

LA SALLE CHARTER SCHOOLS, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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Independent Auditors' Report

Board of Directors
La Salle Charter Schools, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of La Salle Charter Schools, Inc. (a nonprofit organization), which comprise the statements of assets and net assets – modified cash basis as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net assets – 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 B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 and net assets of La Salle Charter Schools, Inc. as of June 30, 2021 and 2020, and the changes in its revenues, expenses, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describe 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 13 through 15, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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 October 22, 2021, on our consideration of the La Salle Charter Schools, Inc.'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 La Salle Charter Schools, Inc.'s internal control over financial reporting and compliance.

Keiser, Eck & Braeckel LLP

St. Louis, Missouri
October 22, 2021

La Salle Charter Schools, Inc.
STATEMENTS OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 636,620	\$ 547,259
	<u>636,620</u>	<u>547,259</u>
NET ASSETS		
Net assets without donor restrictions	\$ 636,620	\$ 547,259
	<u>636,620</u>	<u>547,259</u>

The accompanying notes are an integral part of these statements.

La Salle Charter Schools, Inc.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
MODIFIED CASH BASIS
Year ended June 30,

	<u>2021</u>	<u>2020</u>
UNRESTRICTED NET ASSETS		
Revenues		
Federal	\$ 507,242	\$ 434,652
State	1,314,120	1,255,642
Local	161,047	392,664
Contributions	1,946	-
	<hr/>	<hr/>
Total revenues	1,984,355	2,082,958
	<hr/>	<hr/>
Expenses		
Program services	1,819,480	1,796,340
Management and general	75,514	69,693
	<hr/>	<hr/>
Total expenses	1,894,994	1,866,033
	<hr/>	<hr/>
INCREASE IN NET ASSETS	89,361	216,925
Net assets at beginning of year	<hr/>	<hr/>
	547,259	330,334
Net assets at end of year	<hr/>	<hr/>
	\$ 636,620	\$ 547,259
	<hr/>	<hr/>

The accompanying notes are an integral part of these statements.

La Salle Charter Schools, Inc.
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
Year ended June 30, 2021

	<u>Program services</u>			Management and general	Total
	Instruction	Support services	Total		
Salaries	\$ 618,494	\$ 402,381	\$ 1,020,875	\$ -	\$ 1,020,875
Employee benefits and taxes	194,062	135,164	329,226	-	329,226
Purchased services	25,716	368,138	393,854	75,327	469,181
Supplies	26,765	48,760	75,525	187	75,712
	<hr/>				
Total expenses	\$ 865,037	\$ 954,443	\$ 1,819,480	\$ 75,514	\$ 1,894,994
	<hr/> <hr/>				

The accompanying notes are an integral part of these statements.

La Salle Charter Schools, Inc.
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
Year ended June 30, 2020

	Program services			Management and general	Total
	Instruction	Support services	Total		
Salaries	\$ 550,251	\$ 392,605	\$ 942,856	\$ -	\$ 942,856
Employee benefits and taxes	203,197	120,687	323,884	-	323,884
Purchased services	46,694	403,267	449,961	68,932	518,893
Supplies	27,221	52,418	79,639	761	80,400
Total expenses	\$ 827,363	\$ 968,977	\$ 1,796,340	\$ 69,693	\$ 1,866,033

The accompanying notes are an integral part of these statements.

La Salle Charter Schools, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE A | NATURE OF ORGANIZATION

Nature of Organization

La Salle Charter Schools, Inc. (the School), a not-for-profit corporation, is an independent publicly supported charter school located in the metropolitan area of the St. Louis Missouri Public School District. The School opened in July 2015 and is organized 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 RSMo, the Curators of the University of Missouri (Sponsor) granted the School a charter effective until June 30, 2025. The sponsorship agreement is renewable by mutual agreement provided that the School is in compliance with the terms of the charter. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown.

The School has two main programs, Instruction and Support Services. Instruction includes primary education and learning. Support services consist of food services, school operation, and after school programs.

