

**NEW HOPE ACADEMY, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**JUNE 30, 2012 AND 2011**



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**NEW HOPE ACADEMY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

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

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# Wilson & Wilson, PC

Certified Public Accountants

Certified Fraud Examiners

Forensic Accountants

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Of Counsel  
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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 of  
New Hope Academy, Inc.  
1820 Downs Blvd.  
Franklin, Tennessee 37064

We have audited the accompanying financial statements of ABC Organization (a nonprofit organization), which comprise the statement of financial position as of June 30, 2012, and the related statements of activities and cash flows for the 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, 2012, 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. Our firm did not audit the year ended June 30, 2011; however, we have thoroughly reviewed information provided to us for that period. In our limited opinion, we accept the 2010-2011 financial statements as presented by Spain & Higginbotham CPA Group, PLLC. We have presented the audited financial statements prepared by Spain & Higginbotham CPA Group, PLLC for continuity and for comparison purposes. We offer no opinion on their financial statement audit.

A handwritten signature in blue ink that reads "Wilson & Wilson PC". The signature is fluid and cursive, with the letters "W" and "P" being particularly prominent.

Wilson & Wilson, PC, CPA, CFE  
Bellevue, Tennessee 37221-1411  
August 7, 2013

## **FINANCIAL STATEMENTS**

**NEW HOPE ACADEMY, INC.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS**  
**JUNE 30, 2012 AND 2011**

<b>ASSETS</b>			
		<u>2012</u>	<u>2011</u>
<b>Current assets:</b>			
Cash in Bank		\$116,198	\$113,285
Accounts receivable, net of allowance for doubtful accounts of \$23,482 and \$55,000 at June 30, 2012 and 2011, respectively		105,507	67,054
Deposits and prepaid expenses		<u>0</u>	<u>950</u>
Total Current assets		<u>221,706</u>	<u>181,289</u>
 <b>Long-term investment securities, at Fair Value:</b>			
 <b>Property and Equipment:</b>			
Furniture, fixtures and equipment		156,586	149,748
Land, buildings and improvements		<u>3,224,617</u>	<u>3,224,617</u>
Total property and equipment		<u>3,381,203</u>	<u>3,374,365</u>
 <b>TOTAL ASSETS</b>		<u><u>\$3,602,909</u></u>	<u><u>\$3,555,654</u></u>

**NEW HOPE ACADEMY, INC.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -- INCOME TAX**  
**BASIS--CONTINUED**  
**JUNE 30, 2012 AND 2011**

<b>LIABILITIES AND NET ASSETS</b>		
	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$65,900	\$73,371
Prepaid tuition (unearned)	0	18,221
Other current liabilities	38,457	9,666
Line of credit payable	<u>165,000</u>	<u>165,000</u>
Total current liabilities	269,357	266,258
<b>Long-term debt:</b>		
Long-term debt, net of current portion due	<u>450,000</u>	<u>450,000</u>
Total liabilities	<u>719,357</u>	<u>716,258</u>
<b>Net assets:</b>		
Unrestricted	2,538,078	2,536,794
Temporarily restricted	<u>345,474</u>	<u>302,602</u>
Total net assets	<u>2,883,552</u>	<u>2,839,396</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$3,602,909</u></u>	<u><u>\$3,555,654</u></u>



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

	<u>2012</u>	<u>2011</u>
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted revenues		
Gross tuition charged	\$2,016,140	\$1,911,150
Financial aid	(1,093,812)	(1,055,822)
Net tuition charged	<u>922,328</u>	<u>855,328</u>
Contributions	867,511	745,973
Lunch revenue	42,041	41,233
Fees	42,916	25,150
Investment and other unrestricted revenue	<u>7,931</u>	<u>6,840</u>
Net unrestricted revenues	1,882,727	1,674,524
Net assets released from restrictions	<u>0</u>	<u>860,930</u>
Total unrestricted revenue	<u>1,882,727</u>	<u>2,535,454</u>
Expenses		
Personnel	1,504,572	1,458,522
Classroom	40,748	100,850
Lunch program	48,386	48,630
Facility costs	100,285	96,809
Administrative	64,827	73,028
Development	96,485	138,615
Interest expense	<u>31,478</u>	<u>49,398</u>
Total expenses	<u>1,886,781</u>	<u>1,965,852</u>
Increase (decrease) in unrestricted net assets before sale of fixed assets	(4,055)	569,602
Loss on sale of fixed assets	<u>0</u>	<u>(16,514)</u>
Increase (decrease) in unrestricted assets	<u>(4,055)</u>	<u>553,088</u>

