DE LA SALLE EDUCATION CENTER AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

June 30, 2018

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MARR AND COMPANY, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
DeLaSalle Education Center and Affiliate

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of DeLaSalle Education Center and Affiliate (the "Organization") which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1401 East 104th Street, Suite 100, Kansas City, MO 64131-4507 • Voice (816) 363-8700 Fax (816) 363-7117 • www.marrandcompany.com

Board of Directors
DeLaSalle Education Center and Affiliate

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DeLaSalle Education Center and Affiliate as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information contained in the Table of Contents under Supplementary Information on pages 16-23 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 on our consideration of DeLaSalle Education Center'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 DeLaSalle Education Center's internal control over financial reporting and compliance.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 27, 2018

DE LA SALLE EDUCATION CENTER AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Current Assets:	
Cash	$ 207,153
Interest receivable	21,812
Contribution receivable, net of $0 allowance	3,000
Prepaid expenses	16,216
Total Current Assets	248,181
Notes receivable	8,725,000
Capital assets, net of accumulated depreciation	152,702
Total Assets	$ 9,125,883
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	$ 181,851
Withholding payables	19,010
Accrued liabilities	152,225
Total Current Liabilities	353,086
Net Assets:	
Unrestricted net assets	8,769,797
Temporarily restricted net assets	3,000
Total Net Assets	8,772,797
Total Liabilities and Net Assets	$ 9,125,883

See Independent Auditors' Report and Notes to these Consolidated Financial Statements.

DE LA SALLE EDUCATION CENTER AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE & OTHER INCOME:				
Contributions and donations	$ 1,612,630	$ 0	$ 0	$ 1,612,630
County grant receipts	44,352	0	0	44,352
State aid receipts	1,207,322	0	0	1,207,322
Federal grants and contracts	275,604	0	0	275,604
Sales tax (Proposition C)	180,293	0	0	180,293
Interest income	87,290	0	0	87,290
Other income	1,953	0	0	1,953
Total Support, Revenue, and Other Income	3,409,444	0	0	3,409,444
Expenses:				
Salaries and wages	1,524,583	0	0	1,524,583
Payroll taxes	114,051	0	0	114,051
Employee benefits	348,140	0	0	348,140
Technical services	214,842	0	0	214,842
Contracted transportation	31,264	0	0	31,264
Professional fees	37,678	0	0	37,678
Insurance	83,666	0	0	83,666
Property services	275,433	0	0	275,433
Utilities, energy service	112,794	0	0	112,794
Depreciation	20,472	0	0	20,472
Communication and memberships	20,607	0	0	20,607
Other purchased services	375,702	0	0	375,702
General supplies	107,613	0	0	107,613
Total Expenses	3,277,600	0	0	3,277,600
Net Assets Released from Restrictions	373,209	(331,209)	(42,000)	0
Change in Net Assets	505,053	(331,209)	(42,000)	131,844
NET ASSETS-BEGINNING OF YEAR	4,864,120	334,209	42,000	5,240,329
Transfer to Previous Affiliated Organization (Note 9)	3,400,624	0	0	3,400,624
NET ASSETS-END OF YEAR	$ 8,769,797	$ 3,000	$ 0	$ 8,772,797

See Independent Auditors' Report and Notes to these Consolidated Financial Statements.

DE LA SALLE EDUCATION CENTER AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 131,844
Transfer to previous affiliated organization (Note 9)	(274,227)
Adjustments to reconcile change in net assets to net cash flows from operating activities –	
Depreciation	20,472
Decrease/(increase) in assets:	
Accounts receivable	25,798
Contribution receivable	324,653
Prepaid expenses	11,732
Decrease/(increase) in liabilities:	
Accounts payable	(47,327)
Withholding liabilities	12,392
Accrued liabilities	(251,367)
Deferred revenue	(24,593)
Net Cash Flows from Operating activities	(70,623)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds on disposition of investments	45,344
Net Cash Flows from Investing activities	45,344
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net principal payments on debt	(50,000)
Net Cash Flows from Financing activities	(50,000)
Net Change in Cash	(75,279)
Cash – Beginning of year	282,432
Cash – End of year	$ 207,153

See Independent Auditors' Report and Notes to these Consolidated Financial Statements.

