

**KANSAS CITY GIRLS PREPARATORY ACADEMY
AND AFFILIATED ORGANIZATION**

KANSAS CITY, MISSOURI

COMMUNICATIONS WITH THE BOARD

June 30, 2023



COMMUNICATIONS WITH THE BOARD

December 11, 2023

To the Board of Directors of
Kansas City Girls Preparatory Academy and Affiliated Organization
Kansas City, Missouri

We have audited the consolidated financial statements of Kansas City Girls Preparatory Academy and Affiliated Organization (collectively the “Organization”) for the year ended June 30, 2023, and have issued our report thereon dated December 11, 2023. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated July 11, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Organization’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Organization’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Organization’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Organization’s compliance with those requirements.

Our responsibility for the supplementary information accompanying the consolidated financial statements, as described by professional standards, was to evaluate the presentation of the supplementary information in relation to the consolidated financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the consolidated financial statements and to design the nature, timing and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the Organization. We did not note any significant findings or any internal control related matters that are required to be communicated under professional standards.

Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 2 to the consolidated financial statements. As described in Note 2.K., the Organization changed accounting policies related to accounting for leases by adopting FASB Accounting Standards Update No. 2016-02, *Leases* (Topic 842), with a date of initial application of July 1, 2022. Accordingly, the accounting change has not been retrospectively applied to the beginning net asset balance. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Matters (continued)

The most sensitive estimates affecting the consolidated financial statements were the allowance for uncollectable promises to give, the allocation of expenses by function, and the useful lives of capital assets.

Management's estimate of the allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management's estimate of the allocation of functional expenses is based on the identification of specific expenses as well as an estimate of the time spent on each function. Management's estimate of the useful lives of depreciable assets is based on the guidance of the IRS for classification of the asset's life and the expected period before disposal or sale. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable to the consolidated financial statements taken as a whole.

The disclosures in the consolidated financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule of misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to be consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors charged with governance and management of Kansas City Girls Preparatory Academy and Affiliated Organization and is not intended to be and should not be used by anyone other than those specified parties.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants
Kansas City, Missouri

KCGPA and Affiliate

Year End: June 30, 2023

Adjusting journal entries

Number	Date	Account No	Name	Debit	Credit
AJE 01	6/30/2023	1111 GENERAL	UMB		(\$10,847.03)
AJE 01	6/30/2023	1111 CAPITAL	UMB	\$10,847.03	
AJE 01	6/30/2023	3700 GENERAL	TRANSFER OUT	\$10,847.03	
AJE 01	6/30/2023	3800 CAPITAL	TRANSFER IN		(\$10,847.03)

To zero out capital projects fund negative cash balance and record transfer between funds

AJE 02	6/30/2023	1411 GENERAL	PREPAID EXPENDITURES	\$9,000.00	
AJE 02	6/30/2023	28000 FOUNDATION	Deferred rental income		(\$9,000.00)
AJE 02	6/30/2023	40001 FOUNDATION	Rental Income	\$9,000.00	
AJE 02	6/30/2023	2542 6333 1000 3 00000 000 GENERAL	RENTALS-LAND AND BUILDINGS		(\$9,000.00)

To reclassify July 2023 rent payment made in June 2023 as prepaid and deferred as of 6/30/2023

AJE 03	6/30/2023	5192 GENERAL	DONATIONS	\$50,000.00	
AJE 03	6/30/2023	25003 FOUNDATION	Accounts Receivable (A/R): Due to Foundation		(\$260,000.00)
AJE 03	6/30/2023	40002 FOUNDATION	Grants and Contributions	\$110,000.00	
AJE 03	6/30/2023	50001 FOUNDATION	KCGPA Operational Support		(\$150,000.00)
AJE 03	6/30/2023	50002 FOUNDATION	KCGPA Indirect Support	\$200,000.00	
AJE 03	6/30/2023	40002 002 FOUNDATION	Grants and Contributions: Restricted High School	\$100,000.00	
AJE 03	6/30/2023	5192 0000 90027 GENERAL	KCGPA Foundation		(\$50,000.00)

Client Provided Entry - to record and adjust for school transfers with Foundation during FY 2023

AJE 04	6/30/2023	29001 FOUNDATION	Note Payable on Middle School Building		(\$2,892.00)
AJE 04	6/30/2023	50100 FOUNDATION	Interest Expense	\$2,892.00	

Correct ending balance of note payable as of 6/30/2023 as paid off in the current year

AJE 05	6/30/2023	20041 FOUNDATION	Middle School Construction in Progress	\$19,000.64	
AJE 05	6/30/2023	27000 FOUNDATION	Accounts Payable (A/P)		(\$19,000.64)

To record payable for LM2 Construction for June 2023

AJE 06	6/30/2023	1241 GENERAL	FEDERAL ACCOUNTS RECEIVABLE		(\$3,386.44)
AJE 06	6/30/2023	5497 0000 04970 GENERAL	CSP REVENUE	\$3,386.44	

Correction to the outstanding federal grant receivables as of 6/30/2023

AJE 07	6/30/2023	1111 GENERAL	UMB		(\$57,480.46)
AJE 07	6/30/2023	1111 TEACHERS	UMB	\$57,480.46	
AJE 07	6/30/2023	2111 GENERAL	ACCOUNTS PAYABLE-GENERAL	\$57,480.46	
AJE 07	6/30/2023	2111 TEACHERS	ACCOUNTS PAYABLE-GENERAL		(\$57,480.46)

Reclassify the accrued payables from the General Fund (10) to the Teachers Fund (20) and balancing entry

KCGPA and Affiliate

Year End: June 30, 2023

Adjusting journal entries

Number	Date	Account No	Name	Debit	Credit
<i>to the related cash account.</i>					
AJE 08	6/30/2023	3111 GENERAL	FUND BALANCE		(\$1,199.34)
AJE 08	6/30/2023	2542 6352 1000 3 00000 000 GENERAL	LIABILITY INSURANCE	\$1,199.34	
<i>To correct and roll forward net assets with the General Fund from the prior year</i>					
AJE 09	6/30/2023	1221 6319 3945 4 44100 000 GENERAL	SPED PURCHASED SERVICES	\$237.00	
AJE 09	6/30/2023	2111 GENERAL	ACCOUNTS PAAYBLE-GENERAL		(\$237.00)
<i>Client provided entry - additional accrued expense from AnyBill transaction in October 2023</i>					
AJE 10	6/30/2023	2563 6319 1000 3 00000 000 GENERAL	FOOD VENDOR - SALARIES, BENEFITS PURCH SVC	\$35,536.29	
AJE 10	6/30/2023	2563 6411 1000 3 00000 000 GENERAL	FOOD VENDOR - SUPPLIES	\$1,148.15	
AJE 10	6/30/2023	2563 6471 1000 3 00000 000 GENERAL	FOOD SERVICE		(\$36,684.44)
<i>Client provided entry - reclassifying entry to match food service provider classification of expenses in FY 2023</i>					
				\$678,054.84	(\$678,054.84)