

**GUADALUPE EDUCATIONAL SYSTEM, INC.
KANSAS CITY, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2022

**GUADALUPE EDUCATIONAL SYSTEM, INC.
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INDEPENDENT AUDITORS' REPORT

To the Governing Board
Guadalupe Educational System, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Guadalupe Educational System, Inc.(a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of June 30, 2022 , and the related statements of support, revenues and expenses, functional expenses and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Guadalupe Educational System, Inc. as of June 30, 2022, and its support, revenues, expenses and its 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 judgment, 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 supplementary information on pages 12 through 15, including 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 20, 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.

Westbrook & Co., P.C.

Richmond, Missouri
December 20, 2022

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 11,701,789
Property and equipment, net	<u>4,869,068</u>
Total Assets	<u>\$ 16,570,857</u>

LIABILITIES AND NET ASSETS

Liabilities	<u>\$ -</u>
Net Assets:	
Without donor restrictions	16,002,377
With donor restrictions	<u>568,480</u>
Total Net Assets	<u>16,570,857</u>
Total Liabilities and Net Assets	<u><u>\$ 16,570,857</u></u>

See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF SUPPORT, REVENUES AND EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Government grants	\$ 25,118,578	\$ -	\$ 25,118,578
Other revenues	1,179,852	564,264	1,744,116
Fees and services	29,296	-	29,296
Contributions and grants	518,093	-	518,093
Investment income	1,400	-	1,400
	<u>26,847,219</u>	<u>564,264</u>	<u>27,411,483</u>
Total support and revenues			
Net assets released from restrictions	<u>713,479</u>	<u>(713,479)</u>	<u>-</u>
Total support, revenues and reclassifications	<u>27,560,698</u>	<u>(149,215)</u>	<u>27,411,483</u>
EXPENSES:			
Program expenses:			
Charter school	21,079,275	-	21,079,275
Management and general	<u>3,100,354</u>	<u>-</u>	<u>3,100,354</u>
Total expenses	<u>24,179,629</u>	<u>-</u>	<u>24,179,629</u>
Change in net assets	3,381,069	(149,215)	3,231,854
Net assets, beginning of year	<u>12,621,308</u>	<u>717,695</u>	<u>13,339,003</u>
Net assets, end of year	<u>\$ 16,002,377</u>	<u>\$ 568,480</u>	<u>\$ 16,570,857</u>

See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Charter School	Management and General	Total
Salaries	\$ 8,430,823	\$ 1,684,715	\$ 10,115,538
Payroll taxes and benefits	2,241,314	643,570	2,884,884
Building and equipment maintenance	1,327,483	360	1,327,843
Conferences, meetings and travel	5,406	10,937	16,343
Contract and professional fees	1,055,442	499,248	1,554,690
Depreciation	318,742	-	318,742
Student transportation	1,379,776	-	1,379,776
Food service	1,008,896	-	1,008,896
Other supplies	1,307,835	84,358	1,392,193
Insurance	-	163,645	163,645
Utilities	434,957	-	434,957
Printing and publications	1,111	392	1,503
Textbooks and educational materials	8,885	-	8,885
Telephone and communications	139,426	2,879	142,305
Rent expense	3,381,325	9,375	3,390,700
Interest	2,593	-	2,593
Other	35,261	875	36,136
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 21,079,275</u>	<u>\$ 3,100,354</u>	<u>\$ 24,179,629</u>

See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 3,231,854
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	318,742
Increase (decrease) in:	
Due to Guadalupe Centers, Inc.	<u>(4,010)</u>
Net cash provided by operating activities	<u>3,546,586</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(918,710)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payment on capital lease	<u>(129,694)</u>
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NET INCREASE IN CASH 2,498,182

CASH AND CASH EQUIVALENTS, beginning 9,203,607

CASH AND CASH EQUIVALENTS, ending \$ 11,701,789

SUPPLEMENTAL DISCLOSURES:

Interest paid	<u>\$ 2,593</u>
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See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A - BUSINESS ACTIVITY

The Guadalupe Educational System, Inc. (the School) incorporated in May 2006. The sole member of the corporation is Guadalupe Centers, Inc. The School operates as a not-for-profit corporation whose purpose is to control and operate educational institutions, including but not limited to Alta Vista Charter Elementary, Middle School and High School, which provide services to at-risk Latino and inner city youth of Kansas City, Missouri, and all their school operations. The School is governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature and is sponsored by University of Central Missouri. The School is exempt from most Missouri laws and statutes governing educational institutions. The afore-mentioned Senate Bill No. 781 governs it. The School's charter provides for the education of low income, disadvantaged, at-risk students in pre-kindergarten through twelfth grades.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements are presented on a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues and expenditures when they result from cash transactions with a provision for recording capital assets, related depreciation and debt. This basis is a comprehensive basis of accounting other than 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.