DE LA SALLE EDUCATION CENTER AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

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NOTE 1: ORGANIZATION

DeLaSalle Education Center (the "Center") is a not-for-profit public benefit corporation organized on June 30, 1971 under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. The corporation operates a charter school under the name DeLaSalle Charter High School. The Center was sponsored by University of Missouri – Kansas City (UMKC) until June 30, 2018. The Center transferred sponsorship to Missouri Charter Public School Commission effective July 1, 2018 following the relinquishment of sponsorship by UMKC. The Center is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. The Center charter school agreement remains effective until the school year ending June 30, 2020.

The Center's charter agreement provides for the education of urban, disadvantaged, at-risk students in ninth through twelfth grades. Approximately 50% of the Center's funding is provided from State and Federal funds received from the Missouri Department of Elementary and Secondary Education. Other support is provided by contributions from foundations and individuals.

During September 2012, the Center formed two new entities, DeLaSalle Real Estate Holdings, Inc., ("DREH"), a 501(c)(2) real estate holding company and DeLaSalle Financial Support Corporation ("DFSC") a 501(c)(3) not-for-profit public benefit corporation, both of which are organizations operated exclusively for the benefit of DeLaSalle Education Center. The entities were formed in conjunction with the New Market Tax Credit transaction (see Note 8).

Effective June 2018, DREH's sole member of the corporation was amended from the Center to SSKC Educational Support, Inc. ("SSKC") and transferred all interest in DREH to SSKC with consent by all parties involved in the previously completed New Market Tax Credit transaction. The master lease agreement between DREH and the Center was assigned to SSKC and the Center became a sub-tenant (see Note 10). Following the completion of these transactions, DREH's financial transactions would no longer be consolidated with the Center's financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The consolidated financial statements include the accounts of the DeLaSalle Education Center and the DeLaSalle Financial Support Corporation (collectively the "Organization"). All material intercompany balances and transactions have been eliminated in consolidation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The financial statements of the Organization are presented in accordance with FASB Accounting Standards Codification (ASC) Topic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of the three net asset categories follows.

Unrestricted Net Assets
Unrestricted net assets include those currently available at the discretion of the Board of Directors for use in the Organization's operations in accordance with its bylaws.

Temporarily Restricted Net Assets
Temporarily restricted net assets include those gifts of cash and other assets which are stipulated by donors for specific operating purposes, special projects or the restriction is satisfied either by the passage of time or by actions of the Organization.

Permanently Restricted Net Assets
Permanently restricted net assets include those restricted by donors in perpetuity as endowments or irrevocable trusts.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all demand deposit accounts, money market accounts, and all highly liquid investment instruments with original maturities of three months or less.

D. Concentration of Credit Risk

Deposits held in the Organization's checking accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Organization maintains its cash with a high-quality institution which the Organization believes limits these risks. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization had no balances in excess of federally insured limits as of June 30, 2018.

E. Investments

Investments in equity securities with readily determinable fair values and in all debt securities are reported at their fair values in the consolidated statement of financial position. Other investments are valued at the lower of cost or fair value. Realized and unrealized gains and losses are included in the change in net assets. Investment income or loss is included in the changes in unrestricted net assets unless the income or loss is restricted by donor or law.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts and Notes Receivable

Accounts receivable are stated at the amounts billed to contractors or grantors. Notes receivable are stated at the amounts loaned to other organizations. The allowance method is used to recognize potentially uncollectible accounts receivable and is determined by management based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. The Organization determined that no allowance was necessary at June 30, 2018, as the Organization considered all significant receivables fully collectible.

G. Capital Assets

Property and equipment are recorded at cost if purchased and fair value if donated. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Repairs and related maintenance are charged to operations as incurred. The Organization has capitalized assets with a dollar amount above $1,000 and a useful life greater than three years. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation with any gains and losses reflected in the statement of activities. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis.

	Years
Furniture and equipment	3-8
Vehicles	5
Building improvements	7-20

H. Deferred Revenue

Contract revenue is deferred and recognized as the services are provided by the Center.

