



CARONDELET

LEADERSHIP ACADEMY

DRAFT

CARONDELET LEADERSHIP ACADEMY

FINANCIAL STATEMENTS

June 30, 2019 and 2018

DRAFT

CARONDELET LEADERSHIP ACADEMY

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Independent Auditors' Report

To the Board of Directors
Carondelet Leadership Academy
St. Louis, Missouri

Report on Financial Statements

We have audited the accompanying financial statements of Carondelet Leadership Academy (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2019 and June 30, 2018, and the related statements of support, revenues, expenses and changes in net assets – modified cash basis and statements of functional expenses – modified cash basis for the years 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 as described in Note 2; 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of Carondelet Leadership Academy as of June 30, 2019 and June 30, 2018, and its support, revenues, expenses and changes in net assets – modified cash basis and statements of functional expenses – modified cash basis for the years then ended in accordance with the modified cash basis of accounting as 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 that matter.

Other Matters

The supplementary information on pages 13 through 15 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. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

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

Litchfield, Illinois
TBD

CARONDELET LEADERSHIP ACADEMY

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS June 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 826,893	\$ 863,245
Land, buildings and equipment, net	<u>4,567,829</u>	<u>4,761,995</u>
Total assets	5,394,722	5,625,240
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	20,100	16,753
Long-term debt	<u>3,277,675</u>	<u>3,356,088</u>
Total liabilities	3,297,775	3,372,841
Net assets		
Without donor restrictions	<u>2,096,947</u>	<u>2,252,399</u>
Total liabilities and net assets	<u>\$ 5,394,722</u>	<u>\$ 5,625,240</u>

See notes to financial statements.

CARONDELET LEADERSHIP ACADEMY

STATEMENTS OF SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS Years Ended June 30,

	<u>2019</u>	<u>2018</u>
SUPPORT AND REVENUES		
Local revenues	\$ 478,470	\$ 426,024
State revenues	4,061,315	3,684,257
Federal revenues	789,418	736,073
Interest income	4,744	1,895
Total revenues	<u>5,333,947</u>	<u>4,848,249</u>
EXPENSES		
Program services	4,546,268	4,390,459
Management and general	943,131	741,834
Total expenses	<u>5,489,399</u>	<u>5,132,293</u>
CHANGE IN NET ASSETS	(155,452)	(284,044)
Net assets without donor restrictions at July 1, 2018	<u>2,252,399</u>	<u>2,536,443</u>
Net assets without donor restrictions at June 30, 2019	<u><u>\$ 2,096,947</u></u>	<u><u>\$ 2,252,399</u></u>

See notes to financial statements.

CARONDELET LEADERSHIP ACADEMY

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS Years Ended June 30,

	2019			2018		
	Program services	Management and general	Total	Program services	Management and general	Total
Board of Education services	\$ 15,496	\$ -	\$ 15,496	\$ 33,994	\$ -	\$ 33,994
Building level administration	517,152	-	517,152	331,483	-	331,483
Community services	97,241	-	97,241	42,523	-	42,523
Depreciation	246,568	-	246,568	255,775	-	255,775
Executive administration	-	278,552	278,552	115,201	154,718	269,919
Food service	281,546	-	281,546	277,405	-	277,405
General administration	-	482	482	-	-	-
Instruction	2,656,333	-	2,656,333	2,630,064	-	2,630,064
Instructional staff support	-	-	-	100,798	-	100,798
Interest	-	205,077	205,077	-	209,777	209,777
Library services	50,206	-	50,206	-	-	-
Operation of plant	-	442,450	442,450	-	377,339	377,339
Parental involvement	-	2,500	2,500	-	-	-
Security services	-	14,070	14,070	-	-	-
Support services	124,519	-	124,519	115,674	-	115,674
Student services	341,912	-	341,912	405,995	-	405,995
Staff training services	102,066	-	102,066	-	-	-
Technology services	113,229	-	113,229	81,547	-	81,547
	<u>\$ 4,546,268</u>	<u>\$ 943,131</u>	<u>\$ 5,489,399</u>	<u>\$ 4,390,459</u>	<u>\$ 741,834</u>	<u>\$ 5,132,293</u>

See notes to financial statements.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Carondelet Leadership Academy (Academy), a not-for-profit corporation, is an independent publicly supported school located in the metropolitan area of the St. Louis Missouri Public School District. The Academy was organized in December 2009 under Chapter 355 Revised Statutes of Missouri (RSMo) and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature.