NOTE B | SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This is a comprehensive basis of accounting other than fixed assets/debt accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles in that certain assets (such as contributions receivable), certain revenues, (such as revenue earned but not yet collected), certain liabilities (such as accounts payable), and certain expenses (such as expenses for goods and services received but not yet paid) are not included in these financial statements.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be satisfied by actions of the Organization or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, on related investments for purposes with or without restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The School did not have any donor restricted net assets as of June 30, 2021 and 2020.

La Salle Charter Schools, Inc.
NOTES TO FINANCIAL STATEMENTS

Governmental Funding

Revenue from federal, state, or local grants and contracts are recognized as revenue by the School when expenses are incurred and billed.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$30,893 and \$9,154 during the years ended June 30, 2021 and 2020, respectively.

Income Taxes

The School 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 School files federal informational returns. These returns are generally subject to examination by the Internal Revenue Service for three years from the date they are filed.

Donated Services and In-Kind Contributions

The School receives donated services from professionals and volunteers; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the modified cash basis of accounting.

Functional Expenses

The cost of provided various programs and supporting services have been summarized on a functional basis in the Statements of Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis. The Statements of Functional Expenses – Modified Cash Basis present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services based on estimates made by management.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 22, 2021, the date the financial statements were available to be issued.

NOTE C | FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditures consisted of cash which totaled \$636,620 and \$547,259 during the years ended June 30, 2021 and 2020, respectively.

NOTE D | AFFILIATE

The School has an operating lease agreement for the lease of instruction and administrative office space that is owned by De La Salle, Inc. The lease expired on June 30, 2021. The lease shall

La Salle Charter Schools, Inc.
NOTES TO FINANCIAL STATEMENTS

automatically renew for consecutive one year terms, unless terminated by either party, six months prior to when the automatic renewal period begins. The lease automatically renewed and \$132,000 is committed for 2021. Lease expense paid for years ended June 30, 2021 and 2020 were \$110,000 and \$136,000, respectively. De La Salle, Inc. does not charge the School market value for rent of the space. The donated portion of the rent was approximately \$64,452 and \$40,000 for the years ended June 30, 2021 and 2020, respectively.

The School received approximately \$68,000 and \$54,000 in donated management and accounting services from De La Salle, Inc. during the years ended June 30, 2021 and 2020, respectively.

NOTE E | RISK MANAGEMENT

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

NOTE F | CONTINGENCY

Amounts received from grants or contracts by outside agencies are subject to audit and adjustment by grantor agencies, principally the Missouri Department of Elementary and Secondary Education and the federal government. Any disallowed amounts may constitute a liability of the School. The amounts, if any, which may be disallowed by any grantors cannot be determined at this time. Management believes any such amount would not have a material effect on the accompanying financial statements.

NOTE G | RETIREMENT PLAN

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

The Retirement System members were required to contribute 6.50% of covered school compensation for the period July 1, 2020 through December 31, 2020 and 7.00% for the period January 1, 2021 through June 30, 2021. The Retirement System Members were required to contribute 6.00% of covered school compensation for the period July 1, 2019 through December 31, 2019 and 6.50% for the period January 1, 2020 through June 30, 2020. The employee contribution rate is determined by the Plan's statute.

The School was required to contribute 15.00% of covered school compensation for the period July 1, 2020 through December 31, 2020 and 14.50% for the period January 1, 2020 through June 30, 2021. The School was required to contribute 16.00% of covered school compensation for the period July 1, 2019 through December 31, 2019 and 15.00% for the period January 1, 2020 through June 30, 2020. The employer contribution rates are determined annually as part of the Annual Valuation Report made by the Plan's actuary.

The total employer contributions for the years ended June 30, 2021 and 2020 were \$160,875 and \$153,885, respectively.

La Salle Charter Schools, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE H | FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are building rental that is allocated on a square footage basis. The remaining expense are allocated directly.

