

**NEW HOPE ACADEMY, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2013 AND 2012**



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**NEW HOPE ACADEMY, INC.**

**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED**

**JUNE 30, 2013 AND 2012**

**NEW HOPE ACADEMY, INC.  
JUNE 30, 2012 AND 2011**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT.....</b>	<b>1-2</b>
 <b>FINANCIAL STATEMENTS:</b>	
<b>Statements of Assets, Liabilities and Net Assets .....</b>	<b>4-5</b>
<b>Statements of Revenues and Expenses and Changes         in Net Assets.....</b>	<b>6-7</b>
<b>Cash flow statements.....</b>	<b>8</b>
<b>Notes to Financial Statements.....</b>	<b>9-17</b>
 <b>SUPPLEMENTARY INFORMATION:</b>	
<b>Schedule of Functional Expenses for the fiscal         year ended June 30, 2012 .....</b>	<b>19</b>
<b>Schedule of Functional Expenses for the fiscal         year ended June 30, 2011 .....</b>	<b>20</b>
<b>AUDITOR'S MANAGEMENT LETTER .....</b>	<b>22-23</b>
<b>FEDERAL INCOME TAX RETURN (Form 990) .....</b>	<b>25-79</b>



# Wilson & Wilson, PC

Certified Public Accountants

Certified Fraud Examiners

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President

“Observe Carefully, Deduce Shrewdly and  
Confirm with evidence.” Dr. Joseph Bell  
Circa 1877

## **INDEPENDENT AUDITORS’ REPORT**

To the Board of Trustees  
New Hope Academy, Inc.  
1820 Downs Blvd.  
Franklin, Tennessee 37064

We have audited the accompanying financial statements of New Hope Academy, Inc. (a Tennessee nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

### **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 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. 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 entity’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 entity’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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Organization as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Wilson & Wilson, PC, CPA, CFE**  
Bellevue, Tennessee  
December 31, 2013

## **FINANCIAL STATEMENTS**

**NEW HOPE ACADEMY, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS--INCOME TAX BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

	<b>ASSETS</b>	
	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Current assets:</b>		
Cash on Hand and in Banks	\$ 332,933	\$ 116,198
Accounts receivable, net of allowance for doubtful accounts of \$ 0 and \$23,482 at June 30, 2013 and 2012 respectively	<u>99,950</u>	<u>105,507</u>
Total Current Assets	<u>432,883</u>	<u>221,706</u>
 <b>Long-term investment securities, at Fair Value:</b>		
 <b>Property and Equipment</b>		
Furniture, fixtures and equipment	178,353	156,586
Land, buildings and improvements	3,214,655	3,224,617
Accumulated depreciation	<u>(1,282,909)</u>	<u>0</u>
Total property and equipment	<u>2,110,099</u>	<u>3,381,203</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 2,542,982</u></u>	 <u><u>\$ 3,602,909</u></u>

**NEW HOPE ACADEMY, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS--INCOME TAX BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**LIABILITIES AND NET ASSETS**

	<u>2013</u>	<u>2012</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 42,100	\$ 65,900
Prepaid tuition (unearned)	12,769	0
Other current liabilities	0	38,457
Line of credit payable	<u>0</u>	<u>165,000</u>
Total current liabilities	54,868	269,357
<b>Long-term debt:</b>		
Long term debt, net of current portion due	<u>0</u>	<u>450,000</u>
Total liabilities	<u>54,868</u>	<u>719,357</u>
<b>NET ASSETS</b>		
Unrestricted	2,007,011	2,538,078
Temporarily restricted	<u>481,103</u>	<u>345,474</u>
Total net assets	<u>2,488,114</u>	<u>2,883,552</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,542,982</u>	<u>\$ 3,602,909</u>



