanding balance on the bonds was \$10,951,372 and \$11,160,524, respectively. The bonds mature February 19, 2039. Interest expense for the years ending June 30, 2015 and 2014 was \$645,166 and \$656,984, respectively.

Boston Renaissance Charter School Issue Series 2010B Qualified Zone Academy Bonds Series were issued in the original principal amount of \$5,000,000. The bonds are payable in monthly installments of \$32,051. The bonds do not bear interest and have been recorded at their net present value of \$2,125,686 and \$2,380,082 in 2015 and 2014, respectively. Interest expense on the bonds for the year ended June 30, 2015 and 2014 of \$130,220 and \$144,402, respectively, has been imputed at 5.75%.

The bonds are collateralized by a mortgage and a security interest in the building located at 1415 Hyde Park Avenue, Hyde Park, Massachusetts.

As of June 30, 2015, principal and interest payments due over the remaining years of the bonds are as follows:

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 608,462	\$ 623,507	\$ 1,231,969
2017	621,678	610,291	1,231,969
2018	635,674	596,295	1,231,969
2019	650,497	581,473	1,231,970
2020	666,194	565,775	1,231,969
Thereafter	<u>10,332,970</u>	<u>6,131,571</u>	<u>16,464,541</u>
Total	13,515,475	9,108,912	22,624,387
Less bonds discount	<u>(438,417)</u>	-	<u>(438,417)</u>
Net payable	<u>\$ 13,077,058</u>	<u>\$ 9,108,912</u>	<u>\$ 22,185,970</u>

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

10. Notes Payable

Vehicle Loans

The School paid one vehicle loan in full during 2015 and obtained four new loans to purchase vehicles to transport students. The loans are secured by the vehicles and mature at various times through September 2019. Payments of principal and interest are due monthly.

The balance of the loans at June 30, 2015 and 2014 and the related activity for the years then ended was:

<i>Balance</i> <i>July 1, 2014</i>	<i>Additions</i>	<i>Principal</i> <i>Payments</i>	<i>Balance</i> <i>June 30, 2015</i>
\$ 8,006	\$ 192,566	\$ 62,175	\$ 138,397
<u>\$ 8,006</u>	<u>\$ 192,566</u>	<u>\$ 62,175</u>	<u>\$ 138,397</u>
<i>Balance</i> <i>July 1, 2013</i>	<i>Additions</i>	<i>Principal</i> <i>Payments</i>	<i>Balance</i> <i>June 30, 2014</i>
\$ 23,013	-	\$ 15,007	\$ 8,006
<u>\$ 23,013</u>	<u>-</u>	<u>\$ 15,007</u>	<u>\$ 8,006</u>

Principal and interest payments due over the remaining life of the loans are as follows:

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 29,697	\$ 6,244	\$ 35,941
2017	31,202	4,740	35,942
2018	32,783	3,160	35,943
2019	34,444	1,496	35,940
2020	10,271	116	10,387
Total	<u>\$ 138,397</u>	<u>\$ 15,756</u>	<u>\$ 154,153</u>

11. Lease Commitments

Land and Building

In September 2008, the Foundation purchased the land and building located at 1415 Hyde Park Avenue, Hyde Park, Massachusetts and immediately entered into a seventy-five year lease agreement with the School. The terms of the lease agreement require the School to make an initial payment of \$5,000,000, which represents the base rent for the entire lease term. The School also agrees to pay additional rent which includes all operating expenses associated with the property. Due to the terms of the lease, the School has treated the lease transaction as if it has purchased the land and building from the Foundation as this reflects the economic substance of the transaction.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

11. Lease Commitments - Continued

Other Leases

The School has other operating leases that expire at various times through August 2020. The following represents minimum lease payments for the next five years:

<i>Fiscal Year</i>	<i>Amount</i>
2016	\$ 76,924
2017	\$ 63,084
2018	\$ 63,084
2019	\$ 63,084
2020	\$ 63,084

12. Retirement Plan

The Commonwealth of Massachusetts provides for retirement benefits to the School's eligible teachers through the Massachusetts Teachers' Retirement System (the MTRS), a contributory retirement system administered by the Massachusetts Teachers' Retirement Board. The MTRS is governed by Massachusetts General Laws (M.G.L.), Chapter 32, as well as regulations contained in the Code of Massachusetts Regulations (CMR). Oversight is provided by a seven member board. The MTRS issues a publicly available annual report that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, Massachusetts, 02145.

