

June 4, 2015

21st Century Academy of Pensacola, Inc.
8190 Pensacola Blvd
Pensacola, FL

Dear Board Members,

In regard to the Escambia County School District's request to provide a financial plan regarding Five Flags Academy, attached you will find a letter from the school's accountants at School Financial Services.

Despite the best efforts of everyone involved to find a solution and to keep all three schools open, it is apparent from the attached letter that one school will not be able to support the expenses on its own.

Given the facts, this letter and the attached is the full and final response to the district's request for financial and operational plans for Five Flags Academy.

Sincerely,

A handwritten signature in cursive script that reads "Carla T. Lovett".

Carla T. Lovett
Newpoint Education Partners

To the Board of Directors
21st Century Academy of Pensacola, Inc.
Five Flags Academy Elementary School

June 2, 2015

Dear Board Members,

I have been asked to provide a recommendation concerning the likelihood that Five Flags Academy Elementary School (FFAE) would achieve economic sustainability under the assumption that Newpoint Pensacola High School and Academy were terminated.

Under the assumption that, of the three existing schools, Five Flags Academy will be the only school in operation, I project a deficit of about \$272,000 per year. This is not surprising, the result of administrative costs and rents, which are primarily fixed in nature, consuming a much higher proportion of revenue, which varies depending on enrollment.

If you need additional information, please feel free to contact me at your convenience.

Respectfully,

Gary Scott
School Financial Services

Approved by the board of 21st Century Academy of Pensacola, Inc. on _____, 2015.

Linda Brown
Board Chair

Paula Byrd
Board Vice-Chair