**NEW HOPE ACADEMY, INC.**  
**ELEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET**  
**ASSETS--INCOME TAX BASIS**  
**FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted revenues		
Gross tuition charged	\$ 2,167,650	\$ 2,016,140
Financial aid	(1,188,071)	(1,093,812)
Net tuition charged	<u>979,579</u>	<u>922,328</u>
Contributions	639,403	867,511
Lunch revenue	45,341	42,041
Fees	20,631	42,916
Investment and other unrestricted revenue	<u>48,902</u>	<u>7,931</u>
Net unrestricted revenues	1,733,856	1,882,727
Net assets released from restrictions	<u>                    </u>	<u>0</u>
Total unrestricted revenue	<u>1,733,856</u>	<u>1,882,727</u>
Expenses		
Personnel	1,521,707	1,504,572
Classroom	74,825	40,748
Lunch program	45,872	48,386
Facility costs	195,988	100,285
Administrative	95,054	64,827
Development	103,262	96,485
Interest expense	<u>19,654</u>	<u>31,478</u>
Total expenses	<u>2,056,363</u>	<u>1,886,781</u>
Increase (decrease) in unrestricted net assets	<u>(322,507)</u>	<u>(4,055)</u>

**Audited financial statements. See accountants' report and notes to financial statements.**

**NEW HOPE ACADEMY, INC.**  
**ELEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET**  
**ASSETS--INCOME TAX BASIS**  
**FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u><b>2,013</b></u>	<u><b>2,012</b></u>
Temporarily restricted revenues and gains (losses)		
Contributions	782,656	19,784
Special Grants	68,659	70,839
Designated Revenue	358,717	23,635
Interest and dividends	<u>1,292</u>	<u>1,254</u>
Total temporarily restricted revenues and gains (losses)	<u>1,211,324</u>	<u>115,512</u>
Net assets released from restrictions		
Financial aid		0
Restrictions satisfied by payments	(82,530)	(67,301)
Increase (decrease) in temporarily restricted assets	<u>1,128,794</u>	<u>48,211</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	806,287	44,156
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>	2,883,552	2,839,396
Adjustment to net assets due to prior year(s) depreciation taken currently	<u>(1,201,726)</u>	<u>0</u>
<b>NET ASSETS, END OF FISCAL YEAR</b>	<u><u>\$ 2,488,114</u></u>	<u><u>\$ 2,883,552</u></u>

**NEW HOPE ACADEMY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ 806,287	\$ 44,156
Adjustments to reconcile Net Income to net cash provided by operations:		
(Increase) decrease in Accounts receivable	(70,059)	72,561
Decrease (increase) in Long term receivables	100,147	(100,147)
(Increase) decrease in Allowance for doubtful accounts	(23,482)	(30,237)
(Decrease) increase in Accounts payable	(22,082)	(10,274)
(Decrease) increase in VISA payable - PNC	(1,719)	2,802
(Decrease) increase in Payroll liabilities	(346)	346
(Decrease) increase in Deferred payroll	(36,536)	36,536
Increase (decrease) in Prepaid tuition	11,721	1,048
(Decrease) increase in God's Story funds	(640)	374
(Decrease) increase in HAS Plan payable	(1,088)	1,088
(Decrease) increase in Other current liabilities		(9,400)
Decrease (increase) in Other current assets		950
Decrease (increase) in Employee receivables	152	(52)
Net cash provided by Operating Activities	<u>762,356</u>	<u>9,751</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Computers	(1,095)	(2,134)
Purchase of Office equipment	(722)	(284)
Purchase of Furniture and fixtures		(4,420)
Loan finance costs	9,962	
Classroom equipment	(19,950)	
Removal of vehicle		
Accumulated depreciation	81,184	
Net cash provided by Investing Activities	<u>69,379</u>	<u>(6,838)</u>
<b>FINANCING ACTIVITIES</b>		
Line of credit	(165,000)	
Current portion of long-term debt paid		
Loan from Capstar	(450,000)	
Net cash provided by Financing Activities	<u>(615,000)</u>	<u>0</u>
Net cash provided by operations and investing	216,735	2,913
Cash on July 1	<u>116,198</u>	<u>113,285</u>
Cash at the end of the fiscal year	<u><u>\$ 332,933</u></u>	<u><u>\$ 116,198</u></u>

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

**Nature of activities**

New Hope Academy, Inc. (the “Organization”) is a private, Christ-centered community school, which exists to serve low-income families by establishing a solid Biblical worldview, instill vision, confirming hope, and preparing each young person for a life of service. The Organization currently serves students from Pre-K through 6<sup>th</sup> Grade. The Organization reserves approximately half of its 220 seats each year for scholarship students based solely on financial need. Revenues are derived primarily from tuition and charitable contributions. The Organization was founded primarily in Tennessee as a non-profit corporation on May 31, 1996.

