

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

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

FOR THE YEAR ENDED JUNE 30, 2021

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

To the Governing Board
Guadalupe Educational System, Inc.

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Guadalupe Educational System, Inc. (a nonprofit organization) as of June 30, 2021 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 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 the 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 the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the School'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 Schools' 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 of Guadalupe Educational System, Inc. as of June 30, 2021 and the support, revenues and expenses and cash flows for the year then ended, in conformity with the modified cash basis of accounting described in Note B.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The supplementary information presented on pages 12 through 20, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 listed in the table of contents 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 28, 2021 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. 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.

Basis of Accounting

We draw attention to Note B of the financial statements that 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.

Westbrook & Co., P.C.

Richmond, Missouri
December 28, 2021

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 9,203,607
Property and equipment, net	<u>4,269,100</u>
Total Assets	<u>\$ 13,472,707</u>

LIABILITIES AND NET ASSETS

Liabilities:

Due to Guadalupe Centers, Inc.	\$ 4,010
Capital lease	<u>129,694</u>
Total Liabilities	<u>133,704</u>

Net Assets:

Without donor restrictions	12,621,308
With donor restrictions	<u>717,695</u>
Total Net Assets	<u>13,339,003</u>

Total Liabilities and Net Assets	<u>\$ 13,472,707</u>
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See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF SUPPORT, REVENUES AND EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Government grants	\$ 23,400,316	\$ -	\$ 23,400,316
Other revenues	844,913	559,500	1,404,413
Fees and services	40,347	-	40,347
Contributions and grants	700,088	-	700,088
Investment income	<u>470</u>	<u>-</u>	<u>470</u>
Total support and revenues	24,986,134	559,500	25,545,634
Net assets released from restrictions	<u>529,813</u>	<u>(529,813)</u>	<u>-</u>
Total support, revenues and reclassifications	<u>25,515,947</u>	<u>29,687</u>	<u>25,545,634</u>
EXPENSES:			
Program expenses:			
Charter school	17,150,251	-	17,150,251
Management and general	<u>3,026,534</u>	<u>-</u>	<u>3,026,534</u>
Total expenses	<u>20,176,785</u>	<u>-</u>	<u>20,176,785</u>
Change in net assets before loan forgiveness	5,339,162	-	5,339,162
Forgiveness of Paycheck Protection Program Loan (Note L)	<u>2,002,500</u>	<u>-</u>	<u>2,002,500</u>
Change in net assets	7,341,662	29,687	7,371,349
Net assets, beginning of year	<u>5,279,646</u>	<u>688,008</u>	<u>5,967,654</u>
Net assets, end of year	<u>\$ 12,621,308</u>	<u>\$ 717,695</u>	<u>\$ 13,339,003</u>

See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Charter School	Management and General	Total
	<u> </u>	<u> </u>	<u> </u>
Salaries	\$ 7,557,434	\$ 1,779,814	\$ 9,337,248
Payroll taxes and benefits	2,158,984	639,872	2,798,856
Building and equipment maintenance	1,257,585	1	1,257,586
Conferences, meetings and travel	1,209	2,655	3,864
Contract and professional fees	987,134	407,812	1,394,946
Depreciation	325,183	-	325,183
Student transportation	120,656	-	120,656
Food service	6,678	-	6,678
Other supplies	827,393	37,749	865,142
Insurance	-	150,367	150,367
Utilities	342,742	-	342,742
Printing and publications	-	448	448
Textbooks and educational materials	11,705	-	11,705
Telephone and communications	144,955	3,148	148,103
Rent expense	3,361,853	4,356	3,366,209
Building improvements not capitalized	18,288	-	18,288
Interest	5,136	-	5,136
Other	23,316	312	23,628
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 17,150,251</u>	<u>\$ 3,026,534</u>	<u>\$ 20,176,785</u>

See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 7,371,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	325,183
Forgiveness of Paycheck Protection Program Loan	(2,002,500)
Increase (decrease) in:	
Due to Guadalupe Centers, Inc.	<u>(166,180)</u>
Net cash provided by operating activities	<u>5,527,852</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(19,733)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payment on capital lease	<u>(127,151)</u>
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NET INCREASE IN CASH 5,380,968

