

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY

A COMPONENT UNIT OF
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2011

CONTENTS

BASIC FINANCIAL STATEMENTS:

INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 7
STATEMENT OF NET ASSETS	8
STATEMENT OF ACTIVITIES	9
BALANCE SHEET - GOVERNMENTAL FUNDS	10
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	11
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
NOTES TO FINANCIAL STATEMENTS	14 - 22
REQUIRED SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND	23
SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECT FUND	24
OTHER REPORTS:	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	25 - 26
MANAGEMENT LETTER	27 - 28

Hurd & Finley

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New Road to Learning, Inc. d/b/a Jacqueline
Harris Preparatory Academy

We have audited the accompanying financial statements of the governmental activities and each major fund of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (the School), a component unit of the Escambia County District School Board, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's management. Our responsibility is to express an opinion 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

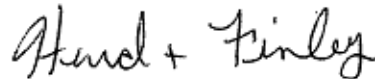
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2011, on our consideration of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Independent Auditors' Report - Continued

The Management's Discussion and Analysis on pages 3 through 7 and the Budgetary Comparison Schedule - General Fund on page 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The Budgetary Comparison Schedule - Capital Projects Fund on page 24, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Budgetary Comparison Schedule - Capital Projects Fund has not been subjected the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



HURD & FINLEY, P.A.
Certified Public Accountants

August 17, 2011

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

As management of New Road to Learning, (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, and (d) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- As of June 30, 2011, the School's governmental funds reported combined ending fund balance of \$159,751 an increase of \$90,435 in comparison with prior year.
- At the end of the year ended June 30, 2011, the balance in the general fund was \$159,751

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, and 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011
(Continued)

Both of the government-wide financial statements distinguish functions of the School that are principally supported by the Escambia County District School Board (the District), state, and federal funding (governmental activities). The governmental activities of the School include instruction and basic, instruction and curriculum development, general support services, board, general administration, school administration, fiscal services, food services, pupil transportation services, operation of plant, maintenance of plant, and principal and interest on long-term debt.

The government-wide financial statements can be found on pages 8 and 9 of the Basic Financial Statements.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Government funds - Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011
(Continued)

The basic governmental fund financial statements can be found on pages 10 and 12 of the Basic Financial Statements.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 23 of the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed financial information - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011
(Continued)

	<u>2011</u>	<u>2010</u>
Total assets, excluding capital assets	\$ 185,501	\$ 123,738
Capital assets	<u>470,822</u>	<u>590,211</u>
Total assets	<u><u>656,323</u></u>	<u><u>713,949</u></u>
Total liabilities, excluding long-term		
Liabilities	25,750	54,422
Long-term liabilities	<u>328,408</u>	<u>439,337</u>
Total liabilities	<u><u>354,158</u></u>	<u><u>493,759</u></u>
Net assets invested in capital assets, net		
of related debt	142,414	150,874
Unrestricted net assets	<u>159,751</u>	<u>69,316</u>
Total net assets	<u><u>302,165</u></u>	<u><u>220,190</u></u>
Total liabilities and net assets	<u><u>656,323</u></u>	<u><u>713,949</u></u>
General revenues:		
Intergovernmental	1,518,676	1,296,271
Gifts, grants and bequests	3,421	68,974
Other	<u>29,146</u>	<u>151,674</u>
Total revenues	<u><u>1,551,243</u></u>	<u><u>1,516,919</u></u>
Program expenses:		
Instructional	645,369	636,602
General support services	15,174	788
Board	2,182	676
General administration	12,539	1,801
School administration	271,394	266,466
Fiscal services	48,225	46,539
Food services	10,232	9,469
Pupil transportation services	103,695	69,725
Operation of plant	249,176	240,437
Maintenance of plant	45,304	50,004
Interest on long-term debt	<u>65,978</u>	<u>79,102</u>
Total expenses	<u><u>1,469,268</u></u>	<u><u>1,401,609</u></u>
Change in net assets	<u><u>\$ 81,975</u></u>	<u><u>\$ 115,310</u></u>

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011
(Continued)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the School's governmental funds reported combined ending fund balance of \$159,751

BUDGETARY HIGHLIGHTS

The School did not make any amendments to the original budget during the year for changes in expected funding sources and expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The School's investment in capital assets for its governmental activities as of June 30, 2011, amounted to \$470,822 (net of accumulated depreciation). This investment in capital assets includes buildings and fixed equipment, improvements, furniture, fixtures and equipment, motor vehicles, and computer software.

