

**NEWPOINT HIGH PENSACOLA**  
(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY  
ACADEMY OF PENSACOLA, INC.)

A Charter School and Component Unit of the  
District School Board of Escambia County, Florida

INDEPENDENT AUDITOR'S REPORT  
*for the fiscal year ended JUNE 30, 2014*

*King & Walker, CPAs, PL*

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*Certified Public Accountants*

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**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
A Charter School and Component Unit of the District School Board of Escambia County, Florida)

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**Independent Auditor's Report on Basic Financial Statements and  
Required Supplementary Information**

To the Board of Directors of the Newpoint High Pensacola  
(A charter school under 21<sup>st</sup> Century Academy of Pensacola, Inc.),  
a Charter School and Component Unit of the District  
School Board of Escambia County, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newpoint High Pensacola, a charter school under 21<sup>st</sup> Century Academy of Pensacola, Inc. ("School"), and a component unit of the District School Board of Escambia County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

***Management's Responsibility 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; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the 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 School'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 financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Newpoint High Pensacola, as of June 30, 2014, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Newpoint High Pensacola at June 30, 2014, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of 21<sup>st</sup> Century Academy of Pensacola, Inc. These financial statements do not purport to and do not present fairly the financial position of 21<sup>st</sup> Century Academy of Pensacola, Inc. as of June 30, 2014 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Notes to Required Supplementary Information, as shown on the table of contents, be presented to supplement the basic financial statements. Such information, 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 historic 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 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 14, 2014 on our consideration of Newpoint High Pensacola'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 Newpoint High Pensacola's internal control over financial reporting and compliance.

Respectfully submitted,



August 14, 2014  
Tampa, Florida

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
*A Charter School and Component Unit of the District School Board of Escambia County, Florida*

**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Newpoint High Pensacola, a charter school under 21<sup>st</sup> Century Academy of Pensacola, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2014.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements as listed on the table of contents.

**FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2014, the School's expenses exceeded revenues as shown on the School's statement of activities by \$59,994.
- As shown on the statement of Net Position, the School reported a Net Position deficit balance of \$21,885.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

**Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of Net Position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of Net Position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the Net Position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's Net Position and the results of operations, during the fiscal year. An increase or decrease in Net Position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

## **Fund Financial Statements**

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities, and a Special Revenue Fund to account for Federal grant programs. Each of these funds are major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major Special Revenue Fund to demonstrate compliance with the budget.

## **Notes to Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's Net Position as of June 30, 2013 and June 30, 2014:

	Net Position, End of Year		
	Governmental Activities		
	6-30-13	6-30-14	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 28,754	\$ 70,414	\$ 41,660
Capital Assets, net	110,740	79,729	(31,011)
Total Assets	<u>139,494</u>	<u>150,143</u>	<u>10,649</u>
<b>LIABILITIES</b>			
Current Liabilities	26,386	57,940	31,554
Long Term Liabilities	75,000	-	(75,000)
Total Liabilities	<u>101,386</u>	<u>57,940</u>	<u>(43,446)</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	110,740	79,729	(31,011)
Unrestricted	(72,632)	(101,614)	(28,982)
Total Net Position	<u>\$ 38,108</u>	<u>\$ (21,885)</u>	<u>\$ (59,993)</u>

The assets of the School consist of cash, accounts receivable, deposits and amounts due from other agencies. Liabilities consist of accounts and loans payable for current operations. Total Net Position amounted to a deficit of \$21,885.

The key elements of the changes in the School's Net Position for the fiscal years ended June 30, 2013 and June 30, 2014 are as follows:

	<b>Operating Results for the Year</b>		
	Governmental Activities		
	6-30-13	6-30-14	Increase (Decrease)
<b>Revenues:</b>			
Federal through State and Local	\$ 47,780	\$ 23,875	\$ (23,905)
State Sources	484,509	704,338	219,829
Local and Other	3,911	15,343	11,432
<b>Total Revenues</b>	<b>536,200</b>	<b>743,556</b>	<b>207,356</b>
<b>Expenses:</b>			
Instruction	288,343	241,267	(47,076)
Pupil Personnel Services	9,606	32,402	22,796
Instr. & Curriculum Development	80	151	71
Instructional Staff Training	1,300	8,387	7,087
Instructional Related Technology	4,500	8,650	4,150
Board of Education	116,299	145,162	28,863
School Administration	102,097	167,198	65,101
Facilities Acq. & Construction		96,062	96,062
Fiscal Services	10,966	16,717	5,751
Food Services	12,030	4,747	(7,283)
Operation of Plant	39,052	43,392	4,340
Maintenance of Plant	1,649	2,728	1,079
Interest & Fiscal Charges	-	3,750	3,750
Unallocated Depreciation	31,501	32,937	1,436
<b>Total Expenses</b>	<b>617,423</b>	<b>803,550</b>	<b>186,127</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (81,223)</b>	<b>\$ (59,994)</b>	<b>\$ 21,229</b>

The largest revenue source for the School is from the State of Florida (95%). 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 related functions which represents 36 percent of total expenditures.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$6,386.

