

*Basic Financial Statements and
Supplemental Information*

NEW DIMENSIONS HIGH SCHOOL, INC.

June 30, 2014

NEW DIMENSIONS HIGH SCHOOL, INC.

**Basic Financial Statements
and Supplemental Information**

(With Independent Auditor's Report Thereon)

June 30, 2014

NEW DIMENSIONS HIGH SCHOOL, INC.

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NEW DIMENSIONS HIGH SCHOOL, INC.

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Independent Auditor's Report

To the Board of Directors
New Dimensions High School, Inc.
Kissimmee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Dimensions High School, Inc. (the "School"), a component unit of the School Board of Osceola County, Florida as of and for the year ended June 30, 2014, which collectively comprise New Dimensions High School, Inc.'s basic financial statements as listed in the table of contents.

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 and *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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Dimensions High School, Inc. as of June 30, 2014, 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.

Other Matters

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise New Dimension High School, Inc.'s basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 2014 on our consideration of the New Dimensions High School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and

grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Dimensions High School, Inc.'s internal control over financial reporting and compliance.

Schaefer, Tschoy, Whittemut, Mitchell & Shuilen, LLP

August 19, 2014
Altamonte Springs, Florida

Management's Discussion and Analysis

As management of New Dimensions High School, Inc. (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, 2014 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, (d) identify material deviations from the approved budget, and (e) 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 found starting on page 9.

Financial Highlights

- At the end of the current fiscal year, unreserved fund balance for the general fund was \$952,468.
- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$3,258,302 (net assets).
- The School's total net assets decreased by \$93,373.
- At the end of the current fiscal year, the School's total debt decreased by \$53,168 due to scheduled principal payments on the mortgage.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to be the School's basic financial statements. The School's basic financial statements comprise 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 the School's finances, in a manner similar to a private-sector business.

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

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

Both the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and transportation services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself and can be found on pages 8 and 9 of this report.

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 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 three 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 capital outlay fund, both of which are considered to be major funds.

The School adopts annual appropriate budgets for the general and capital projects funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets and can be found on pages 28 and 29 of this report.

Notes to financial statements. Those 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 page 16 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$3,258,302 for the year ended June 30, 2014.

The largest portion of the School's net assets reflects its investment in capital assets (e.g., land, buildings and fixed equipment, improvements other than buildings, furniture, fixtures, and equipment, information technology equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Comparison of the condensed statement of net assets and the statement of activities are provided below.

New Dimensions High School, Inc. Statement of Net Assets

	Governmental Activities		
	2014	2013	\$ Change
ASSETS			
Current and other assets	\$ 1,157,367	1,194,373	(37,006)
Capital assets, net of accumulated depreciation	4,368,367	4,515,860	(147,493)
Total assets	5,525,734	5,710,233	(184,499)
LIABILITIES			
Current and other liabilities	228,650	264,138	(35,488)
Noncurrent liabilities	2,038,782	2,094,420	(55,638)
Total liabilities	2,267,432	2,358,558	(91,126)
NET ASSETS			
Invested in capital assets, net of related debt	2,297,063	2,393,238	(96,175)
Restricted	-	-	-
Unrestricted	961,239	958,437	2,802
Total net assets	\$ 3,258,302	3,351,675	(93,373)

The decrease to current and other assets was primarily a result of a decreased cash balance of approximately \$35,000. The capital assets balances decreased primarily by depreciation of \$167,952. Current liabilities decreased primarily due to a reduction of accrued payroll. Finally, noncurrent liabilities decreased due to the payments made on the note payable.

