

University Academy

Financial Statements
Year Ended June 30, 2021

KPM
CPAS & ADVISORS

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To the Board of Directors
University Academy
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of University Academy (a non-profit organization), which comprise the modified cash basis statement of financial position as of June 30, 2021, and the related statements of changes in net assets, cash flows, and statement of functional expenses – modified cash basis for the year then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. 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 auditors’ 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 Academy’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 Academy’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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of University Academy, as of June 30, 2021, and the results of its operations and its cash flows – modified cash basis for the year then ended in conformity with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The data contained under Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying 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*, is presented for purposes of additional analysis and is also not a required part of the financial statements.

The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of University Academy'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 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 University Academy's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 5, 2021

University Academy

Statement of Financial Position – Modified Cash Basis

June 30, 2021

Assets

Cash and cash equivalents	\$ 2,639,141
Investments	<u>2,121,949</u>
Total Assets	<u><u>\$ 4,761,090</u></u>

Net Assets

Without donor restrictions	\$ 4,760,131
With donor restrictions	<u>959</u>
Total Net Assets	<u><u>\$ 4,761,090</u></u>

See accompanying notes to the financial statements.

University Academy

Statement of Changes in Net Assets – Modified Cash Basis

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Receipts, and Reclassifications			
Local	\$ 2,270,605	\$ 109,681	\$ 2,380,286
State	10,737,107	-	10,737,107
Federal	1,394,058	-	1,394,058
Net assets released from restrictions	109,681	(109,681)	-
Total Support, Receipts, and Reclassifications	14,511,451	-	14,511,451
Disbursements			
Instruction	6,428,973	-	6,428,973
Student services	843,490	-	843,490
Instructional staff support	207,198	-	207,198
Building level administration	1,002,856	-	1,002,856
General administration and central services	2,569,265	-	2,569,265
Operation of plant	2,541,608	-	2,541,608
Transportation	305,406	-	305,406
Food services	349,453	-	349,453
Community services	84,182	-	84,182
Debt Service	15,955	-	15,955
Total Disbursements	14,348,386	-	14,348,386
<i>Change in Net Assets</i>	163,065	-	163,065
Net Assets, beginning of year	4,597,066	959	4,598,025
Net Assets, end of year	\$ 4,760,131	\$ 959	\$ 4,761,090

See accompanying notes to the financial statements.

University Academy

Statement of Cash Flows – Modified Cash Basis

Year Ended June 30, 2021

Cash Flows from Operating Activities

Change in net assets	\$ 163,065
Net Cash Provided by Operating Activities	<u>163,065</u>

Cash Flows from Investing Activities

(Purchase) of investments	(19,161)
Earnings on investments	15,043
Net Cash (Used) by Investing Activities	<u>(4,118)</u>

<i>Net Increase in Cash</i>	158,947
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Cash and Cash Equivalents, beginning of year	<u>2,480,194</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 2,639,141</u></u>

See accompanying notes to the financial statements.

University Academy

Statement of Functional Expenses – Modified Cash Basis

Year Ended June 30, 2021

	Program Services	Support Services	
	Charter School	Management and General	Total
Salaries	\$ 7,375,343	\$ 444,912	\$ 7,820,255
Employee Benefits	1,999,647	122,090	2,121,737
Purchased Services	2,455,297	303,630	2,758,927
Supplies	1,123,418	180,314	1,303,732
Capital Outlay	271,172	56,608	327,780
Debt Service	15,955	-	15,955
Total Functional Expenses	\$ 13,240,832	\$ 1,107,554	\$ 14,348,386

See accompanying notes to the financial statements.

University Academy

Notes to the Financial Statements

June 30, 2021

1. Organization

University Academy (the Academy) is a Missouri not-for-profit corporation. The purpose of the Academy is to operate a Charter School established within the boundaries of the Kansas City, Missouri School District. The Academy is legally separate from the Kansas City, Missouri School District and is not financially accountable to it.

2. Summary of Significant Accounting Policies

Accounting Standard Adoption

During the year, the Academy adopted the provisions of FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. The ASU applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The financial statements are presented in accordance with this new standard.

Revenue Recognition

The Academy recognizes revenue when cash is received on modified cash basis accounting.

Basis of Accounting

The Academy has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to cash basis relates to the presentation of investments.