### **BUDGETARY HIGHLIGHTS**

The General Fund budget and Major Special Revenue Fund budget for the fiscal year ended June 30, 2014, were developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its General Fund budget. For the fiscal year ended June 30, 2014, the actual expenditures were equal to the final budget.

### **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$79,729 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

### **DEBT**

The School entered into a collateralized borrowing agreement with Charter School Capital, Inc. The School has \$108,000 outstanding at June 30, 2014 which is to be repaid with future FEFP revenue over the next three months.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Newpoint High Pensacola's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to School Financial Services, Inc., Post Office Box 250, Bonifay, Florida 34425.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21ST CENTURY ACADEMY OF PENSACOLA, INC.)**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2014*

<b>ASSETS</b>	<u>Governmental Activities</u>
Cash & Cash Equivalents	\$ 40,106
Accounts Receivable	23,449
Due From Other Agency	6,124
Deposits	735
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	79,729
Total Capital Assets, Net	<u>79,729</u>
<b>TOTAL ASSETS</b>	<u>150,143</u>
<b>LIABILITIES</b>	
Accounts Payable	6,088
Loan Payable	57,940
Collateralized Borrowing	<u>108,000</u>
<b>TOTAL LIABILITIES</b>	<u>172,028</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	79,729
Unrestricted	<u>(101,614)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ (21,885)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21ST CENTURY ACADEMY OF PENSACOLA, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2014*

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>						
Instruction	\$ 241,267	\$ -	\$ 6,000	\$ -	\$ (235,267)	\$ (235,267)
Pupil Personnel Services	32,402				(32,402)	(32,402)
Instruction & Curriculum Development	151				(151)	(151)
Instructional Staff Training	8,387		5,500		(2,887)	(2,887)
Instructional Related Technology	8,650		4,775		(3,875)	(3,875)
Board of Education	145,162				(145,162)	(145,162)
School Administration	167,198		7,600		(159,598)	(159,598)
Facilities Acquisition & Construction	96,062				(96,062)	(96,062)
Fiscal Services	16,717				(16,717)	(16,717)
Food Services	4,747				(4,747)	(4,747)
Operation of Plant	43,392				(43,392)	(43,392)
Maintenance of Plant	2,728				(2,728)	(2,728)
Debt Service - Interest	3,750				(3,750)	(3,750)
Unallocated Depreciation	32,937				(32,937)	(32,937)
<b>Total Governmental Activities</b>	<b>\$ 803,550</b>	<b>\$ -</b>	<b>\$ 23,875</b>	<b>\$ -</b>	<b>(779,675)</b>	<b>(779,675)</b>
<b>General Revenues:</b>						
State Sources					704,338	704,338
Local and Other					15,343	15,343
<b>Total General Revenues</b>					<b>719,681</b>	<b>719,681</b>
Change in Net Position					(59,994)	(59,994)
Net Position - July 1, 2013					38,109	38,109
Net Position - June 30, 2014					<b>\$ (21,885)</b>	<b>\$ (21,885)</b>

The accompanying notes to the financial statements are an integral part of this statement.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21ST CENTURY ACADEMY OF PENSACOLA, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

***BALANCE SHEET - GOVERNMENTAL FUNDS***  
***June 30, 2014***

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 40,106	\$ -	\$ 40,106
Accounts Recievable	23,449		23,449
Due From Other Agency	6,124		6,124
Deposits	735		735
Total Assets	<u>\$ 70,414</u>	<u>\$ -</u>	<u>\$ 70,414</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 6,088	\$	\$ 6,088
Loan Payable	57,940		57,940
Total Liabilities	<u>64,028</u>	<u>-</u>	<u>64,028</u>
<b>FUND BALANCE</b>			
Unspendable	735	-	735
Spendable - Unassigned	5,651	-	5,651
Total Fund Balance	<u>6,386</u>	<u>-</u>	<u>6,386</u>
Total Liabilities and Fund Balance	<u>\$ 70,414</u>	<u>\$ -</u>	<u>\$ 70,414</u>