Under the RSMo, the Academy was sponsored by University of Missouri – Columbia. The agreement term was in effect until June 30, 2020 but was terminated by the Academy in February 2019. The Academy is currently sponsored by the Missouri Public Charter School Commission. This agreement is in effect through June 30, 2020.

The Academy is a neighborhood-based K-8 charter school in the historic Carondelet area of St. Louis City. The Academy provided education at the K-8 grade levels for the 2018-2019 school year.

The Academy under current Missouri statutes is considered to be a local education agency (LEA). The Academy's financial statements include the basic financial statements and certain other supplementary information. A summary of the more significant accounting policies is listed below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets (such as accounts receivable and revenue for billed or provided services not yet collected) have been recognized when received rather than when earned and certain expenses and related liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued liabilities) have been recognized when paid rather than when the obligations were incurred.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

Net Assets

The Academy is required to 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. The Academy had no assets with donor restrictions at June 30, 2019 and 2018.

Net assets without donor restrictions – these net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – these net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently. Until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash

Cash includes cash on hand and checking accounts.

Contributions

The statement of support, revenues, expenses and changes in net assets – modified cash basis reflects in local revenue any contributions received from the public and other organizations. The Academy reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated cash. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of support, revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions. Amounts received with donor stipulations that limit the use of the cash for certain purposes are reported as support without donor restrictions if the stipulated purpose restriction is accomplished in the same year.

School Funding

Entitlements and grants are recognized as revenue in the fiscal year in which received.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require special skills and are provided by individuals possessing such skills. A number of volunteers have made a contribution of their time to the Academy to develop academic and other programs and to serve on the board of directors. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Functional Expenses

Directly identifiable expenses are charged to program services in the statement of support, revenues, expenses and changes in net assets – modified cash basis. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Academy. Development expenses represent marketing and other promotional expenses of the Academy. Expenses related to more than one function are charged to program services, management and general, and development on the basis of the Academy's allocation.

Property and Equipment

Property and equipment are recorded at cost. The Academy capitalizes purchases of equipment in excess of \$1,000 or items which are considered attractive or easily pilfered. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 5 to 40 years.

Donated Assets

Donated assets and other noncash donations are recorded as contributions at their fair values at the date of donation.

Use of Estimates

In preparation of financial statements in conformity with modified cash basis of accounting, management is required to make certain estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Academy is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income under Section 501(a) of the Code. The Academy files federal informational returns. The statutes of limitation for informational returns filed for the years ended June 30, 2016 through 2019 have not expired and therefore are subject to examination.

Subsequent Events

The Academy evaluates the events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was TBD for these financial statements.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

In 2019, the Academy adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

The statements of assets, liabilities and net assets – modified cash basis and statements of support, revenues, expenses and changes in net assets – modified cash basis distinguishes between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously presented three classes of net assets – unrestricted, temporarily and permanently restricted.

Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from fiscal year-end.

Expenses are reported by both nature and function in one location in the statements of functional expenses - modified cash basis.

