

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

**(A COMPONENT UNIT OF THE SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA)**

FINANCIAL STATEMENTS

JUNE 30, 2018

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
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JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (a component unit of The School Board of Escambia County, Florida) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's 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.

Auditors' 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 and the standards applicable to the 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 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 opinions.

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Opinions

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, and aggregate remaining fund information of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy as of June 30, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

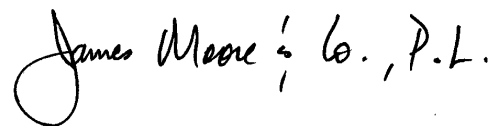
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style with a large loop at the beginning.

Tallahassee, Florida
August 31, 2018

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018

As management of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (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, 2018 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 Highlight

- As of June 30, 2018, the School’s governmental funds reported combined ending fund balance of \$304,363 an increase of \$165,911 in comparison with prior year.

Overview of the Financial Statements

This 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, 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 New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 result in cash flows in future fiscal periods.

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 (FEFP K-12), instruction and curriculum development, instructional staff training, 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.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The government-wide financial statements can be found on pages 7 – 8 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.

Governmental funds - Governmental 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.

The basic governmental fund financial statements can be found on pages 9 – 11 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 12 through 21 of the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed financial information - As noted earlier, net position 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Statement of Net Position

	2018	2017
Current and other assets	\$ 322,467	\$ 191,049
Capital assets, not being depreciated	530,871	530,871
Capital assets, being depreciated, net	<u>2,552,052</u>	<u>2,647,622</u>
Total assets	<u>3,405,390</u>	<u>3,369,542</u>
Other liabilities	18,104	52,597
Noncurrent liability:		
Due within one year	78,604	64,061
Due in more than one year	<u>2,780,557</u>	<u>2,862,525</u>
Total liabilities	<u>2,877,265</u>	<u>2,979,183</u>
Net position:		
Net investment in capital assets	223,762	251,907
Unrestricted	<u>304,363</u>	<u>138,452</u>
Total net position	<u>\$ 528,125</u>	<u>\$ 390,359</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$137,766 from the prior fiscal year for an ending net position of \$528,125. The key element of this change are increased revenue in the current year due to higher enrollment and a decrease in costs associated with the acquisition of a new building in the prior period.

Statement of Activities

	2018	2017
Program revenues:		
Operating grants and contributions	\$ 106,006	\$ 47,955
Capital grants and contributions	132,629	72,157
General revenues:		
Grants and contributions not restricted to specific purposes	1,556,726	1,349,354
Other	<u>10,006</u>	<u>14,207</u>
Total revenues	<u>1,805,367</u>	<u>1,483,673</u>
Program expenses:		
Instructional (basic and curriculum development)	671,290	654,729
Instruction and curriculum development	-	1,851
School administration	182,426	202,511
Fiscal services	45,800	44,166
Pupil transportation services	181,827	163,266
Operation of plant	372,044	323,975
Maintenance of plant	91,100	112,492
Interest on long-term debt	123,114	63,160
Total expenses	<u>1,667,601</u>	<u>1,566,150</u>
Increase (decrease) in net position	<u>137,766</u>	<u>(82,477)</u>
Net position, beginning of year	<u>390,359</u>	<u>472,836</u>
Net position, end of year	<u>\$ 528,125</u>	<u>\$ 390,359</u>

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018, the School’s governmental funds reported combined ending fund balance of \$304,363.

GENERAL FUND BUDGETARY HIGHLIGHTS

Enrollment increased in the fiscal year 2017-2018. Some expenses were higher due to the increased enrollment. A slight increase in enrollment is expected for the fiscal year 2018-2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets and debt – Information on the School’s debt can be found in Note II. C. on page 19 of this report. Increases in capital assets during the year ended June 30, 2018, related to improvements and software amounted to \$20,466. Additional information on the School’s capital assets can be found in Note II. B. on page 18 of this report.

The School’s investment in capital assets for its governmental activities as of June 30, 2018, amounted to \$223,762 (net of accumulated depreciation and debt). This investment in capital assets includes building improvements, furniture, fixtures and equipment, motor vehicles, and computer software.

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., 8190 Pensacola Blvd, Pensacola, Florida 32534.

**NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 256,669
Employee receivable	8,000
Due from primary government	5,182
Deposits	52,616
Capital assets, not being depreciated	530,871
Capital assets, being depreciated, net	2,552,052
Total assets	\$ 3,405,390
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	\$ 18,104
Noncurrent liabilities:	
Due within one year	78,604
Due in more than one year	2,780,557
Total liabilities	\$ 2,877,265
<u>NET POSITION</u>	
Net investment in capital assets	\$ 223,762
Unrestricted	304,363
Total net position	\$ 528,125

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

**NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities:					
Instruction and basic	\$ 671,290	\$ -	\$ 106,006	\$ -	\$ (565,284)
School administration	182,426	-	-	-	(182,426)
Fiscal services	45,800	-	-	-	(45,800)
Pupil transportation services	181,827	-	-	-	(181,827)
Operation of plant	372,044	-	132,629	-	(239,415)
Maintenance of plant	91,100	-	-	-	(91,100)
Interest	123,114	-	-	-	(123,114)
Total governmental activities	<u>\$ 1,667,601</u>	<u>\$ -</u>	<u>\$ 238,635</u>	<u>\$ -</u>	<u>(1,428,966)</u>
General revenues:					
Grants and contributions not restricted to specific purposes					1,556,726
Other					10,006
Total general revenues					<u>1,566,732</u>
Change in net position					<u>137,766</u>
Net position, beginning of year					390,359
Net position, end of year					<u>\$ 528,125</u>

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

**NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 256,669	\$ -	\$ -	\$ 256,669
Employee receivable	8,000	-	-	8,000
Deposits	1,016	51,600	-	52,616
Due from primary government	-	5,182	-	5,182
Total Assets	<u>\$ 265,685</u>	<u>\$ 56,782</u>	<u>\$ -</u>	<u>\$ 322,467</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 18,104	\$ -	\$ -	\$ 18,104
Fund Balances:				
Unassigned	241,915	-	-	241,915
Restricted				
Capital outlay	-	62,448	-	62,448
Total fund balances	<u>241,915</u>	<u>62,448</u>	<u>-</u>	<u>304,363</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,082,923
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,859,161)
Net position of governmental activities	<u>\$ 528,125</u>

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

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental	\$ 1,558,217	\$ 132,629	\$ 104,515	\$ 1,795,361
Other	10,006	-	-	10,006
Total revenues	<u>1,568,223</u>	<u>132,629</u>	<u>104,515</u>	<u>1,805,367</u>
Expenditures				
Instruction and basic	569,718	-	101,573	671,291
School administration	182,426	-	-	182,426
Fiscal services	45,800	-	-	45,800
Pupil transportation services	151,801	-	-	151,801
Operation of plant	154,034	132,000	-	286,034
Maintenance of plant	91,100	-	-	91,100
Principal	67,425	-	-	67,425
Interest	123,114	-	-	123,114
Capital outlay	17,523	-	2,942	20,465
Total expenditures	<u>1,402,941</u>	<u>132,000</u>	<u>104,515</u>	<u>1,639,456</u>
Excess of revenues over expenditures	<u>165,282</u>	<u>629</u>	<u>-</u>	<u>165,911</u>
Other financing sources				
Transfers in	-	56,153	-	56,153
Transfers out	(56,153)	-	-	(56,153)
Total other financing sources	<u>(56,153)</u>	<u>56,153</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>109,129</u>	<u>56,782</u>	<u>-</u>	<u>165,911</u>
Fund balances, beginning of year	132,786	5,666	-	138,452
Fund balances, end of year	<u>\$ 241,915</u>	<u>\$ 62,448</u>	<u>\$ -</u>	<u>\$ 304,363</u>

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

**NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

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

Net change in fund balances-total governmental funds (page 10)		\$	165,911
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
	Capital outlay	\$	20,466
	Depreciation		<u>(116,036)</u>
			(95,570)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.			
Long-term debt principal payments			67,425
Change in net position of governmental activities (page 8)		<u>\$</u>	<u>137,766</u>

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

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (the “School”), which affect significant elements of the accompanying basic financial statements:

A. Description of government wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, are normally supported by intergovernmental revenues, and other nonexchange transactions.

B. Reporting entity

New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (the “School”) 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 School Board of Escambia County, Florida. 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 School Board of Escambia County, Florida.

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.

C. Basis of presentation – government wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Escambia County School Board, are reported as general revenues.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

E. Measurement focus and basis of accounting (Continued)

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

F. Budgetary information

The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

G. Assets, liabilities, and net position/fund balance

1. Deposits and investments

Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

2. Deposit on purchase

Payment to vendor towards purchase of property that will be completed in future accounting periods and is recorded as a deposit in both the government wide and fund financial statements.