This retirement plan requires an employee contribution of five, seven, eight, or eleven percent (depending on the plan and the employment date) of the employee's compensation. The School is not assessed under this plan. This retirement system is a contributory defined benefit plan covering all the employees deemed eligible. Members of the plan become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 55 and upon attaining 20 years of service.

The plan also provides for retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was first employed by the School after January 1, 1978, (3) voluntarily left School employment on or after that date, and (4) left an accumulated annuity deduction in the fund.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**

Notes to Combining Financial Statements

June 30, 2015

12. Retirement Plan – continued

The MTRS retirement plan, under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is required by statute to determine the net pension liability for all participants. The net pension liability for the retirement plan at the June 30, 2014 measurement date was determined by an actuarial valuation prepared as of January 1, 2014 rolled forward to June 30, 2014. The School's share of MTRS net pension liability is \$10,319,614.

Also, in accordance with GASB No. 68, the School is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in their combining financial statements. The School records such "on behalf payments" as revenue and expenditures in the combining financial statements. At June 30, 2015 and 2014, \$1,169,943 and \$34,602 of pension benefits paid by the MTRS on behalf of the School is included in the *Combining Statement of Revenues, Expenses and Changes in Net Position*.

13. Related Party Transactions

The Foundation is a supporting organization and related party to the School as certain individuals serve as Board of Trustees of both organizations.

Operating Activities

The School and the Foundation enter into certain transactions throughout the fiscal year. At June 30, 2015 and 2014, the School has a receivable of \$98,951 and \$88,573, respectively, due from the Foundation.

During fiscal year 2015 and 2014, the Foundation received grant revenue of \$0 and \$110,591 for support of the School's activities.

Lease Agreement

In September 2008, the School entered into a seventy-five year capital lease agreement with the Foundation in which the School leases the land and building located at 1415 Hyde Park Avenue, Hyde Park, Massachusetts. The terms of the lease agreement require the School to make an initial payment of \$5,000,000, which represents the base rent for the entire lease term. The School also agrees to pay additional rent which includes all operating expenses associated with the property (Note 11).

Guarantee

The Foundation has guaranteed the bond financing between the School and a financial institution in the amount of \$16,605,000. As of June 30, 2015 and 2014, \$13,077,058 and \$13,540,606, respectively of principal is outstanding. The bonds mature between February 19, 2022 and February 19, 2039.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Combining Financial Statements - *Continued*
June 30, 2015

14. Risk Management

The Organization is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health claims.

The Organization carries commercial insurance for general liability, property and casualty, workers' compensation, unemployment, and employee health claims. Losses are insured to the extent the losses exceed the deductibles. There have been no significant reductions in insurance coverage during 2015.

15. Contingencies

Grant Funding

The District's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the fiscal year 2015 combined financial statements.

Cumulative Surplus Revenue

Effective July 1, 2010, any cumulative surplus revenue generated by the School must comply with M.G.L. c. 71, S89 (as amended by Chapter 12 of the Acts of 2010 under S7 (hh)). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the Commonwealth in proportion to their share of tuition paid during the fiscal year. Management does not anticipate any repayment for the fiscal year 2015.

16. Subsequent Events

The Organization has evaluated subsequent events through October 27, 2015, which is the date the financial statements were issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the statement of net position date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of net position date, which are necessary to disclose to keep the combined financial statements from being misleading.