NOTE 4 – LIQUIDITY AND AVAILABILITY

Carondelet Leadership Academy has \$826,893 of financial assets available within one year of the balance sheet date consisting exclusively of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. Carondelet Leadership Academy has a goal to maintain liquid financial assets on hand to continue operations.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CONTINGENCY

Certain federal grants and state funding may be subject to audit by the funding sources. Such audits might result in requests for reimbursement or withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The Academy is not aware of any noncompliance with federal or state provisions that might require the Academy to provide reimbursement. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 247,717	\$ 247,717
Buildings and improvements	5,350,674	5,321,099
Computer equipment	432,782	409,955
Furniture and equipment	<u>637,519</u>	<u>637,519</u>
	6,668,692	6,616,290
Less accumulated depreciation	<u>(2,100,863)</u>	<u>(1,854,295)</u>
	<u>\$ 4,567,829</u>	<u>\$ 4,761,995</u>

Depreciation expense was \$246,568 and \$255,775 for the years ended June 30, 2019 and 2018, respectively.

NOTE 7 – RISK MANAGEMENT

The Academy is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy maintains commercial insurance, with limitation, to protect the Academy from certain of such risks.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – RETIREMENT PLAN

The Academy contributes to the Public School Retirement System of the City of St. Louis, a cost-sharing, multiple-employer defined benefit pension plan. Participation is mandatory under Missouri Revised Statutes, Chapter 105 and 169.

The Retirement System members hired before January 1, 2018 are required to contribute 5.50% of their annual covered salary from July 1, 2018 through December 31, 2018 and 6.00% of their annual covered salary from January 1, 2019 through June 30, 2019. Members hired on or after January 1, 2018 are required to contribute 9.00% of their annual covered salary. The School was required to contribute 15.73% of covered school compensation for July 1, 2017 to December 31, 2017, 16.00% of covered school compensation for January 1, 2018 to December 31, 2018 and 15.50% for the remainder of the school year ended June 30, 2019. The employer rates are determined annually as part of the Annual Valuation Report made by the Plan's actuary and the employee contribution rate is determined by the statute.

The total employer contributions were \$488,445 and \$436,204 for the years ended June 30, 2019 and 2018, respectively.

The retirement system issues a publicly available financial report that includes financial statements and other required information. That report may be obtained by writing to: The Public School Retirement System of the City of St. Louis, 3641 Olive Street Suite 300, St. Louis, Missouri, 63108, or by calling 1-314-534-7444.

NOTE 9 – LONG-TERM DEBT

Note Payable – IFF Building Purchase

During 2016, the Academy borrowed \$3,240,000 and \$281,260 for the purchase of the properties located at 7604 Michigan Avenue, 7620 Michigan Avenue, 7621 Minnesota Avenue and 3600 West Steins Street all in St. Louis, MO 63111, as well as the consolidation of previous notes outstanding. The notes bear interest at a rate of 6.16% and 6.375% and mature on February 1, 2041 and March 1, 2021, respectively. The notes are secured by a future advance deed of trust, assignment of leases and rents, security agreement and fixture filing in connection with the real estate. Principal payments of \$78,413 and \$73,714 were made on these notes for the years ended June 30, 2019 and 2018, respectively.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

The future debt service requirements on all the above notes are as follows:

Year ending June 30,		
2020	\$	83,413
2021		298,822
2022		78,143
2023		83,095
2024		88,361
2025-2029		533,238
2030-2034		725,007
2035-2039		985,740
2040-2041		<u>401,856</u>
Total	\$	<u><u>3,277,675</u></u>

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SUPPLEMENTARY INFORMATION

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS – UNAUDITED Year Ended June 30, 2019