Basis of Presentation

The Academy is required report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Academy. These net assets may be used at the discretion of the Academy's management and the board of directors.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Academy pursuant to those stipulations, that expire by the passage of time, or that include funds of perpetual donation.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Academy considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

University Academy

Notes to the Financial Statements

June 30, 2021

Property and Equipment

Property and equipment are recorded as expenses at the time the goods are purchased.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenses in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

Estimates

The preparation of financial statements in conformity with the modified cash basis described above 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 Academy 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 Academy complies with the provisions of FASB ASC 740-10-25. Under FIN 48, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the Academy's financial statements. The Academy does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2021, there were no interest or penalties recorded in its financial statements.

Fair Value

The FASB Fair Value Measurement Standard (ASC 820-10) clarifies the definition of fair value reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Fair values can be determined using a fair value hierarchy consisting of three levels ranging from the most objective determination of fair value to the most subjective. The levels vary depending on the objectivity of the information used in valuation techniques to determine fair value. These levels are classified as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs are the most subjective, are generally based on the entity's own assumptions on how knowledgeable parties would price assets or liabilities and are developed using the best information available in the circumstances.

University Academy

Notes to the Financial Statements

June 30, 2021

Investments

Investments consist primarily of assets invested in government & agency bonds, corporate bonds, and money-market accounts. The Academy accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the consolidated statement of financial assets. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

Investments are exposed to various risks such as significant world events, interest rates, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in that statement of financial assets.

Revenue and Other Support

The Academy reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

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 Activities as net assets released from restrictions.

Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are accounted for in accordance with the terms of those agreements.

Functional Allocations of Expenses

The cost of providing the program and supporting services have been summarized on the statement of activities on a functional basis. Most expenses can be directly allocated to the program and supporting functions. Certain categories of expenses are attributed to both program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied and determined by management.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Purchased services	Direct costs
Supplies	Direct costs
Capital outlay	Direct costs

University Academy

Notes to the Financial Statements

June 30, 2021

3. Restrictions on Net Assets

Net assets with donor restrictions are restricted for the following purposes at June 30, 2021:

Specific purpose	
Student eyeglasses	<u>\$ 959</u>

4. Cash & Cash Equivalents

The Academy maintains cash and cash equivalents at various financial institutions. At June 30, 2021, the cash held with UMB Bank N.A. in the checking account was fully insured by FDIC. However, the Academy had \$2,639,140 in a sweep account that was not covered by FDIC, however, the bank has issued other securities as collateral, which fully covers the balance.

5. Investments

The Academy categorizes its investments in accordance with the fair value hierarchy as noted in Note 2. Investments of the Academy at June 30, 2021, are as follows:

	Investments Not Subject to Fair Value	Fair Value Level 2	Total
Government and agency bonds	\$ -	\$ 889,741	\$ 889,741
Corporate bonds	-	251,648	251,648
Money market funds	980,560	-	980,560
Total Investments	<u>\$ 980,560</u>	<u>\$ 1,141,389</u>	<u>\$ 2,121,949</u>

The amounts reported in the Statement of Financial Position as of June 30, 2021, are classified as follows:

Investments without donor restrictions	<u>\$ 2,121,949</u>
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6. Retirement Plan

The Academy 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 are also covered by Social Security. The Retirement System is administered by a twelve-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.

University Academy

Notes to the Financial Statements

June 30, 2021

The Retirement System members are required to contribute 8% of their annual covered salary and the school is required to contribute a matching amount. The contribution requirements of members and the school are established, and may be amended, by the Board of Trustees. The Academy's contributions to the system for the year ended June 30, 2021, were \$645,003, equal to the required contributions.

7. Operating Lease

The Academy leases its facilities from the University Academy Supporting Foundation, a related party. As part of the lease agreement, the Academy pays a base rent of \$53,750 each month plus operating expenses of the leased facility, including all costs associated with the use, maintenance, financing, or repair of the property and all utilities, insurance, periodic capital replacement reserve amounts and management fees. The amount the Academy recognized in rent expense for the fiscal year ended June 30, 2021, was \$698,750. On July 31, 2020, the Academy extended the lease agreement through July 31, 2022. During 2021, the Academy agreed to use up to \$605,834 in ESSER II funds to pay for air quality improvements to the HVAC system in the school facility. These improvements will be performed by the University Academy Supporting Foundation and the Academy will be invoiced upon completion. This expense is expected to occur within the 2021-22 school year.