**Management**

The Organization is managed by a twelve-member Board of Trustees elected by the current Trustees and each is entitled to one vote on all voting matters. The Headmaster also serves on the Board as a non-voting member. While major policies and decisions are determined by the Board of Trustees, the day-to-day management is delegated to and performed by the Headmaster employed by the Board of Trustees.

**Basis of Accounting**

The financial statements were prepared on the basis of accounting the Organization uses for federal income tax reporting purposes. The Organization uses the accrual method of accounting for financial statements and income tax returns. Therefore, revenues are recognized when actually earned and expenses are provided when incurred. The income tax basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES – CONTINUED**

**Events Occurring After Reporting Date**

The Organization has evaluated events and transactions that have occurred between June 30, 2012 and August 7, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosures in the financial statements. No reportable events have occurred.

**Related Party Transactions**

The Organization provides financial aid and scholarships for students based solely on financial need. The dependents of certain employees and board members meet such need requirements. The financial aid and scholarships for those dependents were \$35,000 and \$50,036 for the fiscal years ending June 30, 2013 and June 30, 2012 respectively.

**Cash and cash equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash in bank and money market funds.

**Accounts receivable**

Accounts receivable primary represents unpaid tuition, lunch charges and other student fees. Accounts receivable are recorded at the amount the Organization expects to collect on balances outstanding at year-end.

**Allowance for doubtful accounts**

Previously, management established an allowance for uncollectible accounts. Specific amounts deemed to be uncollectable are recorded as financial assistance. Since the mantra of the organization is to assist students with insufficient funds to pay for their education; doubtful accounts are adjusted as financial assistance. The total of uncollectible accounts applied to financial assistance during the fiscal year ended June 30, 2013 was \$ 56,494.

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES – CONTINUED**

**Investment securities**

Investments in marketable securities with readily determinable fair values and all investments in certificates of deposit are value at their fair market values in the statement of assets, liabilities and net assets – income tax basis. These fair values are determined by level 1 input, which are based on unadjusted quoted market prices within active markets. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increased in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donations of investment securities are recorded as revenue at fair value, if readily determinable, on the date of the donation.

**Depreciation**

Previously, the Organization prepared its financial statements using the income tax method of accounting and for income tax purposes elected not to record depreciation expense or accumulated depreciation on depreciable property and equipment. Depreciation expense, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), is to be allocated in each accounting period over the estimated useful lives of assets using straight-line and certain accelerated methods. Accordingly, an adjustment for prior years' depreciation was recorded in the amount of \$ 1,201,725. Current fiscal year depreciation in the amount of \$ 81,184 was properly recorded. Net assets have been adjusted for the previous error. We believe this method of recording depreciation more closely agrees with U.S. GAAP.

**Property and equipment**

Property and equipment consists of buildings and land, equipment, furniture and fixtures, and capitalized costs of financing and are capitalized at cost or, if donated, the fair market value if readily determinable, in the statement of assets, liabilities and net assets. The Organization capitalizes expenditures for those items whose useful life is reasonably expected to last beyond the current year and the cost of which is above minimal values. Other expenditures are expense. Property and equipment are reported without depreciation expense or accumulated depreciation.

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES – CONTINUED**

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

**Tuition revenue**

Tuition revenue is reflected as revenue when earned based on enrollment dates. Prepaid tuition is deferred until the revenue is actually earned and is presented in the financial statement as a current liability.

**Income Taxes**

The Organization has been granted tax exempt status by the Internal Revenue Service under section 501(c)(3), and accordingly is classified as "Organization Exempt from Income Tax." Likewise, the Organization is exempt from state income tax. At June 30, 2013, the 2010, 2011, and 2012 tax years are available for examination by the tax authorities.

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE B – LONG-TERM INVESTMENT SECURITIES**

The principal and investment earnings of the long-term investment securities are temporarily restricted by donor for student financial aid and scholarships. All principal and earnings may be expended for designated purposes according to guidelines.