Property and Equipment: All purchased property and equipment are valued at historical cost. A capitalization threshold of \$2,000 is used to report capital assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Building improvements	20 years
Equipment	5-7 years

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.

Sick and Personal Leave: Personal leave days are considered as expenditures in the year paid. Employees receive one day per month proportional to their workday. Personal leave days may be accumulated and carried over up to a maximum of 60 days. Upon separation of employment, employees who have provided five or more years of service shall compensated for unpaid leave, calculated on a scale based on years of service at the prevailing substitute teacher or substitute administrator wage.

Tax Exempt Status: Guadalupe Educational System, Inc. is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as charitable organizations where by only unrelated business income, as defined by Section 509(a)(2) of the Code is subject to federal income tax. The School currently has no unrelated business income.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Donor Restrictions: Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The School has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Expense Allocation: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

Subsequent Events: Management has evaluated subsequent events through December 20, 2022, the date the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2022, the bank balances of the School's deposits totaled \$12,588,051, of which \$12,309,000 was held in a repurchase sweep account and \$279,051 was covered by FDIC insurance.

NOTE D - 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 from such risks.

NOTE E - 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 grant 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.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE F - RETIREMENT PLAN

The School contributes to The Kansas City Public School Retirement System, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri School School; the Kansas City Public Library; the charter schools within the boundaries of the Kansas City Missouri School School; and the 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 Kansas City Public School Retirement System, 3100 Broadway Street, Suite 1211, Kansas City, Missouri, 64111 or by calling 1-816-472-5800.

Effective January 1, 2020, the employer contribution rate increased from 10.5% to 12.0%. Employees also make contributions to the plan. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's contributions to the System for the year ended June 30, 2022 were \$1,091,048.

NOTE G - LITIGATION

As of June 30, 2022, the School is a defendant in an ongoing litigation matter. An outcome cannot be predicted at this time, however, the School's insurance carrier is vigorously defending against this claim.

NOTE H - PROPERTY AND EQUIPMENT

Building improvements	\$ 4,676,903
Equipment	717,835
Construction in progress	<u>907,348</u>
	6,302,086
Accumulated depreciation	<u>(1,433,018)</u>
	<u>\$ 4,869,068</u>

Depreciation expense for the year ended June 30, 2022 was \$318,742.

NOTE I - RELATED PARTY

The School leases an educational facility and an administration building from Guadalupe Centers, Inc., the sole member of Guadalupe Educational System, Inc., under year-to-year lease agreements. During the year ended June 30, 2022, the total paid under these leases was \$1,190,422. In addition, the School leases two educational facilities from Guadalupe Centers, Inc. under non-cancellable lease agreements discussed in Note J. The total paid to Guadalupe Centers, Inc. under these leases was \$2,079,690.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE J - LEASE COMMITMENTS

On September 10, 2013, the School entered into a non-cancellable lease agreement for an educational facility. This lease is for a period of seven years, requiring varying annual rent payments through September 30, 2020. On October 1, 2020 this lease was renewed through September 30, 2021. On October 1, 2021 this lease was renewed through September 30, 2023.

On July 16, 2019, the School entered into a non-cancellable lease agreement for an educational facility. This lease is for a period of 7 years, requiring annual rent payments through July 15, 2026.

On July 16, 2019, the School entered into a non-cancellable lease agreement for a library. This lease is for a period of 7 years, requiring annual rent payments through July 15, 2026.

On November 30, 2022, the School entered into a lease agreement for copiers. This lease is for a period of 21 months, requiring monthly lease payments through August 2023.

Remaining lease payments are:

Year ending June 30,	<u>Facilities</u>	<u>Copiers</u>	<u>Total</u>
2023	\$ 2,125,297	\$ 88,269	\$ 2,213,566
2024	1,752,765	14,712	1,767,477
2025	1,661,317	-	1,661,317
2026	<u>1,711,157</u>	<u>-</u>	<u>1,711,157</u>
Total	<u>\$ 7,250,536</u>	<u>\$ 102,981</u>	<u>\$ 7,353,517</u>

For the year ended June 30, 2022, total lease expense under these leases was \$2,131,181.