In July 2019, the Academy began a verbal agreement to sub-lease three office spaces at 8080 Ward Parkway from Friends of University Academy. The Academy agrees to pay an equal portion of rent for the three offices it will be sub-leasing.

Future base rent commitments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>6801 Holmes</u>	<u>8080 Ward Parkway</u>	<u>Total Payments</u>
2022	\$ 645,000	\$ 20,929	\$ 665,929
2023	-	21,486	21,486
2024	-	18,331	18,331
2025	-	18,702	18,702
	<u>\$ 645,000</u>	<u>\$ 79,448</u>	<u>\$ 724,448</u>

8. Claims & Adjustments

The Academy 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, 2021, significant amounts of grant disbursements have not been audited by grantor governments, but the Academy believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

9. Functional Expenses

The Academy has only one program of service, which is the operation of a charter school district. For the year ended June 30, 2021, program service expenses were \$13,240,832 and management expenses were \$1,107,554.

University Academy

Notes to the Financial Statements

June 30, 2021

10. Open Tax Years

The Academy's informational and tax returns are subject to examination by taxing authorities for a period of 3 years from the date they are filed. As of June 30, 2021, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be Filed in 2021</u>
Federal	2017-2019	2020
Missouri	2017-2019	2020

11. Net Assets Released from Restrictions

Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or time restrictions specified by donors. There were \$109,681 in net assets released from donor restrictions during the year ended June 30, 2021 due to meeting the purpose of restriction.

12. Liquidity & Availability

Financial assets available for general expenditures, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Financial assets at year end	<u>2021</u>
Cash and cash equivalents	\$ 2,639,140
Investments	<u>2,121,949</u>
Total financial assets	4,761,089
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>959</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 4,760,130</u></u>

The Academy does not have a policy to maintain a particular number of days of operating expenses as liquid assets. The Academy is substantially supported by grant revenues that are based on formulas enacted by legislation in the State of Missouri. The Academy also participates in various state and federally funded programs. As such, the future cash needs of the Academy are substantially met by these revenues, which are primarily received during the period in which expenses are incurred.

13. Capital Lease

On June 29, 2018, the Academy entered into a capital lease with Max Ford, LLC for a 2017 transit van. The amount financed is \$37,695, with an interest rate of 6.99% over 72 months. Principal and interest payments are due monthly.

On July 16, 2018, the Academy entered into a capital lease with Max Ford, LLC for a 2017 transit van. The amount financed is \$40,085, with an interest rate of 6.99% over 72 months. Principal and interest payments are due monthly.

University Academy

Notes to the Financial Statements

June 30, 2021

The following is a schedule of the future minimum lease payments under the lease (assuming non-cancellation):

Year Ending June 30,	Direct Borrowing		
	2017 Van Lease	2018 Van Lease	Total
2022	\$ 7,732	\$ 8,223	\$ 15,955
2023	7,732	8,223	15,955
2024	7,732	8,223	15,955
2025	644	1,368	2,012
Total Minimum Lease Payments	23,840	26,037	49,877
Less Amount Representing Interest	(2,426)	(2,619)	(5,045)
Net Lease Payments	\$ 21,414	\$ 23,418	\$ 44,832

The following represents the changes in the net lease payments for the year ended June, 30 2021:

Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
\$ 56,526	\$ -	\$ 11,694	\$ 44,832

Supplementary Information

University Academy

Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds

June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Assets				
Cash and cash equivalents	\$ 2,524,135	\$ 8,741	\$ 106,265	\$ 2,639,141
Investments	2,121,949	-	-	2,121,949
Total Assets	\$ 4,646,084	\$ 8,741	\$ 106,265	\$ 4,761,090
Fund Balances				
Donor restricted	\$ 959	\$ -	\$ -	\$ 959
Restricted for certified salaries	-	8,741	-	8,741
Assigned for capital expenditures	-	-	106,265	106,265
Unassigned	4,645,125	-	-	4,645,125
Total Fund Balance	\$ 4,646,084	\$ 8,741	\$ 106,265	\$ 4,761,090

The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education.

This statement conforms to the presentation of the Annual Secretary of the Board Report. The modification to cash basis relates only to the presentation of investments.

