

**HOGAN PREPARATORY ACADEMY, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

**HOGAN PREPARATORY ACADEMY, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the modified cash basis financial statements of Hogan Preparatory Academy, Inc. (a nonprofit corporation) (School), which comprise the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2022, and the related Statements of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis, Functional Expenses – Modified Cash Basis, and Cash Flows – Modified Cash Basis for the year then ended, and the related Notes to the Financial Statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets and the revenues, expenses and net assets of Hogan Preparatory Academy, Inc. as of June 30, 2022, and the respective changes in cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter-Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis – Governmental Funds, the Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds, Schedule of Revenues Collected by Source – Modified Cash Basis, Schedule of Expenditures Paid by Object – Modified Cash Basis and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (supplementary information) are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note B.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's 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 the School's internal control over financial reporting and compliance.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 27, 2022

FINANCIAL STATEMENTS

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2022

ASSETS

Cash	\$ 9,527,638
Other assets	71,967
Property and equipment, net	10,822,847
Total Assets	<u>20,422,452</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll withholdings	-
Notes payable	7,058,027
Total liabilities	<u>7,058,027</u>

NET ASSETS

Without donor restrictions	13,364,425
Total Net Assets	<u>13,364,425</u>

Total Liabilities and Net Assets	<u>\$ 20,422,452</u>
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See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES WITHOUT DONOR RESTRICTIONS:

Government funding, grants and contracts	\$ 17,635,621
Contributions	39,466
Fees and services	62,414
Other revenue	97,873
Earnings on investments	2,510
Total Revenues Without Donor Restrictions	<u>17,837,884</u>

EXPENSES:

Program Services:	
Charter School	9,211,007
Management and General	3,937,406
Total Expenses	<u>13,148,413</u>

Change in Net Assets without restrictions	4,689,471
Net Assets without restrictions, beginning of year, restated	<u>8,674,954</u>
Net Assets without restrictions, end of year	<u><u>\$ 13,364,425</u></u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Charter School	Management and General	Fundraising	Total
Salaries	\$ 5,472,767	\$ 998,448	\$ -	\$ 6,471,215
Payroll taxes and benefits	1,453,843	300,940	-	1,754,783
Amortization	-	888	-	888
Building and equipment maintenance	112,592	28,148	-	140,740
Conferences, meetings and travel	86,102	32,487	-	118,589
Contract and professional fees	623,403	1,362,324	-	1,985,727
Depreciation	-	118,742	-	118,742
Student transportation	-	792,855	-	792,855
Office supplies	28,115	65,562	-	93,677
Other supplies	18,454	5,208	-	23,662
Insurance	-	9,367	-	9,367
Interest	-	9,323	-	9,323
Occupancy	436,842	109,210	-	546,052
Utilities	161,260	40,315	-	201,575
Printing and publications	-	14,358	-	14,358
Textbooks and educational materials	633,968	-	-	633,968
Telephone and communications	14,199	6,865	-	21,064
Rent expense	169,462	42,366	-	211,828
Total expenses	<u>\$ 9,211,007</u>	<u>\$ 3,937,406</u>	<u>\$ -</u>	<u>\$ 13,148,413</u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 4,689,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	888
Depreciation	118,742
(Increase) decrease in:	
Other assets	7,286
Net cash provided by operating activities	4,816,387
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(8,093,883)
Net Cash used by investing activities	(8,093,883)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on Notes Payable	(74,911)
Proceeds of Notes Payable	6,935,043
Net cash provided by financing activities	6,860,132
NET INCREASE IN CASH	3,582,636
CASH AND CASH EQUIVALENTS, beginning	5,945,002
CASH AND CASH EQUIVALENTS, ending	\$ 9,527,638
SUPPLEMENTAL DISCLOSURES:	
Interest paid	\$ 9,323

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A - MISSION AND NATURE OF BUSINESS

The Hogan Preparatory Academy, Inc. (the School) is a not-for-profit public benefit corporation organized on June 8, 1998, under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. The corporation operates a charter school, which is sponsored by the Missouri Public Charter School Commission. The School is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. The School's charter allows for the provision of education for students in grades kindergarten through twelve.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenses when they result from cash transactions, with a provision for recording capital assets, depreciation and long-term liabilities, such as promissory notes. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents: For the purpose of the statement of cash flows, the School considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates: The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes: The School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The School's Forms 990, Return for Organization Exempt from Income Taxes, for the years ended June 30, 2021, 2020, and 2019 are subject to examination by the IRS, generally three years after they were filed.