I. Contributions

In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature or any donor restrictions. A promise to give is recognized as income when the promise is received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional donations expected to be collected within one year are reported at their net realizable value. Unconditional donations expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is estimated using the level-yield method and is reported as contribution revenue.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Noncash Contributions and Contributed Services

In addition to receiving cash contributions, the Organization receives noncash contributions from various donors. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized as contributions at their estimated values at date of receipt.

K. Income Taxes

The Center is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. DFSC is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center and DFSC have been classified as publicly-supported entities, which is not a private foundation under Section 509(a) of the Code. The Organization has adopted the provisions of the FASB ASC 740-10 as it might apply to their financial transactions. The Organization's policy is to record a liability for any tax provision that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2018, and accordingly, no liability has been accrued. The Center files tax returns in the U.S. federal jurisdiction.

L. Functional Expense Allocation

The Center has only one program service which is the operation of a charter school. For the year ended June 30, 2018, program service expenses were $2,146,770 and management expenses were $1,113,830.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from these estimates.

N. Subsequent Events

The Academy has evaluated subsequent events through December 27, 2018, the date which the financial statements were available to be issued.

NOTE 3: NOTES RECEIVABLE

In conjunction with the New Market Tax Credit transaction (see Note 8), the Center issued an unsecured note receivable to an unrelated party. The balance of the note receivable at June 30, 2018 was $8,725,000. The note matures on September 30, 2042. Interest only payments at a rate of 1.07 percent are due quarterly for the first seven years. Beginning in January 1, 2020, principal and interest payments of $106,279 are payable quarterly. Interest income earned on the note for the year ended June 30, 2018 was $87,249.

NOTE 4: CAPITAL ASSETS

Capital assets at June 30, 2018 consisted of the following:

Land	$ 37,187
Building improvements	123,854
Furniture and equipment	345,515
Vehicles	36,685
Gross capital assets	543,241
Less: Accumulated depreciation	390,539
Total Capital Assets, net	$ 152,702

Depreciation expense for the year ended June 30, 2018 was $20,472, which was allocated to the related functions:

Instruction	$ 10,458
General administration	563
Business support services	813
Operation of plant	6,501
Food services	2,137
	$ 20,472

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include amounts restricted by donors for the following purposes as of June 30, 2018 are:

Capital campaign	$ 3,000

Net assets released from restrictions for the following purposes during the year ended June 30, 2018:

Capital campaign	$ 1,000
Time restrictions met (Operations)	323,723
Scholarships	6,486
	$ 331,209

NOTE 6: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are contributions in which the donor has instructed to be invested in perpetuity. Investment income derived from permanently restricted funds is to be used for faculty sabbaticals, student scholarships and operations. Net assets released from restrictions for the following purposes during the year ended June 30, 2018:

Scholarship funds	$ 42,000

During 2018, the donors of the Uporsky Scholarship Fund and McDaniel Scholarship Fund formally agreed to release the restrictions on the fund and designate the contribution for unrestricted operational use.

NOTE 7: RETIREMENT PLAN

Public School Retirement System of the School District of Kansas City, Missouri ("KCPSRS") is a mandatory cost-sharing multiple employer defined benefit pension plan (the "Plan"), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The 12-member Board of Trustees of KCPSRS administers and operates the Plan in accordance with the statutes of the State of Missouri. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library and the Public School Retirement System. All regular, full-time employees of the participating employers become members of the Plan as a condition of employment, if they are in a position requiring at least 25 hours of work per week and nine calendar months per year. Employees hired before or during 1961 are members of Plan A. As of December 31, 2014, there are no longer any members of Plan A receiving benefits. Employees hired after January 1, 2014, are members of Plan C. The most recent audited financial statements and actuarial valuation report are located on KCPSRS' website at www.kcpsrs.org.

Benefits Provided

KCPSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Positions covered by the Plan are also covered by social security. A Retirement Facts Book detailing the provisions of the plan can be found on KCPSRS' website at www.kcpsrs.org.