CASH AND CASH EQUIVALENTS, beginning 3,822,639

CASH AND CASH EQUIVALENTS, ending \$ 9,203,607

See accompanying notes.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

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 28, 2021, the date the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2021, the bank balances of the School's deposits totaled \$9,274,850, of which \$8,988,000 was held in a repurchase sweep account and \$286,850 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, 2021, 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, 2021

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 District; the Kansas City Public Library; the charter schools within the boundaries of the Kansas City Missouri School District; 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, 2016, employees were required to contribute 9.0% of their annual covered salary. Employers also make contributions to the plan. Effective January 1, 2020 the employer contribution rate increased from 10.5% to 12.0%. 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, 2021 were \$1,030,548.

NOTE G - LITIGATION

As of June 30, 2021, the School is a defendant in pending lawsuits. The School is vigorously defending against these claims.

NOTE H - PROPERTY AND EQUIPMENT

Building improvements	\$ 4,676,903
Equipment	<u>706,475</u>
	5,383,378
Accumulated depreciation	<u>(1,114,278)</u>
	<u>\$ 4,269,100</u>

Depreciation expense for the year ended June 30, 2021 was \$325,183.

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, 2021, the total paid under these leases was \$1,264,358. 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 \$2,035,408.

GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE J - OPERATING LEASES

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 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.

Remaining lease payments are:

Year ending <u>June 30,</u>	
2022	\$ 1,660,177
2023	1,565,951
2024	1,612,929
2025	1,661,317
2026	<u>1,711,157</u>
Total	<u>\$ 8,211,531</u>

For the year ended June 30, 2021, total lease expense under these leases were \$2,035,408.

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%. The balance as of June 30, 2021 was \$129,694.

Future minimum lease payments as of June 30, 2021 are as follows:

Year ending <u>June 30,</u>	
2022	\$ 132,287
Less interest	<u>(2,593)</u>
	<u>\$ 129,694</u>

**GUADALUPE EDUCATIONAL SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE L - PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, the School was approved for a \$2,002,500 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the covered period of the loan. The School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan was forgiven on June 10, 2021.

NOTE M - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 consist of:

School and staff development	\$ 657,288
Early education	33,419
Strategic plan	17,065
Virtual learning	4,923
Enrollment marketing	<u>5,000</u>
	<u><u>\$ 717,695</u></u>

NOTE N - 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, 2021, 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	\$ 9,203,607
Donor restricted assets	<u>(717,695)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 8,485,912</u></u>

SUPPLEMENTARY INFORMATION

GUADALUPE EDUCATIONAL SYSTEM, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2021

	GOVERNMENTAL FUNDS			TOTALS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
ASSETS				
Cash and cash equivalents	<u>\$ 9,113,225</u>	<u>\$ 86,372</u>	<u>\$ 4,010</u>	<u>\$ 9,203,607</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to Guadalupe Centers, Inc.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,010</u>	<u>\$ 4,010</u>
Fund Balances:				
Unassigned	<u>9,113,225</u>	<u>86,372</u>	<u>-</u>	<u>9,199,597</u>
Total liabilities and fund balances	<u>\$ 9,113,225</u>	<u>\$ 86,372</u>	<u>\$ 4,010</u>	<u>\$ 9,203,607</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, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 3,540,860	\$ 837,325	\$ -	\$ 4,378,185
State	8,993,468	8,790,786	-	17,784,254
Federal	3,383,195	-	-	3,383,195
 Total Revenues	 <u>15,917,523</u>	 <u>9,628,111</u>	 <u>-</u>	 <u>25,545,634</u>
EXPENDITURES:				
Instruction	1,942,170	7,468,203	-	9,410,373
Student activities	49,650	48,011	-	97,661
Student services	407,348	339,043	-	746,391
Instructional staff support	75,093	-	-	75,093
General administration and central services	1,507,117	587,243	-	2,094,360
Building administration	321,982	687,299	-	1,009,281
Operation of plant	5,375,295	-	38,023	5,413,318
Transportation	121,764	4,316	-	126,080
Food service	18,433	519	-	18,952
Building acquisition and construction	-	-	-	-
Community services	467,584	407,105	-	874,689
Debt Service:				
Principal	-	-	127,151	127,151
Interest	-	-	5,137	5,137
 Total Expenditures	 <u>10,286,436</u>	 <u>9,541,739</u>	 <u>170,311</u>	 <u>19,998,486</u>
 Revenues Over (Under) Expenditures	 <u>5,631,087</u>	 <u>86,372</u>	 <u>(170,311)</u>	 <u>5,547,148</u>
Other Financing Sources (Uses):				
Transfers	(170,311)	-	170,311	-
 Net change in fund balance	 5,460,776	 86,372	 -	 5,547,148
 Fund balance, beginning	 <u>3,652,449</u>	 <u>-</u>	 <u>-</u>	 <u>3,652,449</u>
 Fund balance, ending	 <u>\$ 9,113,225</u>	 <u>\$ 86,372</u>	 <u>\$ -</u>	 <u>\$ 9,199,597</u>

GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
LOCAL:				
Sales tax	\$ 1,395,542	\$ 837,325	\$ -	\$ 2,232,867
Earnings on investments	470	-	-	470
Tuition	3,088	-	-	3,088
Food service	7,802	-	-	7,802
Student activities	29,457	-	-	29,457
Donations	700,088	-	-	700,088
Other local revenue	1,404,413	-	-	1,404,413
Total Local	<u>3,540,860</u>	<u>837,325</u>	<u>-</u>	<u>4,378,185</u>
STATE:				
Basic formula	8,205,970	8,790,786	-	16,996,756
Transportation	167,921	-	-	167,921
High need fund	37,865	-	-	37,865
Basic formula - classroom trust fund	575,434	-	-	575,434
Food service	6,278	-	-	6,278
Total State	<u>8,993,468</u>	<u>8,790,786</u>	<u>-</u>	<u>17,784,254</u>
FEDERAL:				
Medicaid	84,219	-	-	84,219
Individuals with Disabilities	240,395	-	-	240,395
Early childhood special education	12,325	-	-	12,325
Title I	633,420	-	-	633,420
Title II. A	78,378	-	-	78,378
Title III	146,941	-	-	146,941
Title IV	43,887	-	-	43,887
CRRSA - ESSER II	1,448,090	-	-	1,448,090
CARES - ESSER fund	495,540	-	-	495,540
CARES - Governor's Emergency Education Relief fund	72,875	-	-	72,875
Coronavirus Relief Fund	104,750	-	-	104,750
CARES - Food service	22,375	-	-	22,375
Total Federal	<u>3,383,195</u>	<u>-</u>	<u>-</u>	<u>3,383,195</u>
Total Revenues	<u>\$ 15,917,523</u>	<u>\$ 9,628,111</u>	<u>\$ -</u>	<u>\$ 25,545,634</u>

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021**

County District Code: 048-902

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

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
6905	PK	05		7.00	175	1,054.17
3925	06	08		7.00	175	1,060.79
1925	09	12		7.00	175	1,054.17

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	655,006				30,345	685,351
3925	06-08	324,942				24,040	348,982
1925	09-12	406,559				4,784	411,343
Grand Total		1,386,507				59,169	1,445,676

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	657.00			657.00
3925	06-08	327.00			327.00
1925	09-12	413.00			413.00
Grand Total		1,397.00			1,397.00

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021**

County District Code: 048-902

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
6905	521.00	55.00			576.00
3925	288.00	18.00			306.00
1925	339.00	35.00			374.00
Grand Total	1,148.00	108.00			1,256.00

5. FINANCE

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance 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	Yes
	Career Exploration Program – Off Campus	Yes
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	No
	Dual enrollment	Yes
	Homebound instruction	Yes
	Missouri Options	No
	Prekindergarten eligible to be claimed for state aid	Yes
	Remediation	No
	Sheltered Workshop participation	No

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021**

County District Code: 048-902

	Students participating in the school flex program	No
	Traditional instruction (full and part-time students)	Yes
	Virtual instruction (MOCAP or other option)	Yes
	Work Experience for Students with Disabilities	No
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$500,000
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:	N/A
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income,	True