3. Capital assets

Capital assets are defined by the School as assets with an initial individual cost of \$750 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7 – 50
Furniture, fixtures and equipment	5 – 10
Motor vehicles	7 – 10
Audiovisual materials	5 – 7
Computer hardware and software	3 – 5

4. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

5. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

G. Assets, liabilities, and net position/fund balance (Continued)

6. Net position flow assumption

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The School Board is the highest level of decision making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

H. Revenues and expenditures/expenses

1. Revenue sources

Revenues for current operations are received primarily from The School Board of Escambia County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the Escambia County School Board. Under the provisions of Section 1011.62, Florida Statutes, the Escambia County School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

The School may receive federal and state awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

II. Detailed Notes on All Funds:

A. Deposits

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned. At year end, the carrying amount of the School's deposits was \$256,669 and the bank balance was \$264,565. Of the bank balance, \$264,565 was covered by Federal depository insurance or by collateral held by the School's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

II. Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets, not being depreciated:				
Land	\$ 530,871	\$ -	\$ -	\$ 530,871
Capital assets, being depreciated:				
Buildings and fixed equipment	2,500,330	12,891	-	2,513,221
Improvements	483,646	-	-	483,646
Motor vehicles	314,980	-	-	314,980
Computer software	31,718	-	-	31,718
Furniture, fixtures and equipment	201,361	7,575	-	208,936
Total capital assets, being depreciated	<u>3,532,035</u>	<u>20,466</u>	<u>-</u>	<u>3,552,501</u>
Less accumulated depreciation:				
Buildings and fixed equipment	(30,655)	(69,950)	-	(100,605)
Improvements	(377,504)	(11,393)	-	(388,897)
Motor vehicles	(248,112)	(30,026)	-	(278,138)
Computer software	(30,283)	(718)	-	(31,001)
Furniture, fixtures and equipment	(197,859)	(3,949)	-	(201,808)
Total accumulated depreciation	<u>(884,413)</u>	<u>(116,036)</u>	<u>-</u>	<u>(1,000,449)</u>
Capital assets, net	<u>\$ 3,178,493</u>	<u>\$ (95,570)</u>	<u>\$ -</u>	<u>\$ 3,082,923</u>

Capital assets are used for multiple functions within the School and depreciation expense of \$116,036 was charged to governmental functions as follows:

Pupil transportation services	\$ 30,026
Operation of plant	86,010
	<u>\$ 116,036</u>

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

II. Detailed Notes on All Funds: (Continued)

C. Long-term debt

Governmental Activities

4.25% mortgage payable with interest only payments through July 2017. Beginning August 5, 2017, 54 months of principal and interest (at 4.25%) payments of \$15,992. Beginning February 5, 2022, the interest rate will be equal to the Wall Street Journal rate plus 1% with 239 monthly payments of \$16,698 through January 2042, with any remaining unpaid principal and interest then due. Collateralized by land and building.

	\$ 2,837,679
Less: Current portion	<u>72,786</u>
Notes payable, less current portion	<u>\$ 2,764,893</u>

4.25% mortgage payable with interest only payments through July 2017. Beginning August 2017, 54 months of principal and interest (at 4.25%) payments of \$551. Beginning February 5, 2022, the interest rate will be equal to the Wall Street Journal rate plus 1% with 239 monthly payments of \$576 through January 2042, with any remaining unpaid principal and interest then due. Collateralized by land and building.

	\$ 21,482
Less: Current portion	<u>5,818</u>
Notes payable, less current portion	<u>\$ 15,664</u>

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Notes Payable	\$ 2,926,586	\$ —	\$ 67,425	\$ 2,859,161	\$ 78,064

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

II. Detailed Notes on All Funds: (Continued)

C. Long-term debt (Continued)

Maturities of notes payable and line of credit are as follows:

Year Ending June 30,	Principal	Interest
2019	\$ 78,604	\$ 119,920
2020	82,010	116,514
2021	85,564	112,960
2022	67,930	114,109
2023	80,346	120,026
2024-2028	464,709	537,148
2029-2033	590,125	411,732
2034-2038	749,390	252,468
2039-2043	660,483	59,452
Total	<u>\$ 2,859,161</u>	<u>\$ 1,844,329</u>