NOTE I | RISKS AND UNCERTAINTIES

The World Health Organization (WHO) declared Coronavirus Disease 2019 (COVID-19) a global health pandemic on March 11, 2020. On March 13, 2020, the President of the United States of America issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 in response to the ongoing COVID-19 pandemic. These emergency declarations triggered economic uncertainty. The long-term effect of COVID-19 on the economy, donors and vendors is not reasonably determinable; therefore, no adjustments or provisions have been made related to COVID-19.

La Salle Charter Schools, Inc.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS – UNAUDITED
Year ended June 30, 2021

	General	Special revenue	Capital projects	Total funds
Revenues				
Local	\$ 107,353	\$ 55,640	\$ -	\$ 162,993
State	1,314,120	-	-	1,314,120
Federal	507,242	-	-	507,242
Total revenues	1,928,715	55,640	-	1,984,355
Expenditures				
Current				
Instruction	52,481	817,099	-	869,580
Attendance	198,116	71,060	-	269,176
Psychological testing services	-	73,065	-	73,065
Speech pathology services	-	18,564	-	18,564
Occupational therapy - related service area direction	-	1,519	-	1,519
Instructional staff training services	7,067	-	-	7,067
Office of the principal services	-	392,232	-	392,232
Support services - business-services area direction	61,374	-	-	61,374
Operation and maintenance of plant services	141,407	-	-	141,407
Food preparation and dispensing services	61,010	-	-	61,010
Total expenditures	521,455	1,373,539	-	1,894,994
Excess of revenues over (under) expenditures	1,407,260	(1,317,899)	-	89,361
Other sources (uses)				
Transfers to (from)	(1,317,899)	1,317,899	-	-
NET INCREASE IN FUND BALANCE	89,361	-	-	89,361
Fund balances at July 1, 2020	544,609	-	2,650	547,259
Fund balances at June 30, 2021	\$ 633,970	\$ -	\$ 2,650	\$ 636,620

La Salle Charter Schools, Inc.
SCHEDULE OF REVENUES COLLECTED BY SOURCE – MODIFIED CASH BASIS –
GOVERNMENTAL FUNDS - UNAUDITED
Year ended June 30, 2021

	General	Special revenue	Capital projects	Total funds
Local				
School district trust fund (Prop C)	\$ 92,733	\$ 55,640	\$ -	\$ 148,373
Student Activities	7,150	-	-	7,150
Gifts	1,946	-	-	1,946
Miscellaneous	5,524	-	-	5,524
	<u>107,353</u>	<u>55,640</u>	<u>-</u>	<u>162,993</u>
State				
Basic formula	1,313,528	-	-	1,313,528
Food service	571	-	-	571
Other	21	-	-	21
	<u>1,314,120</u>	<u>-</u>	<u>-</u>	<u>1,314,120</u>
Federal				
Medicaid	37,388	-	-	37,388
CRSA ESSER II	210,372	-	-	210,372
IDEA Entitlement Funds, Part B IDEA	46,187	-	-	46,187
Food service	20,266	-	-	20,266
Title I - ESEA	164,957	-	-	164,957
Title II, Part A, ESEA	6,187	-	-	6,187
Title IV, Part A	6,604	-	-	6,604
CARES - Food service	3,429	-	-	3,429
CARES - K -12 Support	11,852	-	-	11,852
	<u>507,242</u>	<u>-</u>	<u>-</u>	<u>507,242</u>
Total revenues	<u>\$ 1,928,715</u>	<u>\$ 55,640</u>	<u>\$ -</u>	<u>\$ 1,984,355</u>

La Salle Charter Schools, Inc.
SCHEDULE OF EXPENDITURES PAID BY OBJECT – MODIFIED CASH BASIS –
GOVERNMENTAL FUNDS – UNAUDITED
Year ended June 30, 2021

	General	Special revenue	Total funds
Salaries	\$ 51,375	\$ 969,500	\$ 1,020,875
Employee benefits	18,334	310,892	329,226
Purchased services	376,034	93,147	469,181
Supplies and materials	75,712	-	75,712
	<u>\$ 521,455</u>	<u>\$ 1,373,539</u>	<u>\$ 1,894,994</u>