**New Dimensions High School, Inc.
Statement of Activities**

	Governmental Activities		
	2014	2013	\$ Change
Revenues:			
Program revenues:			
Charges for services	\$ 72,150	72,590	(440)
Capital grants and contributions	240,743	209,416	31,327
General revenues:			
State through local school district	2,200,460	2,088,841	111,619
Interest income	1,068	905	163
Total revenues	2,514,421	2,371,752	142,669
Expenses:			
Instruction	1,583,217	1,438,965	144,252
General administration	69,550	62,963	6,587
School administration	444,737	383,219	61,518
Facilities	148,937	141,736	7,201
Transportation services	99,243	74,211	25,032
Operation of plant	61,966	55,471	6,495
Maintenance of plant	62,538	64,650	(2,112)
Interest and amortization	137,606	135,120	2,486
Total expenses	2,607,794	2,356,335	251,459
Change in net assets	(93,373)	15,417	(108,790)
Net assets - beginning	3,351,675	3,336,258	15,417
Net assets - ending	\$ 3,258,302	3,351,675	(93,373)

Governmental activities. Governmental activities decreased the School's net assets by \$93,373 for the year ended June 30, 2014. The increase in revenue of \$142,669 was primarily a result of an increase in the number of students. Institution cost increased due to additional teachers required for the additional students.

Financial Analysis of the Government's Funds

As noted previously, 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 School's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unreserved fund balance of the general fund was \$952,468.

The fund balance of the School's general fund increased by \$2,802 during the current fiscal year.

General Fund Budgetary Highlights

The Board of Directors approved a budget for the general fund and capital projects fund for fiscal year 2014. The general fund actual expenditures exceed budgeted expenditures by \$70,580.

Capital Asset and Debt Administration

Capital assets. The School's net investment in capital assets before related debt for its governmental activities as of June 30, 2014, totaled \$4,368,367. (net of accumulated depreciation). This investment in capital assets includes land, improvements other than buildings, buildings and fixed equipment, furniture, fixtures, and equipment, information technology equipment, and vehicles. Additional information on the School's capital assets can be found in note 4 of the financial statements.

Long-term liabilities. The School entered into a loan agreement for \$2,156,000 in 2011 to fund the construction of new facilities. The balance remains on this agreement as of June 30, 2014 is \$2,102,832. Further information pertaining to the above can be found in note 5 on page 23 of the financial statements.

Request for information

This financial report is designed to provide a general overview of New Dimensions High School, Inc.'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 Jacqueline Grimm, 4900 Pleasant Hill Rd, Kissimmee, FL 34759.

NEW DIMENSIONS HIGH SCHOOL, INC.

Statement of Net Assets

June 30, 2014

Assets

Cash and cash equivalents	\$ 1,117,068
Deposits	8,771
Debt issuance costs, net of accumulated amortization	31,528
Capital assets, not being depreciated:	
Land	275,000
Capital assets, net of accumulated depreciation:	
Buildings and fixed equipment	3,949,342
Improvements other than buildings	68,613
Furniture, fixtures, and equipment	35,162
Information technology equipment	34,740
Vehicles	5,510
	<hr/>
Total assets	<u><u>\$ 5,525,734</u></u>

Liabilities and Net Assets

Liabilities:	
Accrued payroll liabilities	\$ 152,750
Due to agency fund	11,850
Noncurrent liabilities:	
Due within one year	64,050
Due after one year	2,038,782
	<hr/>
Total liabilities	<u>2,267,432</u>
Net assets:	
Investment in capital assets, net of related debt	2,297,063
Unrestricted	961,239
	<hr/>
Total net assets	<u>3,258,302</u>
	<hr/>
Total liabilities and net assets	<u><u>\$ 5,525,734</u></u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

Statement of Activities

For the year ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 1,583,217	44,450	-	-	(1,538,767)
General administration	69,550	-	-	-	(69,550)
School administration	444,737	-	-	-	(444,737)
Facilities	148,937	27,700	-	240,743	119,506
Transportation services	99,243	-	-	-	(99,243)
Operation of plant	61,966	-	-	-	(61,966)
Maintenance of plant	62,538	-	-	-	(62,538)
Interest and amortization	137,606	-	-	-	(137,606)
Total governmental activities	\$ 2,607,794	72,150	-	240,743	(2,294,901)
General revenues:					
					2,200,460
					1,068
					<u>2,201,528</u>
					Change in net assets (93,373)
					Net assets at July 1, 2013 <u>3,351,675</u>
					Net assets at June 30, 2014 <u>\$ 3,258,302</u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