Investment returns for the year ended June 30, 2013							
					Short-Term	Long-Term	Total
Interest and dividend income	\$	0	\$	1,292	\$	1,292	
Realized and unrealized gains							
Investment gains and losses		0		0		0	
Total investment returns	\$	0	\$	1,292	\$	1,292	
Investment returns for the year ended June 30, 2012							
					Short-Term	Long-Term	Total
Interest and dividend income	\$	0	\$	1,254	\$	1,254	
Realized and unrealized gains							
Investment gains and losses		0		0		0	
Total investment returns	\$	0	\$	1,254	\$	1,254	



**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:					
				June 30, 2013	June 30, 2012
Furniture and equipment			\$	178,353	\$ 156,586
Buildings and improvements				2,553,155	2,563,117
Land				661,500	661,500
Accumulated Depreciation				(1,282,909)	0
		Total	\$	2,110,099	\$ 3,381,203

**NOTE D – FUNCTIONAL ALLOCATIONS OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Allocations were made based on reviews of expenses as well as estimates made by management.

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

						<u>2,013</u>		<u>2,012</u>
Blue Skies Endowment						205,584		204,292
Library fund						23,753		18,285
Friends of NHA								1,589
Ed Temple fund						42,337		41,337
Expanding Hope						200,203		25,000
Dollar General Grant								2,673
6th Grade Trip fund						9,225		4,449
Other temporarily restricted assets								3,692
						<u>481,103</u>		<u>301,317</u>

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

**NOTE F – LINE OF CREDIT**

In prior years, the Organization maintained a revolving line of credit with Capstar Bank, with a limit of \$165,000, which was initially funded on September 13, 2010. The Line of Credit was paid in full during the fiscal year ended June 30, 2013.

Interest expense for the line of credit is as follows for the year ended June 30:

	<u>2013</u>	<u>2012</u>
Interest expense	<u>\$2,356</u>	<u>\$8,444</u>

**NOTE G – LONG-TERM DEBT (See discussion of LOC):**

	<u>2013</u>	<u>2012</u>
Long-term debt at June 30:		
Capstar Bank	\$ 0	\$450,000
Less: Current portion of long-term debt	<u>\$ 0</u>	<u>\$ 0</u>
Long-term debt, net of current portion payable	<u>\$ 0</u>	<u>\$450,000</u>

Interest expense on long-term debt at fiscal year end June 30:

Interest expense on long-term debt	<u>\$17,292</u>	<u>\$23,028</u>
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Principal matured in 2013 and was paid in full at maturity.

**NEW HOPE ACADEMY, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES – INCOME TAX BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$850,500	\$287,013	\$107,044	\$1,244,557
Employee benefits	108,180	36,591	14,317	\$159,088
Payroll taxes expense	68,156	23,000	8,578	\$99,734
Professional development	1,193	0	0	\$1,193
Classroom	40,479		0	\$40,479
Counseling expenses	48,386	0	0	\$48,386
Lunch program	48,386	0	0	\$48,386
Occupancy	100,285	0	0	\$100,285
Bad debts	0	52	0	\$52
Accounting and technology	0	6,000	0	\$6,000
Administrative	5,882	52,944	0	\$58,826
Development	1,193	0	0	\$1,193
Grants, tuition and other assistance	1,093,812			\$1,093,812
Other costs of operations	11,830	102,683		\$114,513
Interest expense	<u>0</u>	<u>31,479</u>	<u>0</u>	<u>\$31,479</u>
	<u><u>\$2,378,282</u></u>	<u><u>\$539,762</u></u>	<u><u>\$129,939</u></u>	<u><u>\$3,047,983</u></u>
Percent of total	78%	18%	4%	100%

**NEW HOPE ACADEMY, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES – INCOME TAX BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$805,062	\$245,971	\$169,654	\$1,220,687
Employee benefits	84092	37089	16386	137,567
Payroll taxes expense	62885	23881	13252	100,018
Professional development	250	0	0	250
Classroom	75179	0	0	75,179
Counseling expenses	25671	0	0	25,671
Lunch program	48630	0	0	48,630
Facility Maintenance and repairs	36353	1430	358	38,141
Utilities	48915	2060	515	51,490
Property insurance	6819	287	72	7,178
Bad debts	0	25727	0	25,727
Accounting	0	9520	0	9,520
Administrative	5440	32341	0	37,781
Development	0	0	29205	29,205
Events	0	0	109410	109,410
Interest expense	0	49398	0	49,398
	<u>\$1,199,296</u>	<u>\$427,704</u>	<u>\$338,852</u>	<u>\$1,965,852</u>
Percent of total	61%	22%	17%	100%