Debt - The School's long-term debt consists of \$328,408 due under capital lease obligations and a note payable. These amount are payable with future financial resources and are therefore shown as a reconciling items from the governmental funds balance sheet to the statement of net assets.

ECONOMIC FACTORS

Funding from the District according to the number of students enrolled primarily supports the School.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to New Road to Learning, Inc., 1408 East Blount Street, Pensacola, Florida 32503.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS	
	Governmental Activities
Cash and cash equivalents	\$ 114,785
Due from primary government	25,491
Accounts receivable	44,209
Deposits receivable	1,016
Capital assets, net of accumulated depreciation of \$972,363	470,822
Total assets	\$ 656,323
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 9,206
Accrued liabilities	2,779
Deferred revenue	13,765
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease obligation	78,496
Note payable	49,398
Portion due or payable after one year:	
Capital lease obligation	68,750
Note payable	131,764
Total liabilities	354,158
Net assets	
Invested in capital assets, net of related debt	142,414
Unrestricted	159,751
Total net assets	302,165
Total liabilities and net assets	\$ 656,323

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

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
STATEMENT OF ACTIVITIES
June 30, 2011

		Program Revenue			
	Expense	Operating Grants and Contri- butions	Charges for Services	Net (Expense) Revenue and Change in Net Assets	
Functions:					
Governmental activities:					
Instructional and basic (FEFP K-12)	\$ 618,319	\$ -	\$ -	\$ (618,319)	
Instruction and curriculum development	27,050	-	-	(27,050)	
General support services	15,174	-	-	(15,174)	
Board	2,182	-	-	(2,182)	
General administration	12,539	-	-	(12,539)	
School administration	271,394	-	-	(271,394)	
Fiscal services	48,225	-	-	(48,225)	
Food services	10,232	-	-	(10,232)	
Pupil transportation services	103,695	-	-	(103,695)	
Operation of plant	249,176	-	-	(249,176)	
Maintenance of plant	45,304	-	-	(45,304)	
Interest on long-term debt	65,978	-	-	(65,978)	
Total governmental activities	\$1,469,268	\$ -	\$ -	\$ (1,469,268)	
General revenues:					
State aid -					
Formula grants				\$ 1,367,219	
Capital outlay				84,965	
Federal Grants				66,492	
Gifts, grants and bequests				3,421	
Other				29,146	
Total general revenues				1,551,243	
Change in net assets				81,975	
Net assets at July 1, 2010				220,190	
Net assets at June 30, 2011				\$ 302,165	

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

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

ASSETS

	General Fund	Capital Projects Fund	Total Govern- mental Funds
Cash and cash equivalents	\$ 114,785	\$ -	\$ 114,785
Due from primary government	25,491	-	25,491
Accounts receivable	44,209	-	44,209
Deposits receivable	1,016	-	1,016
Total assets	<u>\$ 185,501</u>	<u>\$ -</u>	<u>\$ 185,501</u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 9,206	\$ -	\$ 9,206
Accrued liabilities	2,779	-	2,779
Deferred revenue	13,765	-	13,765
Total liabilities	<u>25,750</u>	<u>-</u>	<u>25,750</u>
Fund balances:			
Undesignated	<u>159,751</u>	<u>-</u>	<u>159,751</u>
Total liabilities and fund balances	<u>\$ 185,501</u>	<u>\$ -</u>	<u>\$ 185,501</u>

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

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances - governmental funds \$ 159,751

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

Capital assets used in governmental
activities are not financial
resources and therefore are not
reported as assets in the
governmental funds. The cost of
the assets are \$1,443,185 and the
accumulated depreciation is \$972,363 470,822

Long-term liabilities are not due
and payable in the current period
and therefore are not reported as
liabilities in the funds. (328,408)

Total net assets - governmental
activities \$ 302,165

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

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General Fund	Capital Projects Fund	Total Govern- mental Funds
Revenues:			
Intergovernmental	\$1,433,711	\$ 84,965	\$1,518,676
Gifts, grants and bequests	3,421	-	3,421
Other	29,146	-	29,146
Total revenues	<u>1,466,278</u>	<u>84,965</u>	<u>1,551,243</u>
Expenditures:			
Current - Education:			
Instructional and basic (FEFP K-12)	622,648	-	622,648
Instruction and curriculum development	27,050	-	27,050
General support services	15,174	-	15,174
Board	2,182	-	2,182
General administration	12,539	-	12,539
School administration	271,394	-	271,394
Fiscal services	48,225	-	48,225
Food services	10,232	-	10,232
Pupil transportation services	68,604	-	68,604
Operation of plant	141,061	-	141,061
Maintenance of plant	50,587	-	50,587
Capital Outlay:			
Operation of plant	9,240	4,965	14,205
Debt Service:			
Principal	63,962	46,967	110,929
Interest	32,945	33,033	65,978
Total expenditures	<u>1,375,843</u>	<u>84,965</u>	<u>1,460,808</u>
Net Change in Fund Balances	90,435	-	90,435
Fund Balances at July 1, 2010	69,316	-	69,316
Fund Balances at June 30, 2011	<u>\$ 159,751</u>	<u>\$ -</u>	<u>\$ 159,751</u>