Balance Sheet - Governmental Funds

June 30, 2014

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,117,068	-	1,117,068
Deposits	8,771	-	8,771
Total assets	<u>\$ 1,125,839</u>	<u>-</u>	<u>1,125,839</u>
Liabilities and fund balances:			
Liabilities:			
Accrued payroll liabilities	\$ 152,750	-	152,750
Due to agency fund	11,850	-	11,850
Total liabilities	<u>164,600</u>	<u>-</u>	<u>164,600</u>
Fund balances:			
Reserved for deposits	8,771	-	8,771
Unreserved	952,468	-	952,468
Total fund balances	<u>961,239</u>	<u>-</u>	<u>961,239</u>
Total liabilities and fund balances	<u>\$ 1,125,839</u>	<u>-</u>	<u>1,125,839</u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

June 30, 2014

Fund balances - total governmental funds \$ 961,239

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consists of:

Land	275,000	
Buildings and fixed equipment, net of \$1,050,700 accumulated depreciation	3,949,342	
Improvements other than buildings, net of \$265,620 accumulated depreciation	68,613	
Furniture, fixtures, and equipment, net of \$223,689 accumulated depreciation	35,162	
Information technology equipment, net of \$237,538 accumulated depreciation	34,740	
Vehicles, net of \$97,908 accumulated depreciation	<u>5,510</u>	

Total capital assets		<u>4,368,367</u>
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds

Note payable	(2,102,832)	
Debt issuance costs, net of \$5,550 accumulated amortization	<u>31,528</u>	

(2,071,304)

Total net assets of governmental activities		<u><u>\$ 3,258,302</u></u>
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See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2014

	General Fund	Capital Outlay Fund	Total Governmental Funds
Revenues:			
State passed through local school district	\$ 2,200,460	240,743	2,441,203
Rental income	27,700	-	27,700
Interest income	1,068	-	1,068
Other income	44,450	-	44,450
Total revenue	<u>2,273,678</u>	<u>240,743</u>	<u>2,514,421</u>
Expenditures:			
Current:			
Instruction	1,565,942	-	1,565,942
General administration	69,550	-	69,550
School administration	444,737	-	444,737
Transportation services	97,503	-	97,503
Operation of plant	61,966	-	61,966
Maintenance of plant	62,538	-	62,538
Fixed capital outlay	20,459	-	20,459
Debt service:			
Principal	-	53,168	53,168
Interest	-	135,756	135,756
Total expenditures	<u>2,322,695</u>	<u>188,924</u>	<u>2,511,619</u>
Excess revenues over expenditures	(49,017)	51,819	2,802
Fund balances at July 1, 2013	<u>958,437</u>	<u>-</u>	<u>958,437</u>
Fund balances at June 30, 2014	<u>\$ 909,420</u>	<u>51,819</u>	<u>961,239</u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities**

For the year ended June 30, 2014

Net change in fund balances - total government funds \$ 2,802

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

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.

Fixed capital outlay	20,459	
Depreciation	(167,952)	
	(147,493)	(147,493)

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transactions, however, has any effect on net assets. Also,
governmental funds report the effect of issuance costs,
premiums, discounts, and similar items when the debt is
first issued, whereas these amounts are deferred and
amortized in the statement of activities.

Note payable principal payments	53,168	
Amortization of issuance cost	(1,850)	
	51,318	51,318

Change in net assets of governmental activities		\$ (93,373)
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See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2014

	<u>Internal Funds</u>
<u>Assets</u>	
Due from general fund	<u>\$ 11,850</u>
Total assets	<u><u>\$ 11,850</u></u>
<u>Liabilities</u>	
Internal accounts payable	<u>\$ 11,850</u>
Total liabilities	<u><u>\$ 11,850</u></u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(1) Organization

New Dimensions High School, Inc. (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 School provides educational services to students of grades 9 - 12. The governing body of the School is the Board of Directors, which is composed of twelve members.