Personal Leave: Personal days are considered as expenditures in the year paid. Full-time and Part-time employees accumulate personal days based on length of service and number of months of employment during the fiscal year. A maximum of 40 unused personal hours for 10-month employees and 80 unused personal hours for 12-month employees may be carried over to the next fiscal year. Unused personal days, except as specified above, are forfeited.

Property and Equipment: All property and equipment are valued at historical cost, if acquired, or fair value, if donated. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets.

Equipment 5 years to 15 years
Buildings and improvements 15 years to 50 years

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Restricted and Without Donor Restriction Revenue and Support: The School reports gifts of cash and other assets as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions. When contributions are received in the same period that the corresponding restrictions are met, such amounts are shown as increases in net assets without donor restrictions on the statement of revenues, expenses and changes in net assets-modified cash basis.

Subsequent Events

In preparing these financial statements, the School has evaluated subsequent events through December 27, 2022 the date which the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2022, the bank balances of the School deposits totaled \$9,527,164. None of the School's deposits were exposed to custodial credit risk.

NOTE D - RETIREMENT PLAN

The School contributes to The Public School Retirement System of the School District of Kansas City, Missouri, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library, and the Public School Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by The Retirement System of Missouri are also covered by Social Security. The Retirement System is administered by a 12-member Board of Trustees. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of the School District of Kansas City, Missouri, 324 E. 11th St., Kansas City, Missouri, 64106, or by calling 1-816-472-5800. Retirement System members were required to contribute 9.0% of their annual covered salary and the School is required to contribute a 12% match. The contribution requirements of members and the School are established, and may be amended, by the KCPSRS Board of Trustees. The School's required contributions to the System for the year ended June 30, 2022, was \$728,367 equal to the required contributions.

NOTE E - PROPERTY AND EQUIPMENT

Construction in Progress	\$8,060,043
Building and improvements	3,039,099
Land	200,433
Equipment	<u>956,590</u>
	12,256,165
Accumulated depreciation	<u>(1,433,318)</u>
	<u>\$10,822,847</u>

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE E - PROPERTY AND EQUIPMENT (concluded)

Depreciation expense for the year ended June 30, 2022, was \$118,742. The depreciation expense was allocated to building and improvements in the amount of \$71,961, instruction and related equipment in the amount of \$9,808, and non-instruction related equipment in the amount of \$36,973.

NOTE F - INSURANCE

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect itself from such risks.

NOTE G – OPERATING LEASES

On January 13, 2015, the School entered into two 120 month lease agreements with Brightergy Leasing, LLC for the installation of two Solar Panel Systems for the schools. Each lease calls for one \$37,500 initial payment. The initial payment is a rebate payment received from Missouri Kansas City Power and Light for the installation of solar panels. The lease requires monthly payments of \$200 per lease.

On February 28, 2017, the School entered into an operating lease for a Digital Mailing system with Pitney Bowes. The term is for 60 months for an amount of \$180 billed quarterly. The school added a new lease to the agreement on April 10, 2019 which runs for 60 months at an amount of \$182 billed quarterly.

On July 9, 2021, the school entered into a two-year lease agreement with SSKC Educational Support, Inc. 2803 E. 51st Street, Kansas City, MO 64130. The lease calls for monthly payments of \$16,667.

On April 29, 2020, the school entered into an operating lease for copiers with Sumner One. The lease provides 7 copiers for 60 months at a monthly amount of \$1,240.

The future minimum lease payments under these leases are as follows:

YEAR ENDED	<u>COPIERS</u>	<u>POSTAGE MACHINE</u>	<u>SOLAR PANELS</u>	<u>2803 E. 51st ST</u>	<u>TOTAL</u>
2023	\$ 14,876	\$ 726	\$ 4,800	\$ 200,000	\$ 220,402
2024	14,876	726	4,800	-	20,402
2025-26	14,876	726	4,800	-	20,402
TOTAL	<u>\$ 44,628</u>	<u>\$ 2,178</u>	<u>\$ 14,400</u>	<u>\$ 200,000</u>	<u>\$ 261,206</u>

NOTE H - CLAIMS AND ADJUSTMENTS

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. As of June 30, 2022, significant amounts of grants disbursements have not been audited by grantor governments, but the School believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE I - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures and maintain financial stability.