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

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net Change In Fund Balances - Governmental Funds \$ 90,435

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 useful lives as
depreciation expense. This is the amount by
which capital outlays \$(143,206) exceeds
current year depreciation expense \$(23,817) (119,389)

Principal payments on long-term debt are
expenditures in the governmental funds, but
the payments reduce long-term liabilities in
the statement of net assets. 110,929

Change in net assets - governmental activities \$ 81,975

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

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity:

New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (the School or the Academy) is 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 Board of Trustees.

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 Escambia County District School Board. The current charter is effective until June 30, 2019, and may be renewed for additional terms as prescribed by Section 1002.33, Florida Statutes. The School is considered a component unit of the Escambia County District School Board.

Criteria for determining if other entities are potential component units which should be reported within the School's 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 provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to individuals who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Financial Statement Presentation:

The accompanying financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements (GFWS):

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Program revenues included in the statement of activities derive directly from the program itself or from parties outside the School. Program revenues reduce the cost of the function to be financed from the School's general revenues.

Fund Financial Statements (FFS) - Governmental Funds:

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both 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. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The School reports the following major governmental funds:

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental Funds

General Fund - The General Fund is the general operating fund of the School. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the General Fund.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets:

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Expenditures which equal or exceed \$500 and that materially increase values, change capacities, or extend useful lives are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on estimated useful lives of ten years for building and fixed equipment and three to ten years for improvements and furniture, fixtures and equipment, eight years for motor vehicles, and three to five years for computer software.

Long-Term Debt:

All long-term debt is recorded as liabilities in the GWFS when incurred. Principal and interest payments are recorded as expenditures in the General Fund or Capital Projects Fund in the FFS with a corresponding reduction in the liability in the GWFS for the amount of the principal payment.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes:

The School is exempt from income taxes under Internal Revenue Service Code Section 501(c)(3) and similar state statutes. As a result, there is no provision for taxes in the accompanying financial statements.

Revenue Sources:

The School's primary revenue source is the Escambia County District School Board (the District). Pursuant to the provision of the School's charter and Florida Statutes Section 1002.33, the School reports full time equivalents (FTEs) to the District. The District, under Florida Statute Section 1011.62 then reports the number of FTEs to the Florida Department of Education for funding under the Florida Education Finance Program. The District retains a 5% administration charge from the total FTE funding attributed to the School, therefore actual revenue recorded by the School represents the remaining 95% of FTE funding. School revenue is adjusted during the year to reflect changes in the number of FTEs.

The School also receives Federal and State awards for the enhancement of various educational programs and facilities. Federal and State awards are generally received based on applications submitted to and approved by various granting agencies.

The provisions of Florida Statutes Section 1013.62 provides for capital outlay funding for charter schools. Awards received from the capital outlay program are made from funds appropriated by Legislature and may be used for any capital outlay purpose that is directly related to the functioning of the charter school.

Risk Management Programs:

Automobile liability, general liability, property, employee bond, and workers' compensation coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks has not exceed commercial coverage for the last three years.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgetary Data:

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the total expenditures level.

During the year ended June 30, 2011, the School's actual expenditures in the General Fund exceeded the total budgeted expenditures by \$49,621

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the School's deposits was \$114,527, and the bank balance was \$125,684 all of which was held by qualified public depositories under Chapter 280, Florida Statutes. As such, these deposits are considered to be fully insured.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 3 - CAPITAL ASSETS

Changes in capital assets were as follows:

Governmental activities:

	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2011</u>
Buildings and fixed				
Equipment	\$ 520,000	\$ -	\$ -	\$ 520,000
Improvements	371,002	12,183	-	383,185
Motor vehicles	340,782	-		340,782
Computer software	29,565	-		29,565
Furniture, fixtures and equipment	<u>158,020</u>	<u>11,634</u>	<u>-</u>	<u>169,654</u>
Total at historical costs	<u>1,419,369</u>	<u>23,817</u>	<u>-</u>	<u>1,443,186</u>
Less accumulated Depreciation and Amortization:				
Buildings and fixed equipment	403,000	52,000	-	455,000
Improvements	249,541	36,703	-	286,244
Motor vehicles	36,335	35,091		71,426
Computer software	19,775	7,123		26,898
Furniture, fixtures and Equipment	<u>120,507</u>	<u>12,289</u>	<u>-</u>	<u>132,796</u>
Total accumulated Depreciation and Amortization	<u>829,158</u>	<u>143,206</u>	<u>-</u>	<u>972,364</u>
Capital assets, net	<u>\$ 509,211</u>	<u>\$ (119,389)</u>	<u>\$ -</u>	<u>\$ 470,822</u>

Depreciation expense was charged to governmental activities as follows:

Pupil transportation services	\$ 35,091
Operation of plant	<u>108,115</u>
	<u>\$ 143,206</u>

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Amount Due Within One Year
Capital lease obligation	\$216,221	\$ -	\$ 68,975	\$147,246	\$ 78,496
Note payable	<u>223,116</u>	-	<u>41,954</u>	<u>181,162</u>	<u>49,398</u>
Total	<u>\$439,337</u>	<u>\$ -</u>	<u>\$ 110,929</u>	<u>\$328,408</u>	<u>\$127,894</u>

During the year ended June 30, 2003, the School entered into a capital lease, for a term of 120 months, for the School building facility. See Note 8.

In October 2010, the School entered into a financing agreement in order to purchase three buses. The note is due in monthly installments of \$5,173 through November 2014, subject to an interest rate of 7.985% and is secured by the three buses.

Maturities of the note payable and capital lease obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 127,894	\$ 54,188	\$ 182,082
2013	122,240	59,842	182,082
2014	57,920	4,162	62,082
2015	<u>20,354</u>	<u>340</u>	<u>20,694</u>
	<u>\$ 328,408</u>	<u>\$ 118,532</u>	<u>\$ 446,940</u>

NOTE 5 - EMPLOYEE BENEFIT PLAN

The School has established Saving Incentive Match Plan for Employees of Small Employers (SIMPLE) under Internal Revenue Code 408(p). Employees are considered eligible if they have earned at least \$5,000 in compensation for the year or an amount equal to participating employees' contributions, whichever is less. Plan expenses were \$3,944 in 2011.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6 - SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Escambia County District School Board:	
Florida Education Finance Program	\$1,367,219
Capital outlay	84,965
Federal through State	66,492
Gifts, grants and bequests	3,421
Other	29,146
Total	<u>\$1,551,243</u>

NOTE 7 - CONTINGENCIES

Capital Outlay Funding:

As stated in Note 1, the School receives charter school capital outlay funding. The disbursement of funds received under this program is subject to review and audit by awarding agencies, and these funds are restricted to use for lawful capital outlay expenditures only. Any disbursements disallowed by the awarding agency could become liabilities of the School. In the event the School terminates operation, all unencumbered funds and all equipment and property purchased with capital outlay funds revert back to the ownership of the Escambia County District School Board.

Operating Leases:

The School has entered into two copier lease agreements, one that expires in November 2013 while the other expires in August 2014. Total rent expense for the copier amounted to \$6,060 during the year ended June 30, 2011. Future minimum lease payments under this lease are as follows:

Year Ending June 30,	
2012	\$ 6,060
2013	6,060
2014	3,764
2015	354
	<u>\$ 16,238</u>

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 - RELATED PARTIES

In October 2002, the School entered into a lease agreement with Creative Projects, LLC, a limited liability company of which the executive director of the School and a separate company, which the executive director controls, are managing members, for the use of a different facility. Lease payments are \$10,000 per month for 12 years. The lease meets the requirements for capital leases and, as such, is recorded as a capital lease. The executive director obtained a letter from a local realtor which stated the lease costs, \$5.10 per square foot, was "very reasonable for a renovated building with the central location that it has."

The School contracted with a construction contractor to perform various repairs to the school. The construction contractor is a member of the School's Board of Trustees. The total paid to the contractor for the year ended June 30, 2011 was \$7,100.