## **SUPPLEMENTARY INFORMATION**

**NEW HOPE ACADEMY, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES - INCOME TAX BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Program Services	General & Administrative	Fundraising	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Salaries and wages	\$ 887,888	\$ 317,432	\$ 82,019	\$ 1,287,339
Employee benefits	89,253	31,889	8,245	129,387
Payroll taxes expense	71,406	25,529	6,596	103,531
Professional development	1,450			1,450
Classroom	54,655			54,655
Counseling Expenses	20,170			20,170
Lunch Program	45,872			45,872
Occupancy	187,870	8,118		195,988
Professional fees		27,424		27,424
Administrative		67,630		67,630
Development			103,262	103,262
Grants, tuition and other assistance	1,188,071			1,188,071
Other costs of operations				0
Interest expense		19,654		19,654
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Functional Expenses	\$ <u>2,546,635</u>	\$ <u>497,676</u>	\$ <u>200,122</u>	\$ <u>3,244,433</u>
Percent of total	78%	15%	6%	100%

**NEW HOPE ACADEMY, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES - INCOME TAX BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Program Services	General & Administrative	Fundraising	Total
Salaries and wages	\$ 850,500	287,013	107,044	\$ 1,244,557
Employee benefits	108,180	36,591	14,317	159,088
Payroll taxes expense	68,156	23,000	8,578	99,734
Professional development	1,193	0	0	1,193
Classroom	40,479	0	0	40,479
Counseling Expenses	48,386	0	0	48,386
Lunch Program	48,386	0	0	48,386
Occupancy	100,285	0	0	100,285
Bad debts	0	52	0	52
Professional fees	0	6,000	0	6,000
Administrative	5,882	52,944	0	58,826
Development	1,193	0	0	1,193
Grants, tuition and other assistance	1,093,812	0	0	1,093,812
Other costs of operations	11,830	102,683	0	114,513
Interest expense	<u>0</u>	<u>31,479</u>	<u>0</u>	<u>31,479</u>
Total Functional Expenses	\$ <u>2,378,282</u>	\$ <u>539,762</u>	\$ <u>129,939</u>	\$ <u>3,047,983</u>
Percent of total	78%	18%	4%	100%

**MANAGEMENT LETTER AND  
SPECIFIC FINDINGS**





# Wilson & Wilson, PC

Certified Public Accountants

Certified Fraud Examiners

Forensic Accountants

8122 Sawyer Brown Road, Suite 212

Bellevue, Tennessee 37221-1411

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Dr. Harold O. Wilson, Ph.D., CPA, CFE  
Of Counsel  
James C. Wilson, Jr., MBA, CPA, CFE  
President

“Observe Carefully, Deduce Shrewdly and  
Confirm with evidence.” Dr. Joseph Bell  
Circa 1877

## **MANAGEMENT LETTER AND SPECIFIC FINDINGS FOR YOUR INFORMATION**

December 31, 2013

To the Board of Trustees  
New Hope Academy, Inc.  
1820 Down Blvd.  
Franklin, Tennessee 37064

We have audited the financial statements of New Hope Academy, Inc. for the year ended June 30, 2013 and 2012 and have issued our report thereon dated December 31, 2013. Professional standards require that we provided to you, information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by New Hope Academy, Inc., are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2013. We noted no transactions entered into by the Organization during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are described in Note A to the financial statements.

## **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in providing and completing our audit engagement.

## **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulated all known and likely misstatements identified during the audit, other than those that are trivial (not material), and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. Misstatements were limited to disclosure of restricted funds on financial statements.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Management Representations**

We have requested certain representations from management that is included in the management representation letter a copy of which is attached.

## **Management Consultations with Other Independent Auditors**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be express on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

This information is intended solely for the use of the Board of Trustees and management of New Hope Academy, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Wilson & Wilson, PC, CPA, CFE



# **Federal Income Tax Return**

## **FORM 990**

(Return of Organization Exempt From Income Tax)

**For the Fiscal Year Ended  
June 30, 2012**



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