The following table reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available to meet general expenditures within one year of the statement of assets, liabilities and net assets – modified cash basis date because of donor restrictions.

Cash	\$ 9,527,638
Donor restricted Assets	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 9,527,638</u></u>

NOTE J – COMMITMENTS AND CONTINGENCIES

At June 30, 2022, the School has entered into contracts for the construction of new facilities in the amount of \$16,593,024 of which \$8,060,043 has been paid as of June 30, 2022.

The School is involved in pending litigation. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. School management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the School.

The School receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The School is not aware of any noncompliance with federal or state provisions that might require the School to provide reimbursement.

The continued operation of the Hogan Preparatory Academy, Inc. is dependent upon the guidelines set forth by sections 160.400 to 160.425 and 167.349, RSMo 2012, Department of Elementary and Secondary Education, and the continued support of the School's sponsor. The School may cease to exist upon infringement of the aforementioned agreements.

NOTE K – NOTES PAYABLE

On January 15, 2013, the School executed a secured promissory note to a bank for \$520,000. Proceeds from this note were used to purchase a new facility. The note was restructured on September 15, 2018 with a new maturity date of December 12, 2023, bearing interest rate of 6.75%. The balance on the note at June 30, 2022 was \$80,258.

On December 31, 2013, the School executed a secured promissory note to a bank for \$234,100. Proceeds from this note were used to purchase air conditioner system upgrades. The note has a maturity date of January 1, 2024, bearing interest at 3.5%. The balance on the note at June 30, 2022, was \$42,726.

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE K – NOTES PAYABLE (concluded)

Future obligations on these notes payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 79,297	\$ 4,936	\$ 84,233
2024	43,687	744	44,431
Total	\$ 122,984	\$ 5,680	\$ 128,664

During the fiscal year ended June 30, 2022, the School entered into a credit facility agreement with KLS Leasing II, LLC (“KLS”), known as a Hybrid Loan (“Agreement”). The Agreement is defined as a short-term loan with zero percent interest until the maturity date of June 30, 2027. After the loan maturity date, zero percent interest will cease, and any loan repayments will be applied first to interest and then to principal. KLS loans are meant to be interim financing with the expectation that the School will obtain long-term financing by the maturity date. The Agreement allows for funds up to \$16,250,000 with the School making quarterly equity contributions in the amount of \$281,250 each, commencing in July 2021 with final contribution in April 2023. The proceeds of the loan and the equity contributions will be used to construct a new permanent high school and middle school facilities at 1221 E. Meyer Blvd., Kansas City, MO 64131.

Loan Repayments will commence upon student occupancy in school year 2022-2023 and will be based on an amount equal to 7% of the Per Pupil Allocation aid received by the School from the Missouri State Board of Education multiplied, and updated annually, by the School’s student Weighted Average Daily Attendance, across the School’s three campuses (elementary, middle and high schools). Loan repayments, in school year 2023-2024 and thereafter for a total of no more than 4 years, will be based on an amount equal to 14% of the Per Pupil Allocation aid received by the School from the Missouri State Board of Education, multiplied, and updated annually, by the School’s student Weighted Average Daily Attendance, across the School’s three campuses (elementary, middle and high schools).

Collateral for the loan is a deed of trust on the real estate being constructed under the Agreement. The Agreement also requires annual reporting by the School to KLS with information on the School’s performance related to certain goals set forth in the Agreement.

On June 30, 2022, the amount of the loan balance due to KLS was \$6,935,043.

NOTE L – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2021, the School sold the building at 2803 East 51st Street to SSKC Educational Support, Inc for \$975,000. The sales price was recognized as revenue. However, the cost of the building was not removed from the books and recorded. Accordingly, the property and equipment were overstated by \$1,000,587.

During the year ended June 30, 2022, it was determined that the beginning balance of the notes payable were understated by \$14,647.