Contributions

Employers are required to match the contributions made by members. The contribution rate is set each year by the KCPSRS Board of Trustees within the contribution restrictions set in Section 169.350.4 and 169.291.16 RSMo. The rate may be changed in increments not to exceed 0.5% of pay each year. Effective January 1, 2016, members of Plan B and C contributed at 9.0% of annual compensation. The Center's contributions to KCPSRS were $123,855 for the year ended June 30, 2018.

NOTE 8: NEW MARKET TAX CREDITS

On September 10, 2012, the Center and its newly formed affiliates, DREH and DFSC, entered into a series of transactions which generated "New Market Tax Credits" (NMTCs) under Section 45D of Internal Revenue Code of 1986, as amended (Section 45D).

The Center transferred all its capital campaign pledge receivables of $2,004,225 and capital campaign cash of $2,969,478 to DFSC, which then borrowed $1,703,591 from UMB bank secured by the pledges and borrowed $4,053,297 unsecured for one day from UMB. The UMB pledge loan is due on demand and has an interest rate of prime minus ½ of a percent adjusted daily. The Center guarantees the repayment of the pledge loan. DFSC then made a "leverage loan" of $8,725,000 to KCMO Investment Fund IX, LLC (Investment Fund), an entity wholly owned by UMB by virtue of a capital contribution of $3,276,000. Investment Fund was awarded NMTCs of $4,680,000 in consideration of its $7,000,000 investment in its 99.99 percent owned subsidiary, KCMO CDE IX, LLC and its $5,000,000 investment in its 99.99 percent owned subsidiary, New Markets Investment 70, LLC, (collectively the "Sub CDE's").

The Center transferred all its real estate to DREH for $4,053,297. DREH contributed this cash to DFSC which used the proceeds to repay the one-day loan from UMB. DREH leases its real estate to the Center under terms of a triple net lease requiring annual lease payments of $160,000 commencing upon completion of real estate improvements. As described in Note 10, the master lease agreement between DREH and the Center was assigned to SSKC and the Center became a sub-tenant.

The Sub CDE's made two QLICI A loans to DREH totaling $8,725,000 requiring interest only payments quarterly at 1.07 percent and two QLICI B loans totaling $2,960,000 requiring interest only payments for seven years at the same rate. DREH used the proceeds of the QLICI A and B loans to construct a new building on its campus and to renovate its existing building.

The Sub CDE's distribute interest collected on the QLICI A loans to Investment Fund which uses these funds to pay interest in the same amount to DFSC on the "leverage loan." It is the plan of DFSC to contribute these "leverage loan" interest payments to the Center. The Sub CDE's distribute interest collected on the QLICI B loans to Investment Fund which distributes these funds to UMB. The Sub CDE's have agreed to forgive QLICI B loans at the end of seven years in consideration of the payment of a $55,000 exit fee.

During the seven-year term of the QLICI loans, DFSC is obligated to pay fees to the Sub CDE's which total annually $51,556. The Center has guaranteed the payment of these fees as well as the repayment of the QLICI loans.

NOTE 9: TRANSFER TO PREVIOUS AFFILIATED ORGANIZATION

Effective in June 2018, DREH's sole member of the corporation was amended from the Center to SSKC and transferred all interest in DREH to SSKC with the consent by all parties involved in the completed New Market Tax Credit transaction (see Note 8). The activity in DREH during the year ended June 30, 2018 was captured in the financial statements with the corresponding transfer. The transfer included the following financial statement line items:

Statement of Financial Position	
Cash	$ 274,227
Capital assets, net	7,962,684
Accounts payable	110,122
Accrued expenses	(62,657)
Note payable	(11,685,000)
Unrestricted net assets	3,400,624

NOTE 10: OPERATING LEASE OBLIGATION

The Organization entered into a lease agreement for the school building used for operations under a 30-year master lease agreement with DREH in September 2012, which expires December 31, 2042. During June 2018, the lease agreement and related terms were assigned to SSKC and a sub-tenant agreement became effective. Total lease expense for the year ended June 30, 2018 was $160,000. Scheduled lease payments are as follows:

Year Ending June 30,		
2019		$ 160,000
2020		625,000
2021		628,125
2022		634,406
2023		640,750
2024-2028		3,301,155
2029-2033		3,469,547
2034-2038		3,646,529
2039-2042		3,439,675
	Total	$ 16,545,187

NOTE 11: SUBSEQUENT EVENT

On August 17, 2018, the Board approved to formally dissolve the DeLaSalle Financial Support Corporation and transferred the interest and assets to the Center. The dissolution became effective on November 30, 2018, as the date filed by the Secretary of State of Missouri.