University Academy

Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds

Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receipts				
Local	\$ 1,382,921	\$ 997,365	\$ -	\$ 2,380,286
State	4,404,961	6,332,146	-	10,737,107
Federal	1,394,058	-	-	1,394,058
Total Receipts	<u>7,181,940</u>	<u>7,329,511</u>	<u>-</u>	<u>14,511,451</u>
Disbursements				
Instruction	696,301	5,699,022	33,650	6,428,973
Student services	383,332	460,158	-	843,490
Instructional staff support	30,219	174,584	2,395	207,198
Building level administration	235,162	767,694	-	1,002,856
General administration and central services	2,203,495	224,251	141,519	2,569,265
Operation of plant	2,389,542	1,850	150,216	2,541,608
Pupil transportation	305,406	-	-	305,406
Food services	347,502	1,951	-	349,453
Community services	84,182	-	-	84,182
Debt Service	-	-	15,955	15,955
Total Disbursements	<u>6,675,141</u>	<u>7,329,510</u>	<u>343,735</u>	<u>14,348,386</u>
<i>Receipts Over (Under) Disbursements</i>	506,799	1	(343,735)	163,065
Other Financing Sources (Uses)				
Transfers in (out)	<u>(450,000)</u>	<u>-</u>	<u>450,000</u>	<u>-</u>
<i>Receipts and Other Financing Sources Over Disbursements and Other (Uses)</i>	<u>(450,000)</u>	<u>-</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balance	56,799	1	106,265	163,065
Fund Balance, beginning	4,589,285	8,740	-	4,598,025
Fund Balance, ending	<u>\$ 4,646,084</u>	<u>\$ 8,741</u>	<u>\$ 106,265</u>	<u>\$ 4,761,090</u>

The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education.

This statement conforms to the presentation of the Annual Secretary of the Board Report. The modification to cash basis relates only to the presentation of investments.

University Academy

Schedule of Receipts Collected by Source

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Local				
School district trust fund (Prop C)	\$ 332,455	\$ 997,365	\$ -	\$ 1,329,820
Earnings from temporary deposits	15,042	-	-	15,042
Food service - sales to pupils	354	-	-	354
Admissions - student services	9,278	-	-	9,278
Revenue from enterprise activities	250	-	-	250
Other pupil activity income	8,519	-	-	8,519
Community services	1,900	-	-	1,900
Rentals	8,500	-	-	8,500
Gifts	247,890	-	-	247,890
Miscellaneous local revenue	758,733	-	-	758,733
Total Local	1,382,921	997,365	-	2,380,286
State				
Basic formula - state monies	4,185,002	5,848,928	-	10,033,930
Transportation	116,151	-	-	116,151
Basic formula - classroom trust fund	-	483,218	-	483,218
Food service - state	3,808	-	-	3,808
Other state revenue	100,000	-	-	100,000
Total State	4,404,961	6,332,146	-	10,737,107
Federal				
Medicaid	40,316	-	-	40,316
CARES - ESSER fund	135,979	-	-	135,979
CARES - Governor's Emergency Education Relief Fund	49,426	-	-	49,426
Basic formula - jobs bill - state school money	103,150	-	-	103,150
IDEA entitlement funds, part B IDEA	200,757	-	-	200,757
Title I - ESEA	431,458	-	-	431,458
Title IV.A student support and academic enrichment	32,283	-	-	32,283
Title II, part A&B, ESEA - teacher and principal training	46,691	-	-	46,691
Dept. of Health food service program	353,848	-	-	353,848
Other federal revenue	150	-	-	150
Total Federal	1,394,058	-	-	1,394,058
Total Receipts	\$ 7,181,940	\$ 7,329,511	\$ -	\$ 14,511,451

The above presentation agrees to the Annual Secretary of the Board Report.

University Academy

Schedule of Disbursements Paid by Object

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 2,058,662	\$ 5,761,593	\$ -	\$ 7,820,255
Employee benefits	553,820	1,567,917	-	2,121,737
Purchased services	2,758,927	-	-	2,758,927
Supplies	1,303,732	-	-	1,303,732
Capital outlay	-	-	327,780	327,780
Debt service	-	-	15,955	15,955
	<u>\$ 6,675,141</u>	<u>\$ 7,329,510</u>	<u>\$ 343,735</u>	<u>\$ 14,348,386</u>

The above presentation agrees to the Annual Secretary of the Board Report.