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<i>Federal Grantor (Pass-Through Grantor) Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<i>U.S. Department of Education</i>			
Passed through the Massachusetts Department of Elementary and Secondary Education			
Title I, Part A	84.010	305-048127-2015-0481	\$ 700,650
Title I, Part A - 2014 Carry Over	84.010	305-030692-2014-0481	130,152
Title I Support	84.010	323-060-4-0481-O	18,000
Special Education Cluster			
Special Education Grants to States	84.027	240-240-5-0481-P	203,009
Special Education Grants to States - Carry Over	84.027	240-372-4-0481-O	11,196
Special Education Grants to States	84.027	298-567-5-0481-P	4,800
Special Education Grants to States	84.027	274-132-5-0481-P	8,808
Special Education - Preschool Grants	84.173	26214	<u>1,800</u>
Total Special Education Cluster			229,613
Improving Teacher Quality State Grants	84.367	140-057236-2015-0481	83,549
Improving Teacher Quality State Grants - 2014 Carry Over	84.367	140-038484-2014-0481	18,610
Race to the Top Assessment Program	84.395	201-045645-2015-0481	<u>104,823</u>
		Total U.S. Department of Education	<u>1,285,397</u>
<i>U.S. Department of Agriculture</i>			
Passed through the Massachusetts Department of Elementary and Secondary Education			
Child Nutrition Cluster			
National School Lunch Program	10.555		<u>512,687</u>
		Total U.S. Department of Agriculture	<u>512,687</u>
Total Expenditures of Federal Awards			<u>\$ 1,798,084</u>

See accompanying notes to schedule of federal expenditures.

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015

1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Boston Renaissance Charter Public School and The Boston Renaissance Charter School, Inc., collectively the Organization, under programs of the Federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position or cash flows of the School.

2. *Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**REPORT ON COMPLIANCE AND
INTERNAL CONTROL IN ACCORDANCE
WITH
GOVERNMENT AUDITING STANDARDS**



Daniel Dennis & Company LLP

Certified Public Accountants

To the Board of Trustees of
**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**

*Report On Internal Control Over Financial Reporting And On Compliance and Other Matters
Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards*

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 combining financial statements of Boston Renaissance Charter Public School (the School) and the Boston Renaissance Charter School, Inc. (the Foundation) (collectively, the Organization), as of and for the year ended June 30, 2015, and the related notes to the combining financial statements and have issued our report thereon dated October 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the combining financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's combined financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combining financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the combining financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Daniel Dennis & Company LLP

Dedham, Massachusetts

October 27, 2015

**REPORT IN ACCORDANCE
WITH
OMB CIRCULAR A-133**



Daniel Dennis & Company LLP

Certified Public Accountants

The Board of Trustees

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**

*Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect On Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133*

Report on Compliance for Each Major Federal Program

We have audited Boston Renaissance Charter Public School's (the School) and the Boston Renaissance Charter School, Inc.'s (the Foundation) (collectively, the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2015. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Dennis & Company LLP

Dedham, Massachusetts

October 27, 2015

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Schedule of Findings and Questioned Costs
For the Years Ended June 30, 2015

Section I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiency identified that is not considered to be a material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes

Type of auditor's report issued Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

CFDA Number	Name of Program
84.010	<i>Title I</i>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Boston Renaissance Charter Public School
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II – FINANCIAL STATEMENT FINDINGS

A. *Deficiencies in Internal Control over Financial Reporting*

None

B. *Findings of Fraud and Illegal Acts*

None

C. *Material Violations of Contracts and Grants*

None

D. *Material Abuse*

None

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SCHEDULE OF PRIOR YEAR FINDINGS

**Boston Renaissance Charter Public School and
The Boston Renaissance Charter School, Inc.**
Schedule of Prior Year Findings
For the Year Ended June 30, 2015

No Prior Year Findings

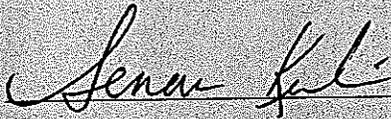
BOARD ACCEPTANCE LETTER



ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of Boston Renaissance Charter Public School and The Boston Renaissance Charter School, Inc. or its designated committee or individual, have voted to accept the representations of management and the expression of the opinions made by Daniel Dennis & Company LLP as embodied in the financial statements and independent auditor's reports for the year ended June 30, 2015.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the Commonwealth of Massachusetts Charter School Audit Guide for the period ended June 30, 2015.



Board President or Treasurer

or Other Designated Person



Date