As a result of these items, the beginning net assets have been adjusted as follows:

Net Assets, beginning of the year as previously reported	\$ 9,690,188
Prior period adjustments	<u>(1,015,234)</u>
Net assets, beginnings of year, restated	<u>\$ 8,674,954</u>

SUPPLEMENTARY INFORMATION

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and cash equivalents	\$ 9,527,638	\$ -	\$ -	\$ 9,527,638
Other assets	71,967	-	-	71,967
Total assets	<u>9,599,605</u>	<u>-</u>	<u>-</u>	<u>9,599,605</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unassigned	9,599,605	-	-	9,599,605
Total liabilities and fund balances	<u>\$ 9,599,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,599,605</u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 2,897,744	\$ 559,557	\$ -	\$ 3,457,301
State	3,513,581	6,021,588	-	9,535,169
Federal	4,790,796	-	-	4,790,796
Other	54,619	-	-	54,619
Total Revenues	<u>11,256,740</u>	<u>6,581,145</u>	<u>-</u>	<u>17,837,885</u>
EXPENDITURES:				
Instruction	1,585,568	4,535,871	33,842	6,155,281
Student services	213,661	384,277	-	597,937
Instructional staff support	187,075	497,476	-	684,551
General administration & central services	1,707,725	484,853	-	2,192,578
Building level administration	316,640	678,668	-	995,308
Operation of plant	1,246,121	-	-	1,246,121
Transportation	792,855	-	-	792,855
Food service	388,670	-	-	388,670
Community service	-	-	-	-
Facility construction and acquisition	-	-	1,125,000	1,125,000
Amortization				
Debt service:				
Principal payments	-	-	74,911	74,911
Interest and fees	-	-	9,322	9,322
Total Expenditures	<u>6,438,315</u>	<u>6,581,145</u>	<u>1,243,075</u>	<u>14,262,535</u>
Revenues Over (Under) Expenditures	<u>4,818,425</u>	<u>-</u>	<u>(1,243,075)</u>	<u>3,575,350</u>
Other Financing Sources (Uses):				
Sale of Property Proceeds	-	-	-	-
Transfers	<u>(1,243,075)</u>	<u>-</u>	<u>1,243,075</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,243,075)</u>	<u>-</u>	<u>1,243,075</u>	<u>-</u>
Net change in fund balances	3,575,350	-	-	3,575,350
Fund balance, beginning	<u>6,024,255</u>	<u>-</u>	<u>-</u>	<u>6,024,255</u>
Fund balance, ending	<u>\$ 9,599,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,599,605</u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF REVENUES COLLECTED BY SOURCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
LOCAL:				
Sales tax	\$ 900,365	\$ 540,219	\$ -	\$ 1,440,584
Food Service	-	-	-	-
Student activities	7,795	-	-	7,795
Interest income	2,510	-	-	2,510
Donations	986,966	-	-	986,966
Other local revenue	1,000,108	19,338	-	1,019,446
	<u>2,897,744</u>	<u>559,557</u>	<u>-</u>	<u>3,457,301</u>
STATE:				
Basic formula	2,997,549	6,021,588	-	9,019,137
Transportation	32,889	-	-	32,889
Basic formula - classroom trust fund	451,705	-	-	451,705
Food service	4,278	-	-	4,278
Other state revenue	27,160	-	-	27,160
Total State	<u>3,513,581</u>	<u>6,021,588</u>	<u>-</u>	<u>9,535,169</u>
FEDERAL:				
Medicaid	129,465	-	-	129,465
Title I	932,341	-	-	932,341
IDEA grants	314,532	-	-	314,532
Child Nutrition Cluster	683,842	-	-	683,842
CARES Cluster	2,555,906	-	-	2,555,906
Title II, Part A	77,581	-	-	77,581
Title IV.A	46,281	-	-	46,281
Other - Federal	50,848	-	-	50,848
Total Federal	<u>4,790,796</u>	<u>-</u>	<u>-</u>	<u>4,790,796</u>
OTHER:				
Sale of Vehicle				
Sale of Property	-	-	-	-
Transportation from other LEA's	54,619	-	-	54,619
Loan Proceeds	-	-	-	-
Total Other	<u>54,619</u>	<u>-</u>	<u>-</u>	<u>54,619</u>
Total Revenues	<u>\$ 11,256,740</u>	<u>\$ 6,581,145</u>	<u>\$ -</u>	<u>\$ 17,837,885</u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF EXPENDITURES PAID BY OBJECT - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Salaries	\$1,240,875	\$5,230,340	-	\$6,471,215
Employee Benefits	403,978	1,350,805	-	1,754,783
Purchased Services	3,860,534	-	-	3,860,534
Supplies	932,928	-	-	932,928
Capital Outlay	-	-	1,158,842	1,158,842
Principal	-	-	74,911	74,911
Interest and fees	-	-	9,322	9,322
Total Expenditures	<u>\$6,438,315</u>	<u>\$6,581,145</u>	<u>\$1,243,075</u>	<u>\$14,262,535</u>