SUPPLEMENTARY INFORMATION

Schedule I

DE LA SALLE EDUCATION CENTER AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2018

	DeLaSalle Education Center	DeLaSalle Financial Support Corp	Eliminations	Consolidated
ASSETS				
Current Assets:				
Cash	$ 207,153	$ 0	$ 0	$ 207,153
Interest receivable	0	21,812	0	21,812
Contribution receivable	0	3,000	0	3,000
Prepaid expenses	16,216	0	0	16,216
Total Current Assets	223,369	24,812	0	248,181
Notes receivable	0	8,725,000	0	8,725,000
Capital assets, net of accumulated depreciation	152,702	0	0	152,702
Total Assets	$ 376,071	$ 8,749,812	$ 0	$ 9,125,883
LIABILITIES AND NET ASSETS				
Accounts payable	$ 181,851	$ 5	$ 0	$ 181,851
Withholding payables	19,010	0	0	19,010
Accrued liabilities	152,225	0	0	152,225
Total Liabilities	353,081	5	0	353,086
Net Assets:				
Unrestricted net assets	22,990	8,746,807	0	8,769,797
Temporarily restricted net assets	0	3,000	0	3,000
Total Net Assets	22,990	8,749,807	0	8,772,797
Total Liabilities and Net Assets	$ 376,071	$ 8,749,812	$ 0	$ 9,125,883

See Accompanying Independent Auditors' Report

DE LA SALLE EDUCATION CENTER AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	DeLaSalle Education Center	DeLaSalle Real Estate Holdings, Inc	DeLaSalle Financial Support Corp	Eliminations	Consolidated
Change in Unrestricted Net Assets					
Support, Revenue, and Other Income:					
Contributions and donations	$ 1,703,934	$ 0	$ 0	$ (91,304)	$ 1,612,630
County grant receipts	44,352	0	0	0	44,352
State aid receipts	1,207,322	0	0	0	1,207,322
Federal grants and contracts	275,604	0	0	0	275,604
Sales tax (Proposition C)	180,293	0	0	0	180,293
Interest income	41	0	87,249	0	87,290
Other income	1,953	0	0	0	1,953
Total Support, Revenue, and Other Income	3,413,499	0	87,249	(91,304)	3,409,444
Expenses:					
Salaries and wages	1,524,583	0	0	0	1,524,583
Payroll taxes	114,051	0	0	0	114,051
Employee benefits	348,140	0	0	0	348,140
Technical services	214,842	0	0	0	214,842
Contracted transportation	31,264	0	0	0	31,264
Professional fees	36,087	0	1,591	0	37,678
Insurance	83,666	0	0	0	83,666
Property services	275,433	0	0	0	275,433
Utilities, energy service	112,794	0	0	0	112,794
Depreciation expense	20,472	0	0	0	20,472
Communication and memberships	20,607	0	0	0	20,607
Other purchased services	375,702	0	0	0	375,702
General supplies	107,613	0	0	0	107,613
Total Expenses	3,276,009	0	1,591	0	3,277,600
Net Assets Released from Restrictions	371,119	0	2,090	0	373,209
Change in Unrestricted Net Assets	508,609	0	87,748	(91,304)	505,053
Change in Temporarily Restricted Net Assets					
Net Assets Released from Restrictions	(329,119)	0	(2,090)	0	(331,209)
Change in Temporarily Restricted Net Assets	(329,119)	0	(2,090)	0	(331,209)
Change in Permanently Restricted Net Assets					
Net Assets Released from Restrictions	(42,000)	0	0	0	(42,000)
Change in Permanently Restricted Net Assets	(42,000)	0	0	0	(42,000)
Change in Net Assets Before Transfers	137,490	0	85,658	(91,304)	131,844
Transfers (to) from Affiliate	0	0	(91,304)	91,304	0
Change in Total Net Assets	137,490	0	(5,646)	0	131,844
Net Assets, Beginning of year	(114,500)	(3,400,624)	8,755,453	0	5,240,329
Transfer to Previous Affiliated Organization (Note xx)	0	3,400,624	0	0	3,400,624
Net Assets, End of year	$ 22,990	$ 0	$ 8,749,807	$ 0	$ 8,772,797