The accompanying notes to the financial statements are an integral part of this statement.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21ST CENTURY ACADEMY OF PENSACOLA, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

*June 30, 2014*

<b>Total Fund Balances - Governmental Funds</b>	\$ 6,386
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	79,729
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Liabilities for collateralized borrowings are reported in the Statement of Net Position as a liability and not in the Balance Sheet - Governmental Funds.	<u>(108,000)</u>
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<b>Total Net Position - Governmental Activities</b>	<u><u>\$ (21,885)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21ST CENTURY ACADEMY OF PENSACOLA, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**

*For the Fiscal Year Ended June 30, 2014*

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 23,875	\$ 23,875
State Sources	704,338		704,338
Local and Other	15,343		15,343
Total Revenues	719,681	23,875	743,556
<b>Expenditures</b>			
Current - Education:			
Instruction	235,267	6,000	241,267
Pupil Personnel Services	32,403		32,403
Instruction & Curriculum Development	151		151
Instructional Staff Training	2,887	5,500	8,387
Instructional Related Technology	3,875	4,775	8,650
Board of Education	145,162		145,162
School Administration	159,598	7,600	167,198
Facilities Acquisition & Construction	96,062		96,062
Fiscal Services	16,717		16,717
Food Services	4,747		4,747
Operation of Plant	43,392		43,392
Maintenance of Plant	2,728		2,728
Fixed Capital Outlay:			
Other Capital Outlay	1,925		1,925
Debt Service:			
Principal	183,000		183,000
Interest & Fiscal Charges	3,750		3,750
Total Expenditures	931,664	23,875	955,539
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(211,983)	-	(211,983)
Other Financing Sources (Uses):			
Proceeds from Collateralized Borrowing	216,000		216,000
Total Other Financing Sources (Uses)	216,000		216,000
Net Change in Fund Balances	4,017	-	4,017
Fund Balance, July 1, 2013	2,368	-	2,368
Fund Balance, June 30, 2014	\$ 6,385	\$ -	\$ 6,385

The accompanying notes to financial statements are an integral part of this statement.

**NEWPOINT HIGH PENSACOLA**  
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**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2014*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	4,017
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$32,937) in excess of capital outlay expense (\$1,926 ) in the current period.		(31,011)
Collateralized borrowing proceeds are reported as other financing sources in Governmental Funds and as a liability in the Statement of Net Position.		(216,000)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		<u>183,000</u>
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u><u>(59,994)</u></u></b>

The accompanying notes to the financial statements are an integral part of this statement.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
A Charter School and Component Unit of the District School Board of Escambia County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

Newpoint High Pensacola, a charter school under 21<sup>st</sup> Century Academy of Pensacola, Inc. (“School”) is a component unit of Escambia County School Board, Florida. The school is sponsored by its charter-holder, 21<sup>st</sup> Century Academy of Pensacola, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of five members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of 21<sup>st</sup> Century Academy of Pensacola, Inc. as of June 30, 2014, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Escambia County, Florida, (“District”). The charter was granted starting for the 2011-12 school year and is effective until June 30, 2016 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides 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 within the reporting entity of the School.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

➤ **Basis of Presentation**

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.

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's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for certain Federal grant program resources.

➤ **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.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are 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 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. 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. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits with one financial institution. Deposits on hand at this financial institution are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 7 years

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

➤ **Net Position and Fund Balance Classification**

*Government-wide Financial Statements*

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2014, the School reported 113.92 unweighted FTE and 115.1731 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Recently Issued Accounting Principles**

In March 2012, the Government Accounting Standards Board (GASB) issued GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources and deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies and recognizes certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. The requirements of GASB 65 were effective for the fiscal year 2014. The School does not have any items that qualify for reporting in this category.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

**2. DUE FROM OTHER AGENCY**

The amount due from other agency on the School's Statement of Net Position and Balance Sheet – Governmental Funds represents revenue due from the Florida Department of Education for the Charter School Capital Outlay. This receivable is considered fully collectible and therefore, no allowance for uncollectible accounts has been established.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
A Charter School and Component Unit of the District School Board of Escambia County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**3. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 165,530	\$ 1,926	\$ -	\$ 167,456
Total Capital Assets Being Depreciated	165,530	1,926	-	167,456
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(54,790)	(32,937)	-	(87,727)
Total Accumulated Depreciation	(54,790)	(32,937)	-	(87,727)
Governmental Activities Capital Assets, net	<u>\$ 110,740</u>	<u>\$ (31,011)</u>	<u>\$ -</u>	<u>\$ 79,729</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

**4. LOAN PAYABLE**

The School received advances from Newpoint Education Partners, LLC to fund operating costs during the year. The loan amount of \$78,750 as reported in the accompanying statement of net position and balance sheet – governmental funds carries no interest rate and is expected to be repaid within one year.