**NEW HOPE ACADEMY, INC.**  
**STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET**  
**ASSETS -- INCOME TAX BASIS -- CONTINUED**  
**YEARS ENDED JUNE30, 2012 AND 2011**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Temporarily restricted revenues and gains (losses)		
Contributions	19,784	719,008
Special grants	70,839	113,053
Designated revenue	23,635	1,356
Realized gains (losses)	0	19,258
Change in unrealized gains (losses)	0	(5,490)
Interest and dividends	1,254	2,405
	<u>115,512</u>	<u>849,590</u>
Net assets released from restrictions		
Financial aid	0	(9,250)
Restrictions satisfied by payments	(67,301)	(851,680)
	<u>(67,301)</u>	<u>(860,930)</u>
Increase (decrease) in temporarily restricted assets	<u>48,211</u>	<u>(11,340)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	44,156	541,748
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>	<u>2,839,396</u>	<u>2,297,648</u>
<b>NET ASSETS, END OF FISCAL YEAR</b>	<u><u>\$2,883,552</u></u>	<u><u>\$2,839,396</u></u>

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

<b>OPERATING ACTIVITIES</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Net Income	\$44,156	\$541,749
Adjustments to reconcile Net Income to net cash provided by operations:		
Decrease (increase) in Accounts receivable	72,561	(19,325)
(Increase) decrease in Allowance for doubtful accounts	(30,237)	(1,380)
Decrease (increase) in Prepaid Tuition	1,048	0
(Increase) decrease in Long-term receivables	(100,147)	0
Decrease (increase) in Other current assets	950	(450)
(Decrease) increase in Accounts payable	(10,274)	22,484
Increase (decrease) in VISA payable - PNC	2,802	80
Increase (decrease) in Payroll liabilities	346	
Increase (decrease) in Deferred payroll	36,536	
Increase (decrease) in God's Story funds	374	(1,965)
(Decrease) increase in Other current liabilities	(9,400)	9,400
Increase (decrease) in HSA Plan payable	1,088	
(Increase) decrease in Employee receivables	(52)	
Net cash provided by Operating Activities	<u>9,751</u>	<u>550,593</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Furniture and fixtures	(4,420)	0
Purchase of Office equipment	(284)	(184)
Removal of Vehicle		20,014
Loan finance costs		(5,951)
Purchase of Computers	(2,134)	(21,084)
Net cash provided by Investing Activities	<u>(6,838)</u>	<u>(7,205)</u>
<b>FINANCING ACTIVITIES</b>		
Line of Credit		15,000
Current portion of long-term debt paid		(1,150,000)
Loan from Capstar		450,000
Net cash provided by Financing Activities	<u>0</u>	<u>(685,000)</u>
Net cash provided by operations and investing	2,913	(141,612)
Cash on July 1, 2011	113,285	254,897
Cash at the end of the fiscal year, June 30, 2012	<u><u>\$116,198</u></u>	<u><u>\$113,285</u></u>

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**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 nine-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**  
**JUNE 30, 2012 AND 2011**

**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 \$50,036 and \$113,528 for the fiscal years ending June 30, 2012 and June 30, 2011 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**

Management established an allowance for the amount of accounts receivable it deems collection as doubtful. Specific amounts deemed to be uncollectable are charged against the allowance for doubtful accounts account. Adjustments to the allowance account are charged to a provision for bad debts in the statement of revenues and expenses and changes in net assets – income tax basis. No accounts were written off during the fiscal year ended June 30, 2012.