See accompanying notes to the financial statements.

STATE COMPLIANCE SECTION



**INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF
MISSOURI STATE LAWS AND REGULATIONS**

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on Compliance with State Requirements

We have examined management's assertions that Hogan Preparatory Academy, Inc. ("School") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the School's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2022.

Management's Responsibility

Management is responsible for the School's compliance with the aforementioned requirements.

Auditor's Responsibility

Our responsibility is to express an opinion on management's assertions about the School's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that Hogan Preparatory Academy, Inc. complied with the aforementioned requirements for the year ended June 30, 2022, are fairly stated, in all material respects.

This report is intended solely for the information and use of the Governing Board, administration, Missouri Charter Public School Commission and the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Daniel Jones & Associates, P.C.
Certified Public Accountants
Arnold, Missouri

December 27, 2022

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2022

Type of audit performed: Yellow Book Single Audit

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
6910	PK	PK	-	6.8300	189	1291.5000
6910	K	5	-	6.6667	161	1049.3400
3945	6	8	-	6.7000	161	1046.7400
1935	9	12	-	6.6800	161	1049.5000

2. ATTENDANCE HOURS

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedia l Hours	Other Hours	Summer School Hours	Total
6910	PK	27,993.5006	-	-	-	-	27,993.5006
6910	K-5	318,460.6106	-	-	-	9,144.0000	327,604.6106
3945	6-8	198,332.6599	-	-	-	6,222.0000	204,554.6599
1935	9-12	296,361.1904	-	-	-	6,186.0000	302,547.1904
Grand Total		841,147.9615	-	-	-	21,555.0000	862,673.9615

3. SEPTEMBER MEMBERSHIP

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6910	PK-5	346.00	-	-	345.00
3945	6-8	203.00	-	-	203.00
1935	9-12	358.00	-	-	358.00
Grand Total		907.00	-	-	907.00

**HOGAN PREPARATORY ACADEMY, INC.
 CHARTER NUMBER 048-904
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2022**

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6910	335.00	-	-	-	335.00
3945	215.00	-	-	-	215.00
1935	355.00	-	-	-	355.00
Grand Total	905.00	-	-	-	905.00

5. FINANCE

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2022

5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.405, RSMo, an insurance policy was purchased for the district's/charter school's employee theft coverage in the total amount of:	\$250,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	N/A

**HOGAN PREPARATORY ACADEMY, INC.
 CHARTER NUMBER 048-904
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2022**

5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True
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6. TRANSPORTATION (SECTION 163.161, RSMO)

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	838.00
	Ineligible ADT	0.00
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	229,254
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	220,195
	Ineligible Miles (Non-Route/Disapproved)	9,059
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	161

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

I. Chapter 67 RSMO (Budget Statute)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

There were no budget findings.

II. Other Findings

There were no other state findings for the year ended June 30, 2022.

FEDERAL COMPLIANCE SECTION



**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 Members of the Board of Directors
Hogan Preparatory Academy, Inc.