D. Operating Lease

The School has a building lease expiring October 2023. The Principal of the School owned the building at the inception of the lease. Total rent expense for the building amounted to \$132,000 during the year ended June 30, 2018. Future minimum lease payments due under this leases is as follows:

Year Ending June 30,	Minimum Payments
2019	\$ 132,000
2020	132,000
2021	132,000
2022	132,000
2023	132,000
Total	<u>\$ 660,000</u>

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

III. Other Information:

A. Significant Funding Source

The School receives a substantial amount of its funding from the Escambia County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

B. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Loss mitigation is provided through purchased commercial insurance. Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

C. Defined Contribution Plan

The School has established a 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. Contributions to the plan were \$641 for the year ended 2018.

D. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally Federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

E. Related Party

The school loaned \$8,000 to an employee during the year ended June 30, 2018. The amount is included in the Statement of Net Position as of June 30, 2018. Subsequent to year end, the \$8,000 loan was repaid.

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

III. Other Information: (Continued)

F. Income Taxes

The School is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore no provision for income taxes has been made in the accompanying financial statements.

The School files income tax returns in the U.S. Federal jurisdiction. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

G. Subsequent Events

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 31, 2018, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,366,048	\$ 1,558,217	\$ 1,558,217	\$ -
Other	4,000	10,035	10,006	(29)
Total revenues	<u>1,370,048</u>	<u>1,568,252</u>	<u>1,568,223</u>	<u>(29)</u>
Expenditures				
Instruction and basic	558,325	569,195	569,718	(523)
Instruction and curriculum development	1,800	-	-	-
School administration	189,850	182,426	182,426	-
Fiscal services	43,800	45,800	45,800	-
Pupil transportation services	120,000	152,110	151,801	309
Operation of plant	123,600	155,165	154,034	1,131
Maintenance of plant	38,000	91,200	91,100	100
Principal	-	67,425	67,425	-
Interest	186,315	123,114	123,114	-
Capital outlay	-	17,523	17,523	-
Total expenditures	<u>1,261,690</u>	<u>1,403,958</u>	<u>1,402,941</u>	<u>1,017</u>
Excess of revenues over expenditures	<u>108,358</u>	<u>164,294</u>	<u>165,282</u>	<u>988</u>
Other financing sources				
Transfers out	-	-	(56,153)	(56,153)
Net change in fund balances	<u>108,358</u>	<u>164,294</u>	<u>109,129</u>	<u>(55,165)</u>
Fund balances, beginning of year	138,452	138,452	138,452	-
Fund balances, end of year	<u>\$ 246,810</u>	<u>\$ 302,746</u>	<u>\$ 247,581</u>	<u>\$ (55,165)</u>

The accompanying notes to required supplementary information
are an integral part of this statement.

**NEW ROAD TO LEARNING, INC.
D/B/A JACQUELINE HARRIS PREPARATORY ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

(1) Summary of Significant Accounting Policies:

The Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual are presented using the School’s budget format for all major governmental funds.

(2) Budgetary Basis of Accounting:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. The budget presented for fiscal year ended June 30, 2018, was amended during the year according to Board procedures.

Budgets are presented on the modified accrual basis of accounting.

**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**

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (a component unit of The School Board of Escambia County, Florida), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

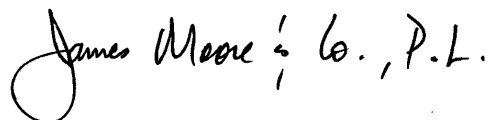
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy's financial statements are free from material misstatement, we performed 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
August 31, 2018

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850,
RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

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

Report on the Financial Statements

We have audited the financial statements of New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (a component unit of The School Board of Escambia County, Florida), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated August 31, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 31, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity to be disclosed in the management letter. The official title of the entity is New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy (a component unit of Escambia County School Board).

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy. It is management's responsibility to monitor the New Road to Learning, Inc. 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.

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

Transparency

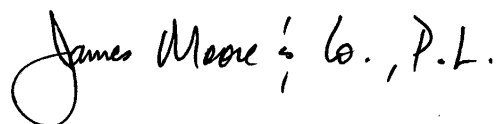
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General require us to apply appropriate procedures and communicate the results of our determination as to whether New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the New Road to Learning, Inc. d/b/a Jacqueline Harris Preparatory Academy maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Escambia County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
August 31, 2018