The general operating authority of New Dimensions High School, Inc. is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Osceola County, Florida (the “District”). The current charter is effective through June 30, 2021, which at any time can be renewed in increments of one year. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. New Dimensions High School, Inc. is considered a component unit of the School Board of Osceola County, Florida.

(2) Summary of Significant Accounting Policies

(a) Government-wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(2) **Summary of Significant Accounting Policies (Continued)**

(a) **Government-wide and Fund Financial Statements (Continued)**

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government wide presentation.

(b) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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.

All governmental fund financial statements are reported using a current financial resources measurement focus on a 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 to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period.

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(2) **Summary of Significant Accounting Policies (Continued)**

(b) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

For this purpose, the government considers revenues to be available if they are collected within sixty days 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. However, principal and interest on general long-term debt 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. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by School Board of Osceola County, FL, this fund accounts for all resources for the leasing, construction, or acquisition of capital facilities and assets by the School to the extent funded by capital funds.

Additionally, the School reports the following fiduciary fund type:

Agency Fund - to account for resources of School's internal funds which are used to administer money collected in connection with student, athletic, class, and club activities.

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(2) **Summary of Significant Accounting Policies (Continued)**

(b) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

(c) **Cash and Cash Equivalents**

The School's cash and cash equivalents consist of deposits, cash on hand, and investments with a maturity date of three months or less.

(d) **Receivables**

The School's receivables typically consist of amounts due from the local school district at June 30, 2014. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

(e) **Interfund Activity**

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. As of June 30, 2014, the general fund has a due to agency fund in the amount of \$11,850.

(f) **Capital Assets**

Capital assets, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$250 and an estimated useful live of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation.

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(2) **Summary of Significant Accounting Policies (Continued)**

(f) **Capital Assets (Continued)**

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and fixed equipment	10 - 40
Improvements other than buildings	5 - 39
Furniture, fixtures, and equipment	5 - 10
Information technology equipment	5 - 7
Vehicles	10

(g) **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Loan costs are deferred and amortized over the life of the debt.

(h) **Revenue Resources**

Revenues for current operations are received primarily from the State of Florida passed through the District to the School 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 District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FLDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FLDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(2) **Summary of Significant Accounting Policies (Continued)**

(h) **Revenue Resources (Continued)**

The School at times receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal 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. For the year ended June 30, 2014, no federal awards were received.

Additionally, other revenues may be derived from various other activities and programs.

(i) **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.

(j) **Income Taxes**

The School qualifies as a tax-exempt organization, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

(k) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through August 19, 2014, which is the date the financial statements were available to be issued.

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(3) Cash and Cash Equivalents

Custodial Credit Risk – The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (“FDIC”) insures up to \$250,000 per depositor for all insurable accounts.

(4) Capital Assets

Changes in capital assets are as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets not being depreciated:				
Land	\$ 275,000	-	-	275,000
Construction in process	-	-	-	-
	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>275,000</u>
Capital assets depreciated:				
Buildings and fixed equipment	5,000,042	-	-	5,000,042
Improvements other than buildings	334,233	-	-	334,233
Furniture, fixtures and equipment	245,119	13,732	-	258,851
Information technology equipment	265,551	6,727	-	272,278
Vehicles	103,418	-	-	103,418
Total assets depreciated	<u>5,948,363</u>	<u>20,459</u>	<u>-</u>	<u>5,968,822</u>
Less accumulated depreciation:				
Buildings and fixed equipment	919,374	131,326	-	1,050,700
Improvements other than buildings	255,994	9,626	-	265,620
Furniture, fixtures and equipment	215,704	7,985	-	223,689
Information technology equipment	220,263	17,275	-	237,538
Vehicles	96,168	1,740	-	97,908
Total accumulated depreciation	<u>1,707,503</u>	<u>167,952</u>	<u>-</u>	<u>1,875,455</u>
Total government activities capital assets, net	<u>\$ 4,515,860</u>			<u>4,368,367</u>

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(4) Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2014 was charged to functions of the School as follows:

Instruction	\$ 17,275
Facilities	148,937
Transportation	<u>1,740</u>
Total depreciation	<u>\$ 167,952</u>