	General	Special Revenue	Capital Projects	Total
REVENUES				
Local	\$ 315,409	\$ 167,805	\$ -	\$ 483,214
State	4,061,315	-	-	4,061,315
Federal	789,418	-	-	789,418
Total revenues	5,166,142	167,805	-	5,333,947
EXPENDITURES				
Current:				
Instruction	516,530	2,139,804	22,827	2,679,161
Student services	57,699	284,212	-	341,911
Instructional staff support	29,772	72,294	-	102,066
Building level administration	180,394	336,758	-	517,152
General administration and central services	368,667	162,186	-	530,853
Operation of plant	442,450	-	-	442,450
Board of Education services	15,496	-	-	15,496
Parental involvement	2,500	-	-	2,500
Food service	281,546	-	-	281,546
Library services	-	50,206	-	50,206
Community services	97,241	-	-	97,241
Debt service:				
Principal payments	-	-	78,413	78,413
Interest payments	-	-	205,077	205,077
Capital outlay	5,107	-	24,468	29,575
Total expenses	1,997,402	3,045,460	330,785	5,373,647
Revenues over (under) expenditures	3,168,740	(2,877,655)	(330,785)	(39,700)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(3,208,440)	2,877,655	330,785	-
Net change in fund balance	(39,700)	-	-	(39,700)
Fund balance at July 1, 2018	860,678	-	-	860,678
Fund balance at June 30, 2019	\$ 820,978	\$ -	\$ -	\$ 820,978

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF REVENUES COLLECTED BY SOURCE MODIFIED CASH BASIS – GOVERNMENTAL FUNDS – UNAUDITED Year Ended June 30, 2019

	General	Special Revenue	Capital Projects	Total
LOCAL				
Prop C	\$ 279,678	\$ 167,805	\$ -	\$ 447,483
Other	30,987	-	-	30,987
Interest	4,744	-	-	4,744
Total local	315,409	167,805	-	483,214
STATE				
Basic formula	4,053,541	-	-	4,053,541
Food service	2,106	-	-	2,106
Other	5,668	-	-	5,668
Total state	4,061,315	-	-	4,061,315
FEDERAL				
Title I	305,665	-	-	305,665
Title II	28,459	-	-	28,459
Food service	286,369	-	-	286,369
Medicaid	64,470	-	-	64,470
Part B special education	83,607	-	-	83,607
Title IV.A	20,848	-	-	20,848
Total federal	789,418	-	-	789,418
Total revenues	<u>\$ 5,166,142</u>	<u>\$ 167,805</u>	<u>\$ -</u>	<u>\$ 5,333,947</u>

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF EXPENDITURES PAID BY OBJECT – GOVERNMENTAL FUNDS – UNAUDITED Year Ended June 30, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Salaries	\$ 653,433	\$ 2,248,006	\$ -	\$ 2,901,439
Employee benefits	229,781	779,198	-	1,008,979
Purchased services	738,000	18,256	-	756,256
Supplies and materials	371,081	-	-	371,081
Capital outlay	5,107	-	47,295	52,402
Principal	-	-	78,413	78,413
Interest	-	-	205,077	205,077
	<u>\$ 1,997,402</u>	<u>\$ 3,045,460</u>	<u>\$ 330,785</u>	<u>\$ 5,373,647</u>

FEDERAL COMPLIANCE SECTION



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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
Carondelet Leadership Academy
St. Louis, 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 Carondelet Leadership Academy (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2019, and the related statements of support, revenues, expenses and changes in net assets – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated TBD. Our report on the financial statements disclosed that, as described in Note 2, the School prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carondelet Leadership Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carondelet Leadership 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carondelet Leadership 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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Litchfield, Illinois
TBD

**Independent Auditors' Report on Compliance
For Each Major Program and on Internal Control Over
Compliance Required by The Uniform Guidance**

Board of Directors
Carondelet Leadership Academy
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

We have audited Carondelet Leadership Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carondelet Leadership Academy's major federal programs for the years ended June 30, 2019. Carondelet Leadership Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Carondelet Leadership 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 Carondelet Leadership 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 of Carondelet Leadership Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, Carondelet Leadership 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 of its major federal programs for the years ended June 30, 2019.

Report on Internal Control over Compliance

Management of Carondelet Leadership 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 Carondelet Leadership Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Carondelet Leadership 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.