See Accompanying Independent Auditors' Report

DE LA SALLE EDUCATION CENTER

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
ASSETS				
Cash	$ 140,412	$ 66,741	$ 0	$ 207,153
Prepaid expenses	16,216	0	0	16,216
Total Assets	$ 156,628	$ 66,741	$ 0	$ 223,369
LIABILITIES AND FUND BALANCES				
Accounts payable	$ 181,846	$ 0	$ 0	$ 181,846
Withholding payables	16,011	2,999	0	19,010
Accrued liabilities	88,483	63,742	0	152,225
Total Liabilities	286,340	66,741	0	353,085
Fund Balances:				
Unassigned	(129,712)	0	0	(129,712)
Total Liabilities and Fund Balances	$ 156,628	$ 66,741	$ 0	$ 223,369

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See Accompanying Independent Auditors' Report

DE LA SALLE EDUCATION CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
REVENUE:				
Local	$ 1,818,611	$ 67,610	$ 0	$ 1,886,221
County	44,352	0	0	44,352
State	618,319	589,003	0	1,207,322
Federal	275,604	0	0	275,604
Total Revenue	2,756,886	656,613	0	3,413,499
EXPENDITURES:				
Instruction	460,655	572,899	0	1,033,554
Student services	283,358	83,714	0	367,072
Instructional Staff Support	39,099	0	0	39,099
General Administration	1,005,788	0	0	1,005,788
Business Support Services	122,075	0	0	122,075
Operation of Plant	502,099	0	0	502,099
Transportation	30,050	0	0	30,050
Food Services	147,800	0	0	147,800
Community Services	8,000	0	0	107,613
Debt Services	50,000	0	0	50,000
Total Expenditures	2,648,924	656,613	0	3,305,537
Net Change in Fund Balance	107,962	0	0	107,962
Fund Balance – June 30, 2017	(237,674)	0	0	(237,674)
Fund Balance – June 30, 2018	$ (129,712)	$ 0	$ 0	$ (129,712)

See Accompanying Independent Auditors' Report.

DE LA SALLE EDUCATION CENTER

SCHEDULE OF RECEIPTS COLLECTED BY SOURCE
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
LOCAL:				
Sales tax (Prop C)	$ 112,684	$ 67,610	$ 0	$ 180,294
Earnings on investments	40	0	0	40
Contributions and grants	1,703,934	0	0	1,703,934
Other	1,953	0	0	1,953
Total Local	1,818,611	67,610	0	1,886,221
COUNTY:				
Jackson County grants	44,352	0	0	44,352
Total County	44,352	0	0	44,352
STATE:				
Basic formula	553,408	589,003	0	1,142,411
Classroom trust fund	59,740	0	0	59,740
Career education grant	2,936	0	0	2,936
Food services	626	0	0	626
Other	1,609	0	0	1,609
Total State	618,319	589,003	0	1,207,322
FEDERAL:				
Medicaid	4,798	0	0	4,798
IDEA Special education	35,857	0	0	35,857
Food services	59,794	0	0	59,794
ESEA Title I.A	151,932	0	0	151,932
ESEA Title II.A	11,174	0	0	11,174
ESEA Title IV.A	12,049	0	0	12,049
Total Federal	275,604	0	0	275,604
Total All Sources	$ 2,756,886	$ 656,613	$ 0	$ 3,413,499

See Accompanying Independent Auditors' Report.