NOTE K - CAPITAL LEASE

The School entered into a lease agreement on March 25, 2019 for laptops. The three-year lease agreement requires monthly payments of \$132,287, interest at 2%. As of June 30, 2022, this lease was paid in full.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 consist of:

School and staff development	\$ 413,141
Early education	47,735
Strategic plan	16,528
ELL certification	24,500
Real world learning	62,390
COVID-19	4,186
	<u>\$ 568,480</u>

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets in excess of daily cash requirements are invested in a repurchase account where the funds can earn a higher interest rate.

The following table reflects the School'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 and cash equivalents	\$ 11,701,789
Donor restricted assets	<u>(568,480)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,133,309</u>

NOTE N - COMMITMENTS

As of June 30, 2022, the School had approved improvement projects at the high school and technology purchases. The total amount committed by the School for these projects, but not paid as of June 30, 2022, was \$512,268.

SUPPLEMENTARY INFORMATION

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and cash equivalents	<u>\$ 11,701,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,701,789</u>
FUND BALANCES				
Fund Balances:				
Unassigned	<u>\$ 11,701,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,701,789</u>

GUADALUPE EDUCATIONAL SYSTEM, 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	\$ 3,936,121	\$ 985,929	\$ -	\$ 4,922,050
State	8,741,611	9,334,754	-	18,076,365
Federal	4,413,068	-	-	4,413,068
Total Revenues	<u>17,090,800</u>	<u>10,320,683</u>	<u>-</u>	<u>27,411,483</u>
EXPENDITURES:				
Instruction	2,382,549	7,900,943	-	10,283,492
Student activities	108,638	102,357	-	210,995
Student services	485,443	495,889	-	981,332
Instructional staff support	82,703	-	-	82,703
General administration and central services	1,667,669	840,996	-	2,508,665
Building administration	346,983	721,143	-	1,068,126
Operation of plant	5,449,119	-	741,403	6,190,522
Transportation	1,378,911	-	-	1,378,911
Food service	1,154,838	-	-	1,154,838
Building acquisition and construction	-	-	177,304	177,304
Community services	480,760	259,355	-	740,115
Debt Service:				
Principal	-	-	129,694	129,694
Interest	-	-	2,594	2,594
Total Expenditures	<u>13,537,613</u>	<u>10,320,683</u>	<u>1,050,995</u>	<u>24,909,291</u>
Revenues Over (Under) Expenditures	<u>3,553,187</u>	<u>-</u>	<u>(1,050,995)</u>	<u>2,502,192</u>
Other Financing Sources (Uses):				
Transfers	<u>(1,050,995)</u>	<u>-</u>	<u>1,050,995</u>	<u>-</u>
Net change in fund balance	2,502,192	-	-	2,502,192
Fund balance, beginning	<u>9,199,597</u>	<u>-</u>	<u>-</u>	<u>9,199,597</u>
Fund balance, ending	<u>\$ 11,701,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,701,789</u>

GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
LOCAL:				
Sales tax	\$ 1,643,216	\$ 985,929	\$ -	\$ 2,629,145
Earnings on investments	1,400	-	-	1,400
Tuition	4,737	-	-	4,737
Food service	343	-	-	343
Student activities	24,216	-	-	24,216
Donations	518,093	-	-	518,093
Other local revenue	1,744,116	-	-	1,744,116
Total Local	<u>3,936,121</u>	<u>985,929</u>	<u>-</u>	<u>4,922,050</u>
STATE:				
Basic formula	8,013,134	9,334,754	-	17,347,888
Transportation	25,030	-	-	25,030
High need fund	57,493	-	-	57,493
Basic formula - classroom trust fund	596,985	-	-	596,985
Food service	2,816	-	-	2,816
Other state revenue	46,153	-	-	46,153
Total State	<u>8,741,611</u>	<u>9,334,754</u>	<u>-</u>	<u>18,076,365</u>
FEDERAL:				
Medicaid	199,096	-	-	199,096
Individuals with Disabilities	243,995	-	-	243,995
Early childhood special education	10,685	-	-	10,685
Food service	1,062,156	-	-	1,062,156
Title I	704,105	-	-	704,105
Title II. A	95,221	-	-	95,221
Title III	163,727	-	-	163,727
Title IV	42,246	-	-	42,246
CRRSA - ESSER II	589,225	-	-	589,225
ARP - ESSER III	1,123,883	-	-	1,123,883
CARES - Governor's Emergency Education Relief fund	37,951	-	-	37,951
Child Nutrition Emergency Operational Cost	140,778	-	-	140,778
Total Federal	<u>4,413,068</u>	<u>-</u>	<u>-</u>	<u>4,413,068</u>
Total Revenues	<u>\$ 17,090,800</u>	<u>\$ 10,320,683</u>	<u>\$ -</u>	<u>\$ 27,411,483</u>