(5) Long-Term Liabilities

Changes in Long-Term Liabilities

Changes in long-term liabilities are as follows:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>	<u>Due within one year</u>
Note payable	<u>\$ 2,156,000</u>	<u>-</u>	<u>53,168</u>	<u>2,102,832</u>	<u>64,050</u>

In September 2011, the School entered into a note totaling \$2,156,000 to aide in the construction of permanent student facilities. The construction of these facilities was completed in June 2012. The note payable is due in monthly installments commencing October 15, 2012 for 19 years, including interest at 6.25% through September 15, 2016. After that date, the interest rate will be adjusted every five years to 4.50% above the five year U.S. Treasury Index rate. The note is collateralized by a mortgage on the facilities. Current year interest on the note was \$135,756.

As part of the issuance of the note, the School incurred costs of \$37,078. The costs are amortized over the life of the agreement. Amortization expense for the issuance costs during the year ended June 30, 2014 was \$1,850.

(Continued)

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(5) Long-Term Liabilities (Continued)

Future amounts required to service the note are as follows:

Fiscal Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 64,050	135,259	199,309
2016	69,860	129,449	199,309
2017	74,354	124,955	199,309
2018	79,137	120,172	199,309
2019	84,227	115,082	199,309
Thereafter	<u>1,731,204</u>	<u>715,931</u>	<u>2,447,135</u>
	<u>\$ 2,102,832</u>	<u>1,340,848</u>	<u>3,443,680</u>

(6) Concentrations

Revenue Resources

As stated in note 2(h), the School receives revenues from current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
School District of Osceola County:	
Base funding	\$ 1,437,143
ESE guaranteed allocation	17,848
Supplemental academic instruction	83,675
Teacher salary increase	62,687
Discretionary lottery	3,529
Class size reduction	346,166
Safe schools	6,754
Discretionary local effort	58,202
Discretionary millage	82,779
Instructional materials	29,384
Library media materials	1,772
Capital outlay	240,743
Teacher lead	5,770
Advanced placement	25,449
School recognition	<u>39,302</u>
Total passed through the School District	2,441,203
Other revenues:	
Rental income	27,700
Interest income	1,068
Other revenues	<u>44,450</u>
	<u>\$ 2,514,421</u>

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(7) Retirement Plan

Participation

Employees of the School are eligible to participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions.

Contributions

Chapter 121 requires the employer to pay contributions based upon state-wide rates established by the State of Florida. The retirement plan is funded by employer contributions at a rate of 6.95%, and employee contributions of 3% of the gross payroll. The School's contributions for the years ending June 30, 2014 and 2013 were \$150,016 and \$109,303, respectfully.

Benefit Provisions

The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

Retirement benefits are based upon age, average compensation and number of years of creditable service where average compensation is computed as the average of an individual's five highest years of earnings.

Financial Report of the Plan

The Florida Retirement System (FRS) issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NEW DIMENSIONS HIGH SCHOOL, INC.

Notes to Financial Statements

June 30, 2014

(8) 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; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is \$1,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2014. Settled claims resulting from the risks described above have not exceeded the insurance coverage in the previous three years.

(9) Subsequent Events

The School has evaluated subsequent events through August 19, 2014 the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

NEW DIMENSIONS HIGH SCHOOL, INC.

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund**

For the year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variation With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenue:				
State passed through local school district	\$ 2,202,762	2,202,762	2,200,460	(2,302)
Local sources	19,200	19,200	73,218	54,018
Total revenues	<u>2,221,962</u>	<u>2,221,962</u>	<u>2,273,678</u>	<u>51,716</u>
Expenses:				
Instruction	1,507,537	1,507,537	1,565,942	(58,405)
Board				
Administration fees:				
District holdback fee	69,531	69,531	69,550	(19)
Charterholder	282,117	282,117	272,354	9,763
School administration	211,840	211,840	172,383	39,457
Transportation services	84,400	84,400	97,503	(13,103)
Operation of plant	62,640	62,640	61,966	674
Maintenance of plant	34,050	34,050	62,538	(28,488)
Capital outlay	-	-	20,459	(20,459)
Total expenditures	<u>2,252,115</u>	<u>2,252,115</u>	<u>2,322,695</u>	<u>(70,580)</u>
Net change in fund balances	(30,153)	(30,153)	(49,017)	(18,864)
Fund balance at July 1, 2013	<u>571,155</u>	<u>571,155</u>	<u>676,713</u>	<u>105,558</u>
Fund balance at June 30, 2014	<u>\$ 541,002</u>	<u>541,002</u>	<u>627,696</u>	<u>86,694</u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Capital Outlay Fund**