**5. COLLATERALIZED BORROWING**

The School entered into a collateralized borrowing agreement with Charter School Capital, Inc. The agreement calls for advances to the School of \$108,000 to fund operating costs which equated to 3 months of fiscal year 2014-15 FEFP revenues. Repayment commences on July 2014 and ends September 2014 and do not require interest to be accrued on the outstanding balance. The amount is reflected in the accompanying statement of net position and statement of revenues, expenditures and changes in fund balances – governmental funds.

**6. CHANGES IN LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities:

	Balance	Additions	Deductions	Balance	One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Note Payable	\$ 75,000		\$ (75,000)	\$ -	\$ -
Total Governmental Activities	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ -</u>

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
A Charter School and Component Unit of the District School Board of Escambia County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**7. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the School’s State revenue for the 2013-14 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 416,416
Class Size Reduction	99,916
Florida Education Finance Program Capital Outlay	\$ 71,452
Discretionary Local Effort	28,569
Supplementary Academic Instruction	26,429
Teacher Salary Allocation	18,090
Discretionary Millage	12,641
ESE Guaranteed Allocation	8,743
Instructional Materials	8,551
Miscellaneous State	7,471
Safe Schools	3,143
Florida Teachers' Lead Program	1,750
Discretionary Lottery Allocation	1,018
Declining Enrollment	149
Total State Revenue	\$ 704,338

As provided in the charter school contract, the District has charged the School an administrative fee equal to \$31,100.

**8. OPERATING AGREEMENTS**

**Management Agreement** – The School entered into a management agreement for the period July 1, 2011, to June 30, 2013, with Newpoint Education Partners, LLC (the “Company”). Thereafter the agreement will automatically renew for additional, successive three (3) year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention not to renew the agreement. The contract calls for the Company to be responsible and accountable to the School Board for the administration, operation and performance of the School in accordance with the School’s contract, the statement of mission and purpose and the laws of the State of Florida. The agreement includes various other responsibilities of the Company involving school operations and reporting requirements. The contract provides for an Educational Model Development fee defined as the sum of any grants intended to cover start-up costs of the School to the extent permitted by the terms of such grants, which shall be non-refundable and deemed fully earned when paid. The contract further provides for a continuing fee defined as 18 percent of the School’s qualified gross revenues, less the amount of any outstanding default costs and expenses. Qualified gross revenues shall mean revenues and income received by the School from Basic State Funding, FEFP Funding, Special Education Funding, Class Size Funding, Safety

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
A Charter School and Component Unit of the District School Board of Escambia County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

Funding, and income sources provided by state, federal and local law and/or obtained through the Company's efforts.

Under this contract, the School incurred \$106,363 of expenses for the 2013-14 fiscal year.

**Professional Accounting Services Company** – The School has a contract with a professional accounting services company which provides accounting and financial services and other assistance to the School at a fixed percentage (3%) of the net FEFP revenue collected from the District. Approximately \$16,250 was paid for these professional services during the fiscal year. The contract may be cancelled by either party with 30 days advance notice.

**9. RELATED PARTY TRANSACTIONS**

During the current fiscal year, Newpoint High Pensacola made payments for expenditures on behalf of Newpoint Academy Middle, a charter school under the same organization. As of June 30, 2014, \$23,449 is due from Newpoint Academy Middle for these expenditures.

Newpoint Education Partners, LLC loaned the School \$57,940 as of June 30, 2014, as reported on the accompanying balance sheet – governmental funds to fund operations of the School. Loan disclosures under this agreement are disclosed in Note 4.

During the current fiscal year, the School shared its facilities with Newpoint Academy Pensacola. Rent paid by the School for the 2013-14 fiscal year totaled \$96,061. A lease exists between 21<sup>st</sup> Century Academy of Pensacola, Inc. and Governmental Facilities Leasing Company for this shared facility.