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
School Breakfast Program	10.553	048-902	\$ 269,894
National School Lunch Program	10.555	048-902	792,262
COVID-19 - National School Lunch Program	10.555	048-902	140,778
Non-Cash: Food Distribution	10.555	048-902	<u>33,802</u>
Total Child Nutrition Cluster			<u>1,236,736</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Title I - Grants to Local Educational Agencies	84.010	048-902	712,585
Improving Teacher Quality State Grants	84.367	048-902	95,221
English Language Acquisition Grants	84.365	048-902	163,727
Student Support and Academic Enrichment Program	84.424	048-902	42,246
COVID-19-Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	048-902	589,225
COVID-19-Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	048-902	<u>1,123,883</u>
Total COVID-19-Education Stabilization Fund			<u>1,713,108</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	048-902	248,261
Special Education - Preschool Grants	84.173	048-902	<u>6,419</u>
Total Special Education Cluster			<u>254,680</u>
Total Expenditures of Federal Awards			<u>\$ 4,218,303</u>

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Guadalupe Educational System, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Guadalupe Educational System, 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 Guadalupe Educational System, Inc., it is not intended to and does not present the financial position, change in net position or cash flows of Guadalupe Educational System, Inc.

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT ACCOUNTANTS' REPORT ON THE ADMINISTRATION'S
ASSERTION ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Governing Board
Guadalupe Educational System, Inc.

We have examined the administration's assertion, included in its representation letter dated December 20, 2022, that Guadalupe Educational System, Inc. complied with the requirements of Missouri Laws and Regulations regarding accurate disclosure by the School's attendance records of average daily attendance, resident membership on the last Wednesday of September 2021 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2022; and accurate disclosure by the School's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of actual odometer miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2022. As discussed in that representation letter, the administration is responsible for the School's assertion. Our responsibility is to express an opinion on the administration's assertion about the School's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the administration's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether the administration's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of administration's assertion, 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. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination of the School's compliance with the specified requirements.

In our opinion, the administration's assertion that the School complied with the aforementioned requirements for the year ended June 30, 2022, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Directors, administration 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.

Westbrook & Co., P.C.

Richmond, Missouri
December 20, 2022

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Code: 048-902

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

Report each unique calendar the School/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
6905	PK	05		6.65	169	1,046.15
3925	06	08		6.68	169	1,051.78
1925	09	12		6.65	169	1,046.15

2. AVERAGE DAILY ATTENDANCE (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6905	PK-05	655,409				45,682	701,091
3925	06-08	304,788				22,837	327,625
1925	09-12	381,732				15,896	397,628
Grand Total		1,341,929				84,415	1,426,344

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
6905	PK-05	700.00			
3925	06-08	311.00			
1925	09-12	422.00			
Grand Total		1,433.00			

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

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Code: 048-902

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 School in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6905	555.00	66.00			621.00
3925	291.00	23.00			314.00
1925	348.00	44.00			392.00
Grand Total	1,194.00	133.00			1,327.00

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 School/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 School/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	True
	Career Exploration Program - Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	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

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Code: 048-902

	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The School/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 School/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 160.405, RSMo, an insurance policy in the amount of five hundred thousand dollars or more that provides coverage in the event of employee theft:	True
5.6	The School's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The School 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 School/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 School 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 School/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	True

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Code: 048-902

	the School or school website or other form of social media as required by Section 160.066, RSMo.	
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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 School'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:	
	Eligible ADT	986.0
	Ineligible ADT	112.5
6.4	The School'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 School/charter-operated and contracted mileage for the year was:	196,842
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	174,782
	Ineligible Miles (Non-Route/Disapproved)	22,060
6.7	Number of days the School/charter school operated the school transportation system during the regular school year:	169

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

To the Governing Board
Guadalupe Educational System, 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 modified cash basis financial statements of Guadalupe Educational System, Inc. (a nonprofit organization) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 20, 2022.

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 opinions 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 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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 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.

Westbrook & Co., P.C.

Richmond Missouri
December 20, 2022

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

To the Governing Board
Guadalupe Educational System, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Guadalupe Educational System, Inc.'s 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Guadalupe Educational System, Inc. complied, in all material respects, with the types of 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Guadalupe Educational System, Inc. 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.

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Auditors' 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 GAAS, *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 GAAS, *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 Auditors' 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.

Westbrook & Co., P.C.

Richmond Missouri
December 20, 2022

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with the modified cash basis:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Child Nutrition Cluster AL No. 10.553 and 10.555
Education Stabilization Fund AL No. 84.425

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None