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**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**

The Organization prepares its financial statements on the income tax method of accounting and for income tax purposes has elected to not record depreciation expense or accumulated depreciation on depreciable property and equipment. Depreciation expense under accounting principles generally accepted in the United States of America (U.S. GAAP) is spread over the estimated useful lives of assets using straight-line and certain accelerated methods. Accordingly, the accompanying financial statements are not intended to present financial position, results of operation, and cash flows in conformity 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**  
**JUNE 30, 2012 AND 2011**

**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, 2012, the 2009, 2010, 2011 and 2012 tax years are available for examination by the tax authorities.

**NEW HOPE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**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, 2012 are as follows:

	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Interest and dividend income	\$0	\$1,254	\$1,254
Realized and unrealized gains			
investment gains and (losses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total investment returns	<u><u>\$0</u></u>	<u><u>\$1,254</u></u>	<u><u>\$1,254</u></u>

Investment returns for the year ended June 30, 2011 are as follows:

	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Interest and dividend income	\$0	\$2,441	\$2,441
Realized and unrealized gains			
investment gains and (losses)	<u>\$479</u>	<u>\$19,258</u>	<u>\$19,737</u>
Total investment returns	<u><u>\$479</u></u>	<u><u>\$21,699</u></u>	<u><u>\$22,178</u></u>



**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Furniture and equipment	\$156,586	\$149,748
Buildings and improvements	\$2,553,156	\$2,563,117
Land	<u>\$661,500</u>	<u>\$661,500</u>
Total	<u>\$3,371,242</u>	<u>\$3,374,365</u>

**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>2012</u>	<u>2011</u>
Blue Skies Endowment	\$204,292	\$204,292
Library fund	18,285	18,285
Friends of NHA	1,589	
Ed Temple fund	41,337	41,337
Expanding Hope	25,000	25,000
Dollar General Grant	0	2,673
Other temporarily restricted assets	<u>10,814</u>	<u>11,015</u>
	<u>\$301,317</u>	<u>\$302,602</u>

**NOTE F – LINE OF CREDIT**

The Organization maintains a revolving line of credit with Capstar Bank, with a limit of \$165,000, which was initially funded on September 13, 2010. The LOC replaced a previous line of credit from PNC Bank. The line of credit is secured by all property including receivables and intangibles, maturing September 13, 2012, at which time the entire principal balance and any unpaid interest is due. Monthly interest payments are made at the prime rate per annum or a minimum of 5.0%, which was the rate in effect at June 30, 2012.

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

	<u>2012</u>	<u>2011</u>
Interest expense	<u>\$8,444</u>	<u>\$7,436</u>

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

	<u>2012</u>	<u>2011</u>
Long-term debt at June 30:		
Capstar Bank	\$450,000	\$450,000
Less: Current portion of long-term debt	<u>\$0</u>	<u>\$0</u>
Long-term debt, net of current portion payable	<u>\$450,000</u>	<u>\$450,000</u>

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

Interest expense on long-term debt	<u>\$23,028</u>	<u>\$37,939</u>
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Principal matures in 2013.

## **SUPPLEMENTARY INFORMATION**

**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	0	31,479	0	\$31,479
	<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%

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

	Program Services	General & Administrative	Fundraising	Total
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%

**MANAGEMENT LETTER AND  
SPECIFIC FINDINGS**



# **Wilson & Wilson, PC**

**Certified Public Accountants**

**Certified Fraud Examiners**

**Forensic Accountants**

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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**

We have audited the financial statements of New Hope Academy, Inc. for the year ended June 30, 2012 and have issued our report thereon dated August 7, 2013. We have not audited the financial statements for the year ended June 30, 2011 and we offer no opinion on those statements; however, we have thoroughly reviewed the statements for that period and are confident that they present fairly the financial position of the Organization in accordance with principles of accounting generally accepted in the United States of America. Accordingly, we are presenting those statements with those audited by our firm for the sake of continuity and comparability. 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 dated February 18, 2013. 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, 2012. 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, with the exception of depreciation expense and accumulated depreciation.

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. Our progress was somewhat impaired by the fact that this was our first audit of a very complicated accounting system.

## **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, with the exception of recording depreciation and accumulated depreciation. 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.

## **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 dated August 7, 2013, 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