For the year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variation With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
State passed through local school district	\$ 241,560	241,560	240,743	(817)
Total revenues	<u>241,560</u>	<u>241,560</u>	<u>240,743</u>	<u>(817)</u>
Expenses:				
Debt service:				
Principal	65,000	65,000	53,168	11,832
Interest	<u>136,000</u>	<u>136,000</u>	<u>135,756</u>	<u>244</u>
Total expenditures	<u>201,000</u>	<u>201,000</u>	<u>188,924</u>	<u>12,076</u>
Net change in fund balances	40,560	40,560	51,819	11,259
Fund balance at July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2014	<u>\$ 40,560</u>	<u>40,560</u>	<u>51,819</u>	<u>11,259</u>

See accompanying notes to financial statements.

NEW DIMENSIONS HIGH SCHOOL, INC.

Note to Required Supplemental Information

June 30, 2014

(1) **Budgetary Information**

(a) **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 general fund and capital outlay fund and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year June 30, 2014, have not been amended.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

SUPPLEMENTAL INFORMATION

NEW DIMENSIONS HIGH SCHOOL, INC.

Schedule of Categorical Expenditures

For the year ended June 30, 2014

<u>Categorical</u>	<u>Prior Year Carryforward</u>	<u>FY 2013 - 2014</u>		
		<u>Revenue</u>	<u>Expenditures</u>	<u>Carryforward</u>
ESE guarantee allocation	\$ -	17,848	17,848	-
Supplemental academic instruction	-	83,675	83,675	-
Class size reduction	-	346,166	346,166	-
Instructional materials	-	29,384	29,384	-
Safe schools	-	6,754	6,754	-
Total	\$ -	483,827	483,827	-

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
New Dimensions High School, Inc.
Kissimmee, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Dimensions High School, Inc. (the "School"), a component unit of the School Board of Osceola County, Florida as of and for the year ended June 30, 2014, which collectively comprise New Dimensions High School, Inc.'s basic financial statements, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Dimensions High School, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Dimensions High School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of New Dimensions High School, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 Dimensions High School, Inc.'s financial statements are free of 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 organization'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 organization's internal control and compliance. Accordingly this communication is not suitable for any other purpose.

Schaefer, Tschoff, Whitcomb, Mitchell & Shulman, LLP

August 19, 2014
Altamonte Springs, Florida

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

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MANAGEMENT LETTER

To the Board of Directors
New Dimensions High School, Inc.
Kissimmee, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Dimensions High School, Inc., a component unit of the School Board of Osceola County, Florida as of and for the fiscal year ended June 30, 2014, which collectively comprise New Dimensions High School, Inc.'s basic financial statements and have issued our report thereon dated August 19, 2014.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated August 19, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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. See the attached list for corrective actions, if any, that have been taken to address any significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See the attached list for any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material but more than inconsequential. See the attached list for any such violations. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an effect on the financial statement considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. See the attached list for any such recommendations.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the School is *New Dimensions High School, Inc.*, a component unit of the School Board of Osceola County, FL, which 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.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended for the information of New Dimensions High School, Inc., the School District of Osceola County, Florida, the State of Florida Office of the Auditor General and other regulatory agencies of federal and state governments and is not intended to be and should not be used by anyone other than these specified parties.

Schatz, Tschoy, Whitcomb, Mitchell & Shulman, LLP

August 19, 2014
Altamonte Springs, Florida