DE LA SALLE EDUCATION CENTER

SCHEDULE OF EXPENDITURES PAID BY OBJECT
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
Salaries and wages	$ 1,026,179	$ 498,404	$ 0	$ 1,524,583
Retirement	80,478	43,377		123,855
Payroll taxes	77,345	36,706	0	114,051
Employee insurance	125,497	78,126	0	203,623
Other employee benefits	20,662	0		20,662
Professional fees	36,087	0	0	36,087
Technical services	214,842	0	0	214,842
Property services	275,433	0	0	275,433
Contracted transportation	31,264	0	0	31,264
Insurance	83,666	0		83,666
Communication and memberships	20,607	0		20,607
Other purchased services	375,702	0		375,702
General supplies	107,613	0	0	107,613
Books and periodicals	858	0	0	858
Warehouse and Food service	454	0	0	454
Utilities, energy service	112,794	0	0	112,794
Other supplies	9,443	0	0	9,443
Debt interest and fees	50,000	0	0	50,000
Total Expenditures	$ 2,648,924	$ 656,613	$ 0	$ 3,305,537

See Accompanying Independent Auditors' Report

County District Number: 048-923 **District Name: DE LA SALLE CHARTER SCHOOL**

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2018

1. Calendar (Sections 160.041 and 171.031,RSMO)

   A. Standard day length (SDL) - The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

   Grades 9-12 6.0800 SDL

   B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was as follows.

   Grades 9-12 1,049.76 hours

   C. The number of days classes were in session and pupils were under the direction of teachers during this school year was 173.

2. Average Daily Attendance (ADA)

Regular Term	Full-time & Part-time	Remedial	Total
Grades 9-12	115.121	0.000	115.121
Summer School Subtotal			0.000
Total Regular Term Plus Summer School ADA			115.121

3. September Membership

   September Membership FTE Count 188.82

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

State FTE Total	
Free	132.44
Reduced	0.00
Total	132.44

5. Finance

   A. A bond and or insurance policy, as required by Section 162.401 RSMo, has been purchased for the School. True

   B. The School's deposits are not required to be secured during the year pursuant to Sections 110.010 and 110.020, RSMo.

   C. The School does not have a Debt Service Fund.

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2018

5. Finance (continued)

D.	Salaries reported for educators in the October Core Data Cycle are supported by payroll/contract records.	True
E.	The School made a $162,326 or 7% x SAT x WADA transfer that was not in excess of the adjusted expenditure calculation. The transfer was approved by the Board of Directors.	N/A
F.	The School published a summary of the prior year's audit report within 30 days of the receipt of the audit pursuant to Section 165.121 RSMo.	True

There were no findings noted above.

6. Transportation (Section 163.161, RSMo)

A.	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	N/A
B.	The School's school transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	N/A
C.	Based on the ridership records, the average number of students (non-disabled 9-12) transported on a regular basis (ADT) was:	
	Eligible ADT	0.0
	Ineligible ADT	0.0
D.	The 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
E.	Actual odometer records show the total school-operated and contracted mileage for the year was:	2,000
	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	0
	Ineligible miles (nonroute/disapproved)	2,000
F.	Number of days the School operated the school transportation system during the regular school year.	N/A

There were no findings noted above.

INTERNAL CONTROL AND COMPLIANCE

MARR AND COMPANY, P.C.
Certified Public Accountants

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
DeLaSalle Education Center and Affiliate
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DeLaSalle Education Center and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

1401 East 104th Street, Suite 100, Kansas City, MO 64131-4507 • Voice (816) 363-8700 Fax (816) 363-7117 • www.marrandcompany.com

Board of Directors
DeLaSalle Education Center and Affiliate
Kansas City, Missouri

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization'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.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 27, 2018

MARR AND COMPANY, P.C.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

Board of Directors
DeLaSalle Education Center
Kansas City, Missouri

We have examined management's assertion, included in its representation letter dated December 27, 2018, that the of DeLaSalle Education Center (the "Center") complied with the requirements of Missouri laws and regulations regarding accurate disclosure of the School's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2018. Management is responsible for its assertion that the School complied with the aforementioned requirements. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, management's assertion that the DeLaSalle Education Center complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2018, are fairly stated, in all material respects.

This report is intended for the information and use of the Board of Directors, Center's 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.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 27, 2018

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