**10. RISK MANAGEMENT PROGRAMS**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**11. FUNDING AND CREDIT RISK 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 operation of the School is greatly dependent upon the continued support of these governmental agencies.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**12. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2014, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**13. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21ST CENTURY ACADEMY OF PENSACOLA, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND - (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2014*

	General Fund				Special Revenue Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original/ Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>							
Intergovernmental:							
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 23,875	\$ 23,875	\$ -
State Sources	485,253	704,338	704,338	-	-	-	-
Local and Other	40,252	15,343	15,343	-	-	-	-
<b>Total Revenues</b>	<b>525,505</b>	<b>719,681</b>	<b>719,681</b>	<b>-</b>	<b>23,875</b>	<b>23,875</b>	<b>-</b>
<b>Expenditures:</b>							
Current - Education:							
Instruction	260,132	235,267	235,267	-	6,000	6,000	-
Pupil Personnel Services		32,403	32,403	-		-	-
Instruction & Curriculum Development	81	151	151	-		-	-
Instructional Staff Training	1,326	2,887	2,887	-	5,500	5,500	-
Instructional Related Technology	4,590	3,875	3,875	-	4,775	4,775	-
Board of Education	118,375	145,162	145,162	-		-	-
School Administration	77,362	159,598	159,598	-	7,600	7,600	-
Facilities Acquisition & Construction		96,062	96,062	-		-	-
Fiscal Services	9,753	16,717	16,717	-		-	-
Food Services	12,271	4,747	4,747	-		-	-
Operation of Plant	39,833	43,392	43,392	-		-	-
Maintenance of Plant	1,682	2,728	2,728	-		-	-
Fixed Capital Outlay:		-					
Other Capital Outlay		1,925	1,925	-		-	-
Debt Service:							
Principal	-	183,000	183,000	-		-	-
Interest & Fiscal Charges		3,750	3,750	-		-	-
<b>Total Expenditures</b>	<b>525,405</b>	<b>931,664</b>	<b>931,664</b>	<b>-</b>	<b>23,875</b>	<b>23,875</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	100	(211,983)	(211,983)	-	-	-	-
Other Financing Sources (Uses):							
Proceeds from Collateralized Borrowing		216,000	216,000	-		-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>216,000</b>	<b>216,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	100	4,017	4,017	-	-	-	-
Fund Balance, July 1, 2013	2,368	2,368	2,368	-	-	-	-
Fund Balance, June 30, 2014	<u>\$ 2,468</u>	<u>\$ 6,385</u>	<u>\$ 6,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**NEWPOINT HIGH PENSACOLA**  
**(A CHARTER SCHOOL UNDER 21<sup>ST</sup> CENTURY ACADEMY OF PENSACOLA, INC.)**  
A Charter School and Component Unit of the District School Board of Escambia County, Florida

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2014**

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Members:  
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American Institute of CPAs  
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**Independent Auditor's 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***

To the Board of Directors of the Newpoint High Pensacola  
(A charter school under 21<sup>st</sup> Century Academy of Pensacola, Inc.),  
a Charter School and Component Unit of the District  
School Board of Escambia County, Florida

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, each major fund, and the aggregate remaining fund information of Newpoint High Pensacola, a charter school under 21<sup>st</sup> Century Academy of Pensacola, Inc. ("School"), and a component unit of the District School Board of Escambia County, Florida, as of and for the year ended June 30, 2014, 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 14, 2014.

**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") to determine the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 School's financial statements are free from material misstatement, we performed tests of 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 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 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

August 14, 2014  
Tampa, Florida

Members:  
Florida Institute of CPAs  
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Government Audit Quality Center

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**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Newpoint High Pensacola  
(A charter school under 21st Century Academy of Pensacola, Inc.)  
a Charter School and Component Unit of the  
District School Board of Escambia County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Newpoint High Pensacola (A charter school under 21st Century Academy of Pensacola, Inc.) (“School”), a Charter School and Component Unit of the District School Board of Escambia County Florida, as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated August 14, 2014.

**Auditor’s Responsibility**

We conducted our audit 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.

**Other Reporting Required by *Government Auditing Standards***

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated August 14, 2014, should be considered in conjunction with this management letter.

**Prior 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. The School did not have findings and recommendations made in the preceding annual financial audit report.

**Financial Condition**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the 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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply 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.

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Newpoint High Pensacola.

### **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.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style.

August 14, 2014  
Tampa, Florida