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2021

1. Calendar (Sections 160.041, 171.029, 171.031, and 171.033 RSMo)

Report each unique calendar the district/charter school has as defined by 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
6965	PK	5	-	6.55	163	1,067.65
3925	6	8	-	6.75	163	1,100.25
1915	9	12	-	6.75	163	1,100.25

2. Attendance Hours

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
6965	PK-5	565,415.22	-	9,420.00	1,046.53	26,239.62	602,121.37
3925	6-8	245,949.12	-	1,166.00	897.01	8,147.71	256,159.84
1915	9-12	228,312.14	-	402.28	-	3,879.90	232,594.32
Grand Total	K - 12	1,039,676.48	-	10,988.28	1,943.54	38,267.23	1,090,875.53

3. September Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6965	PK-5	626.00	-	-	626.00
3925	6-8	251.00	-	-	251.00
1915	9-12	227.00	-	-	227.00
Grand Total	PK - 12	1,104.00	-	-	1,104.00

Notes:	

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2021

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
Res 2 - N/A	1.00	-	-	-	1.00
6965	329.00	43.00	-	-	372.00
3925	153.00	9.00	-	-	162.00
1915	102.00	20.00	-	-	122.00
Grand Total	585.00	72.00	-	-	657.00

5. Finance

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

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, which includes the reporting of calendar and attendance hours, 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	True
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	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

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2021

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 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	N/A
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	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 approve 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
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

Notes:

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2021

All above “False” answers must be supported by a finding or management letter comment.

Finding:	None
Management Letter Comment:	N/A

6. Transportation (Section 163.161, RSMo)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

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	59.5
	Ineligible ADT	-
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:	20,421
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:	True
	Eligible Miles (including food/instructional delivery miles 2020-21)	17,098
	Ineligible Miles (Non-Route/Disapproved)	3,323
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	45
Notes:		

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2021

All above "False" answers must be supported by a finding or management letter comment.

Finding:	None
Management Letter Comment:	N/A

University Academy

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program				
Commodities - Cash	10.555	048-901	\$ -	\$ 23,595
			-	23,595
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
COVID-19 Summer Food Service Program for Children	10.559	ERS0462522S	-	379,163
Total Child Nutrition Cluster			-	402,758
Total U.S. Department of Agriculture			-	402,758
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Education Agencies	84.010A	S010A190025	-	156,098
		S010A200025	-	284,483
			-	440,581
Supporting Effective Instruction State Grants	84.367	S367A190024	-	20,007
		S367A200024	-	28,363
			-	48,370
COVID-19 Education Stabilization Act	84.425D	S425D200021	-	135,979
	84.425C	S425C200016	-	49,426
			-	185,405
Student Support and Academic Enrichment Program	84.424A	S424A190026	-	20,861
		S424A200026	-	13,599
			-	34,460
Special Education Cluster				
Special Education Grants to States	84.027	H027A190040	-	117,083
		H027A200040	-	94,607
Total Special Education Cluster			-	211,690
Total U.S. Department of Education			-	920,506
U.S. Department of Health and Human Services				
Direct				
Missouri Health Profiles	93.079	18NU87	-	150
Total U.S. Department of Health and Human Services			-	150
U.S. Department of the Treasury				
Department of Elementary and Secondary Education				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	103,150
Total U.S. Department of the Treasury			-	103,150
Total Expenditures of Federal Awards			\$ -	\$ 1,426,564

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

University Academy

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 2 of the Academy's financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The Academy did not provide funds to subrecipients in the current year.
4. The Academy elected not to use the 10% de minimis indirect cost rate.

Internal Control and Compliance



Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Directors
University Academy
Kansas City, Missouri

We have examined management's assertions that University Academy complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the Academy's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2021. University Academy's Management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Education, Academy management, and the Missouri Department of Elementary and Secondary Education and is not intended to be, and should not be, used by anyone other than these specified parties.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 5, 2021

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

Board of Directors
University Academy
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of University Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise University Academy's basic financial statements and have issued our report thereon dated November 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Academy'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 5, 2021



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
University Academy
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

We have audited University Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on University Academy's major federal programs for the year ended June 30, 2021. University Academy's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for University Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about University Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on University Academy's compliance.

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Opinion on Each Major Federal Program

In our opinion, University Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of University Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered University Academy's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



KPM CPAs, PC
Springfield, Missouri
November 5, 2021

University Academy

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I: Summary Schedule of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for each major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal programs:		
Assistance Listing Number(s) 10.555 & 10.559 84.425D & 84.425C	Name of Federal Program or Cluster Child Nutrition Cluster Education Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

University Academy

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

There were no prior year audit findings.