Litchfield, Illinois
TBD

DRAFT

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	115-915	\$ 77,688
National School Lunch Program	10.555	115-915	<u>208,682</u>
Total Child Nutrition Cluster			286,370
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Title I Grants to Local Educational Agencies	84.010	115-915	305,664
Special Education Part B	84.027	115-915	83,607
Title II.A Improving Teacher Quality State Grants	84.367	115-915	28,459
Title IV.A Student Support and Academic Enrichment Grant	84.424	115-915	20,848
Medicaid Administrative Claim	93.778	115-915	<u>64,470</u>
Total U.S. Department of Education			<u>503,048</u>
Total Expenditures of Federal Awards			<u><u>\$ 789,418</u></u>

CARONDELET LEADERSHIP ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Carondelet Leadership Academy under programs of the federal government for the year ended June 30, 2019. 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 Carondelet Leadership Academy, it is not intended to and does not present the financial position and changes in financial position of Carondelet Leadership Academy.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Academy has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

There have been no awards passed through to subrecipients.

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered material weakness? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified that are not considered material weakness? No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

The programs tested as a major program was:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
93.778	Medicaid Administrative Claim

Dollar threshold for distinguishing between Type A and B programs: \$750,000

Carondelet Leadership Academy qualified as a low-risk auditee? No

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

II. Financial Statements Findings

There were no findings which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

III. Federal Award Findings and Questioned Costs

There were no findings and questioned costs related to Federal Awards.

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MISSOURI COMPLIANCE SECTION



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Independent Accountants' Report on Compliance with Specified Requirements of Missouri Laws and Regulations

To the Board of Directors
Carondelet Leadership Academy
St. Louis, Missouri

We have examined Carondelet Leadership Academy's compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, accurate disclosure by Carondelet Leadership Academy's records of average daily attendance and average daily pupil transportation and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2019. Management is responsible for Carondelet Leadership Academy's compliance with those requirements. Our responsibility is to express an opinion on Carondelet Leadership Academy's compliance with the specified requirements 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 Carondelet Leadership Academy complied, in all material respects, with the specified requirements above. An examination involves performing procedures to obtain evidence about whether Carondelet Leadership Academy complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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.

Our examination does not provide a legal determination on Carondelet Leadership Academy's compliance with specified requirements.

In our opinion, Carondelet Leadership Academy complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

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

Litchfield, Illinois
TBD

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

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

Report each unique calendar the district/charter school has 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
115-924	K	8	N/A	7.0000	173	1,211

2. Average Daily Attendance (ADA)

Report the total number of PK-12 student ADA 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
115-924	K	45.99	0.00	0.00	0.00	0.00	45.99
	1	47.21	0.00	0.00	0.00	0.00	47.21
	2	39.23	0.00	0.00	0.00	0.00	39.23
	3	50.16	0.00	0.00	0.00	0.00	50.16
	4	37.52	0.00	0.00	0.00	0.00	37.52
	5	47.39	0.00	0.00	0.00	0.00	47.39
	6	43.63	0.00	0.00	0.00	0.00	43.63
	7	36.50	0.00	0.00	0.00	0.00	36.50
	8	21.04	0.00	0.00	0.00	0.00	21.04
Grand Total	K-8	368.67	0.00	0.00	0.00	0.00	368.67

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
115-924	K	53.00	0.00	0.00	53.00
	1	50.00	0.00	0.00	50.00
	2	44.00	0.00	0.00	44.00
	3	54.00	0.00	0.00	54.00
	4	42.00	0.00	0.00	42.00
	5	51.00	0.00	0.00	51.00
	6	48.00	0.00	0.00	48.00
	7	43.00	0.00	0.00	43.00
	8	23.00	0.00	0.00	23.00
Grand Total	K-8	408.00	0.00	0.00	408.00

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

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
115-924	389.00	0.00	0.00	0.00	389.00

Notes: Carondelet Leadership Academy participates in the Community Eligibility Program.

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 for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	
	Academic Programs Off-Campus	N/A
	Career Exploration Program - Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	TRUE
	Virtual instruction (MOCAP or other option)	TRUE
	Work Experience for Students with Disabilities	N/A

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

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

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

6. Transportation

Carondelet Leadership Academy did not participate in the transportation program for the year ended June 30, 2019.

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