

Exhibit 14

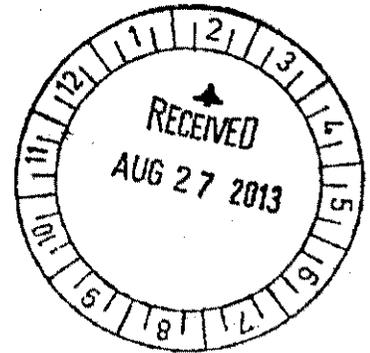
KINSTON CHARTER ACADEMY

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August 27, 2013

Dr. Joel E. Medley, Director
Office of Charter Schools
Finance and Business Division
NC Department of Public Instruction
6303 Mail Service Center
Raleigh, NC 27699-6303

RE: RESPONSE TO NOTICE OF INTENT TO INITIATE REVOCATION OF CHARTER

Dear Dr. Medley:

Please be advised the Kinston Charter Academy Board of Directors met in emergency session on Monday, August 26, 2013 at 6:30 p.m. to consider the recommendation that the board forthwith voluntarily relinquish the school's charter. In light of all the facts and circumstances of the school, the board is hereby requesting that you delay the initiation of the revocation process until the November State Board meeting. In support of this request, the board submits the following:

1. Via letter dated August 16, 2013, which we first received by certified mail on or about Wednesday, August 21, 2013, you notified us of your intent to initiate the revocation process before the N.C. State Board of Education citing the school's deficit history, and late reports and payments to the State Health Insurance and Retirement systems.
2. We subsequently received another letter dated August 22, 2013, (after our August 22nd telephone conference) further citing issues related to Race to the Top (RttT), Title I, and Exception Children's monitoring visits.
3. As you know, our scheduled first day of school was Monday, August 26, 2013, which did not give the Board reasonable or sufficient time to fully and properly consider a voluntary relinquishment of the charter prior to receiving students. Also, a delay in start-up until after the KCA Board meeting would have had an adverse impact on student enrollment

- and impair the school's fragile operation effectively removing any viable opportunity to open and move forward for the year.
4. The school received a letter the Office of Charter Schools (OCS) dated August 2, 2013, which indicated the school would remain on Governance Warning until certain payments were made to the NC Treasurer's Office but indicated an option to "remain open for this upcoming school year."
 5. We also had several telephone contacts with your office prior to August 21, 2013, including one after August 16th, and there was no indication that OCS intended to initiate revocation.
 6. It should also be considered that our reporting and payment problems with the State retirement and health insurance programs resulted after an employee in the Financial and Business Division at DPI made an erroneous written finding regarding *N.C. Gen. Stat. § 115C-238.29H(a1)*. The incorrect Compliance finding was mysteriously provided to several potential lenders which resulted in our inability to refinance our facilities and free up working capital in the fall of 2012 because it gave lenders the erroneous impression that state funds could not be used to pay the school's mortgage payments on facilities used to educate students.
 7. The public announcement of an effort to initial revocation by the Office of Charter Schools at this time will impair our student enrollment during the 20 day count, and adversely impact again our ability to complete refinancing the nearly \$2 million in equity the school holds in its facilities.
 8. Prior to September 5, 2012, all charter schools we allowed to draw "cash advances" from the scheduled allotments of funds that were already approved by the North Carolina General Assembly for the purpose of funding public education.
 9. The Finance and Business Division created a new policy regarding cash advances and timing of allotment payments via memorandum dated September 5, 2012 which was made effective retroactive to July 1, 2012. The school did not receive a copy of this policy memorandum until late October, 2012 which adversely impacted the school's financial planning and ability to timely seek to refinance facilities or borrow funds to meet its short-term cash flow needs and denied the timely school access to allotted funds.

10. The school currently has tentative commitments to refinance its facilities for \$3 million with a longer term and lower interest rate (resulting in a reduction of monthly mortgage payments from about \$20,000 per month to \$16,000 per month) within 45 days which will enable the school to resolve its financial issues.
11. The school currently has a short-term borrowing capacity commitment of up to \$300,000.00.
12. The school has already made the retirement payments and reports, and plans to make the health insurance payments within the next 10 business days.
13. The Board has directed corrective actions regarding Race to the Top, Title I, the Exceptional Children's program, and other compliance issues to be completed within the next 45 days.
14. The Board is currently negotiating a Management Contract with experienced charter school management to take over the day-to-day operations of the school and will transition the board to add a majority of new well qualified individuals to serve the school's board of directors and give the school new management. The Management Contract is scheduled to be completed within 10 business days, and the Board transitions will take place over the next 60 days.
15. Mr. Hall will be leaving the school within 10 business days after the new Management Contract is completed and will be subsequently available to help with any transition as needed.
16. The school serves a high poverty majority African American student population in a high poverty community with many stakeholders (including students, parents, staff, and vendors) which will be adversely impacted if the school is forced to close.
17. The school made "high growth" 4 of 8 years and "expected growth" for 7 of 8 years. It did not make expected growth in 2012 when the student poverty rate increased to 97 percent, classroom size substantially increased to meet budget, and a parent survey indicated a substantial number of chronically low performing students with history of behavioral issues were referred to the school from local school district officials (we are happy to serve our student population but submit that this high risk student population should be given special considerations-it is also significant that all students referred were African American students).

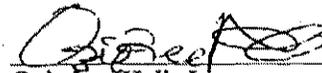
18. As the OCS is well aware, based upon our providing copies of signed employee consents in July, the school's employees have expressed support to keep the school open and had consented to payment deferral in the retirement and health insurance systems. We have not received a single complaint from employees nor have we been made aware of any employee complaints by your office, the retirement office, or the health insurance office.
19. We submit that in the best interest of students and their families, the Office of Charter Schools has not exhausted corrective action options before moving to the stage of proposing revocation.

Therefore, the KCA Board of Directors request that you allow it to submit its complete transition and corrective action plan, and defer initiating revocation until the November State Board meeting. If these plans do not materialize, the board has stated that it will voluntarily relinquish the charter and the Office of Charter Schools still has the option to initiate revocation.

Dated: August 27, 2013



Demyra R. McDonald-Hall
Chairman of the Board



Ozie Lee Hall, Jr.
Chief Executive Director

- c. Philip Price
Alexis Schauss
Superintendent June Atkinson
Senator Don Davis
Senator Louis Pate