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 Hogan Preparatory Academy, Inc. (a nonprofit organization) (School), which comprise the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2022, and the related Statements of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis, Functional Expenses – Modified Cash Basis and Cash Flows – Modified Cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2022. Our report on the basic financial statements disclosed that, as described in Note B to the financial statements, the School prepares its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School'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 financial statements. 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*.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 27, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hogan Preparatory Academy, Inc.'s (School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

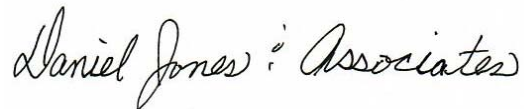
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

Daniel Jones & Associates, P.C.
Certified Public Accountants
Arnold, Missouri

December 27, 2022

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Passed-through Missouri Department of Elementary and Secondary Education				
Special Education Cluster				
Special Education Grants to States	84.027	048-904	\$ -	\$ 274,508
Special Education - Preschool Grants Special Education Cluster	84.173	048-904	-	2,981
			<u>-</u>	<u>277,489</u>
Title I Grants to Local Education Agencies	84.010	048-904	-	669,402
Supporting Effective Instruction State Grants	84.367	048-904	-	75,654
Student Support and Academic Enrichment Program	84.424	048-904	-	44,669
School Improvement Grant	84.377	048-904	-	233,746
			<u>-</u>	<u>233,746</u>
COVID-19: Education Stabilization Fund:				
Covid 19 - CARES Transportation Supplement	84.425C	048-904	-	25,630
Covid 19 - CARES Student Connectivity	84.425D	048-904	-	33,776
Covid 19 - ESSER I	84.425D	048-904	-	13,432
Covid 19 - ESSER II	84.425D	048-904	-	2,097,307
Covid 19 - ESSER III	84.425U	048-904	-	621,313
Subtotal Assistance Listing #84.425			<u>-</u>	<u>2,791,458</u>
Total U.S. Department of Education			<u>-</u>	<u>4,092,418</u>
U.S. Department of Agriculture				
Passed-through Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Breakfast Program	10.553	048-904	-	152,947
National School Lunch Program	10.555	048-904	-	479,563
Food & Nutrition Services CNEOC	10.555	048-904	-	51,331
Subtotal Assistance Listing #10.555			<u>-</u>	<u>530,895</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>-</u>	<u>683,842</u>
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 4,776,259</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

HOGAN PREPARATORY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Hogan Preparatory Academy, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hogan Preparatory Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hogan Preparatory Academy, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the School’s accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$ 4,790,796
Total	<u>\$ 4,790,796</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

NOTE 6 –MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – SUBRECIPIENTS

The School provided no federal awards to subrecipients during the year ended June 30, 2022.

Note 8 – DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

The School received no donated personal protective equipment for the year ended June 30, 2022.

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiency(ies) identified? Yes None Reported
3. Noncompliance material to financial statements noted? Yes No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiency(ies) identified? Yes None Reported
2. Type of auditor's report issued on compliance for major federal programs:
Unmodified
3. Any audit findings disclosed that are required to be reported are in accordance with 2 CFR 200.516(a)? Yes No

4. Identification of major federal programs:

Assistance Listing Number(s):	Name of Federal Program or Cluster:
84.425	COVID-19:Education Stabilization Fund

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? Yes No

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

II. FINANCIAL STATEMENT FINDINGS – CURRENT YEAR

Reference

2022-001 Finding Type: Material Weakness

Criteria: The School is responsible for the design, implementation and monitoring of internal control over financial reporting which includes the accurate preparation of financial statements.

Condition: During our audit, we noted that the beginning net assets were overstated because of error in a previous year. In addition, the financial statements prepared by management for the current year overstated the cash balance, understated expenditures, fixed assets and notes payable, causing the financial statements to be materially misstated.

Cause: Current procedures either do not require the review of internally prepared financial statements or the review, if performed, was ineffective.

Effect: Errors or irregularities in the preparation of financial statements could occur and go undetected.

Recommendation: We recommend the School implement internal controls over financial reporting including the preparation and review of the financial statements. Implementation of effective internal controls will allow for the accurate preparation of financial statements.

Management's Response: The School will implement the auditor's recommendation.

III. FINDINGS – FEDERAL AWARDS – CURRENT YEAR

There were no findings and questioned costs related to federal awards for the year ended June 30, 2022.

HOGAN PREPARTORY ACADEMY, INC.
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

I. FINDINGS – FINANCIAL STATEMENTS AUDIT – PRIOR YEAR

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the financial statements for the year ended June 30, 2021.

II. FINDINGS – FEDERAL AWARDS – PRIOR YEAR

There were no findings and questioned costs related to federal awards for the year ended June 30, 2021.