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021**

County District Code: 048-902

	expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	
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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 district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	369.0
	Ineligible ADT	58.0
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	24,863
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	21,847
	Ineligible Miles (Non-Route/Disapproved)	3,016
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	57

GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 8,643
National School Lunch Program	10.555	048-902	13,732
Non-Cash: Food Distribution	10.555	048-902	<u>50,708</u>
Total Child Nutrition Cluster			<u>73,083</u>
<u>U.S. Department of the Treasury</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
COVID-19-Coronavirus Relief Fund	21.019	048-902	<u>104,750</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	617,481
Improving Teacher Quality State Grants	84.367	048-902	77,195
English Language Acquisition Grants	84.365	048-902	145,189
Student Support and Academic Enrichment Program	84.424	048-902	43,201
COVID-19-Education Stabilization Fund	84.425C	048-902	110,826
COVID-19-Education Stabilization Fund	84.425D	048-902	<u>1,943,630</u>
Total COVID-19-Education Stabilization Fund			<u>2,054,456</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	048-902	246,557
Special Education - Preschool Grants	84.173	048-902	<u>6,163</u>
Total Special Education Cluster			<u>252,720</u>
Total Expenditures of Federal Awards			<u>\$ 3,368,075</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, 2021. 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 AUDITORS' REPORT ON THE ADMINISTRATION'S
ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Governing Board
Guadalupe Educational System, Inc.

We have audited the administration's assertions, included in its representation letter dated December 28, 2021 that Guadalupe Educational System, Inc. complied with the requirements of Missouri Laws and Regulations regarding the operation of a charter school; accurate disclosure by the School's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2020 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2021; 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 miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2021. As discussed in that representation letter, the administration is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the School's compliance based on our audit.

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

In our opinion, the administration's assertions that the School complied with the aforementioned requirements for the year ended June 30, 2021, are fairly stated in all material respects.

We noted an immaterial instance of noncompliance with the aforementioned requirements that we have reported to the administration of the School in the accompanying Schedule of State Findings.

This report is intended solely for the information and use of the Governing Board, administration, University of Central Missouri and 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.

December 28, 2021

GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

TRANSPORTATION

Condition: The School's non-disabled riders reported on the Application for State Transportation Aid did not agree to the summary ridership lists maintained by the School. We also noted that mileage information did not agree with the summary mileage maintained by the School.

Criteria: DESE requires that accurate ridership counts for October and February be reported and all mileage information be accurately tracked and reported on the Application for State Transportation Aid.

Cause: The School does not have a review process to ensure that ridership and mileage are properly reported on the Application for State Transportation Aid.

Effect: Inaccurate ridership and mileage information was submitted to DESE.

Recommendation: We recommend that the School implement a review process to ensure that all ridership and mileage is being properly tracked and reported.

Auditee's Response: The School will address and correct such issues with the Director of Student Services.

ATTENDANCE

Condition: The School reported hours for more students in Pre K than was allowed by DESE.

Criteria: The number of Pre K students for which attendance hours are being claimed must be compared to the DESE calculation on Screen 15 of Core Data.

Cause: The School did not compare the Pre K students claimed for state aid with DESE's calculation on Screen 15 of Core Data to ensure the information was accurate.

Effect: Inaccurate information was reported on the Attendance Hours Summary Core Data report.

Recommendation: We recommend that the School implement a reconciliation and review process to ensure the correct amount of Pre K students are being claimed for state aid.

Auditee's Response: The School has implemented a reconciliation and review process to ensure that correct information is reported to DESE.

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 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, 2021, 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 28, 2021.

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) 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the School's financial statements are free of 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 intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Westbrook & Co., P.C.

Richmond, Missouri
December 28, 2021

**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

We have audited Guadalupe Educational System, Inc.'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 the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School'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 the School'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 the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School 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, 2021.

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Report on Internal Control Over Compliance

Management of the School 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 the School'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 the District'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 upon the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Westbrook & Co., P.C.

Richmond, Missouri
December 28, 2021

**GUADALUPE EDUCATIONAL SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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:
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