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance
	Original Budget	Final Budget		With Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,439,618	\$ 1,439,618	\$ 1,433,711	\$ (5,907)
Gifts, grants and bequests	17,185	17,185	3,421	(13,764)
Other	6,420	6,420	29,146	22,726
Total revenues	<u>1,463,223</u>	<u>1,463,223</u>	<u>1,466,278</u>	<u>3,055</u>
Expenditures:				
Current - Education:				
Instructional and basic (FEFP K-12)	641,845	641,845	622,648	19,197
Instruction and curriculum development	19,800	19,800	27,050	(7,250)
General support services	960	960	15,174	(14,214)
Board	480	480	2,182	(1,702)
General administration	1,200	1,200	12,539	(11,339)
School administration	269,625	269,625	271,394	(1,769)
Fiscal services	47,375	47,375	48,225	(850)
Food services	9,150	9,150	10,232	(1,082)
Pupil transportation Services	68,040	68,040	68,604	(564)
Operation of plant	106,640	106,640	141,061	(34,421)
Maintenance of plant	51,000	51,000	50,587	413
Capital Outlay:				
School administration	-	-	-	-
Pupil transportation services	-	-	-	-
Operation of plant	13,200	13,200	9,240	3,960
Debt service:				
Principal	63,962	63,962	63,962	-
Interest	32,945	32,945	32,945	-
Total expenditures	<u>1,326,222</u>	<u>1,326,222</u>	<u>1,375,843</u>	<u>(49,621)</u>
Net change in fund balance	137,001	137,001	90,435	(46,566)
Fund balance at July 1, 2010	<u>69,316</u>	<u>69,316</u>	<u>69,316</u>	<u>-</u>
Fund balance at June 30, 2011	<u>\$ 206,317</u>	<u>\$ 206,317</u>	<u>\$ 159,751</u>	<u>(46,566)</u>

New Road to Learning, Inc.
d/b/a Jacqueline Harris Preparatory Academy
A Component Unit of
The Escambia County District School Board
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT FUND
June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Intergovernmental	\$ 88,872	\$ 88,872	\$ 84,965	\$ (3,907)
Expenditures:				
Capital Outlay				
Operation of Plant			4,965	(4,965)
Principal	46,967	46,967	46,967	
Interest payments	<u>33,033</u>	<u>33,033</u>	<u>33,033</u>	<u>-</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>84,965</u>	<u>(4,965)</u>
Net change in fund balance	8,872	8,872	-	(8,872)
Fund balance at				
July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at				
June 30, 2011	<u>\$ 8,872</u>	<u>\$ 8,872</u>	<u>\$ -</u>	<u>\$ (8,872)</u>

Hurd & Finley

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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*

The Board of Trustees
New Road to Learning, Inc. d/b/a Jacqueline
Harris Preparatory Academy

We have audited the financial statements of the governmental activities and each major fund, of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

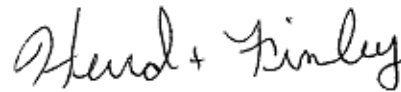
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed

The Board of Trustees - continued

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 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*.

This report is intended solely for the information and use of management, Board of Trustees, The Escambia County School Board, and the Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Hurd + Finley".

HURD & FINLEY, P.A.
Certified Public Accountants

August 17, 2011

Hurd & Finley

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
New Road to Learning, d/b/a Jacqueline
Harris Preparatory Academy

We have audited the financial statements of New Road to Learning, d/b/a Jacqueline Harris Preparatory Academy, (a component unit of the Escambia County School District School Board) whose headquarters is located in Pensacola, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 17, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* dated August 17 2011. Disclosures in the report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and that require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854 (1)(e) 1) require that we comment as to whether or not significant findings and recommendations reported in the preceding annual financial audit report have been corrected. There were no recommendations made in the preceding audit.

The Rules of the Auditor General (Section 10.854 (1) (e) 2) require a statement as to whether the Charter 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 the School did not meet any of the conditions described in Section 218.503 (1), Florida Statutes.

Pursuant to sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the New Road to Learning d/b/a Jacqueline Harris Preparatory Academy'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.

The Rules of the Auditor General (Section 10.854 (1) (e) 3) require disclosure in the management letter of any recommendations to improve present financial management, accounting procedures, and internal controls. *There are no findings or recommendations to improve the School's financial management.*

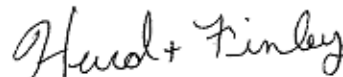
The Board of Trustees - continued

The Rules of the Auditor General (Section 10.854 (1) (e) 4) require disclosure in the management letter of violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.854 (1)(e) 6) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for New Road to Learning, d/b/a Jacqueline Harris Preparatory Academy is disclosed in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Florida Auditor General, and the Escambia County District School Board, and is not intended and should not be used by anyone other than these specified parties.



HURD & FINLEY, P.A.
Certified Public Accountants

August 17, 2011