

# DRAFT

**KAIROS ACADEMIES, INC.  
ST. LOUIS, MISSOURI  
FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

KAIROS ACADEMIES, INC  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors  
Kairos Academies, Inc.

### Report on the Financial Statements

We have audited the accompanying modified cash-basis consolidated financial statements of Kairos Academies, Inc. (a nonprofit organization) ("School") which comprise the Consolidated Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2020, and the related Consolidated Statements of Support, Revenues, Reclassifications, Expenses and Changes in Net Assets, 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 consolidated 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kairos Academies, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with the basis of accounting described in Note B.

## ***Basis of Accounting***

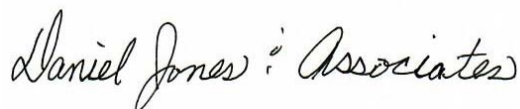
We draw attention to Note B of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information: Consolidating Schedule - Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis, Consolidating Schedule - Statement of Support. Revenues, Reclassifications, Expenses and Changes in Net Assets – Modified Cash Basis, Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds, Schedule of Revenues Collected by Source, Schedule of Expenditures Paid by Object, and the Schedule of Selected Statistics, presented on pages 11 through 20 are presented for purposes of complying with requirements of the Missouri Department of Elementary and Secondary Education and are not a required part of the consolidated 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 21, 2020** on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

**December 21, 2020**

# DRAFT

## **FINANCIAL STATEMENTS**

**KAIROS ACADEMIES, INC.**  
**CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES**  
**AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2020**

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**ASSETS**

Cash and cash equivalents	\$ <u>636,939</u>
Total Assets	\$ <u><u>636,939</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Note Payable	\$ 55,900
Accrued personnel costs	<u>13,245</u>
Total liabilities	69,145
Net Assets	
Without Donor Restrictions	567,795
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>567,795</u>
Total Liabilities and Net Assets	\$ <u><u>636,939</u></u>

See accompanying notes

**KAIROS ACADEMIES, INC.**  
**CONSOLIDATED STATEMENT OF SUPPORT, REVENUES, RECLASSIFICATIONS**  
**EXPENSES AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS:</b>			
Government grants and contracts	\$ 1,203,025	\$ -	\$ 1,203,025
Fees and services	265,793	\$ -	265,793
Contributions	832,445	-	832,445
Other	110,300	-	110,300
 Total support, revenue and reclassifications	 2,411,563	 -	 2,411,563
 <b>EXPENSES:</b>			
Salaries and benefits	853,245	-	853,245
Professional and technical services	467,917	-	467,917
Property services	364,682	-	364,682
Transportation and travel	4,608	-	4,608
Food services	38,421	-	38,421
Communications	3,719	-	3,719
Supplies	111,177	-	111,177
Loss on disposal of asset	-	-	-
Total expenses	1,843,768	-	1,843,768
 Change in unrestricted net assets	 567,795	 -	 567,795
 Net assets, beginning of year, restated	 -	 -	 -
 Net assets, end of year	 \$ 567,795	 \$ -	 \$ 567,795

See accompanying notes

**KAIROS ACADEMIES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS**  
**JUNE 30, 2020**

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	<b>Charter School</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 421,754	\$ 258,087	\$ 679,841
Payroll Taxes and Benefits	132,169	41,236	173,404
Conferences, Meeting and Travel	32,325	-	32,325
Contract and Professional Fees	41,643	385,752	427,395
Depreciation	-	-	-
Student Transportation	2,223	-	2,223
Food Service	38,421	-	38,421
Supplies	5,601	4,475	10,076
Insurance	-	10,582	10,582
Occupancy	67,807	-	67,807
Textbook and Educational Materials	101,101	-	101,101
Telephone and Communications	3,719	-	3,719
Advertising	-	-	-
Rent Expense	296,875	-	296,875
Other	-	-	-
<b>Total Expenses</b>	<b>\$ 1,143,637</b>	<b>\$ 700,131</b>	<b>\$ 1,843,768</b>

See accompanying notes



**KAIROS ACADEMIES, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS-MODIFIED CASH BASIS**  
**JUNE 30, 2020**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	<u>\$ 567,795</u>
Net Cash used by Operating Activities	<u>567,795</u>
<b>NET INCREASE IN CASH</b>	567,795
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>          -</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u><u>\$ 567,795</u></u>

See accompanying notes

**KAIROS ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE A - MISSION AND NATURE OF BUSINESS**

Kairos Academies, Inc. (the School) was incorporated on November 14, 2016. It is a not-for-profit corporation that is organized under the laws of the State of Missouri. The School is a tuition-free public charter school in St. Louis, Missouri for students in grades six through twelve. In the current year, the School served only grades six.

The mission of the School is to develop students not just into freethinkers, ready to thrive in a modern economy, but self-governing citizens, ready to lead both themselves and their communities.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principals of Consolidation: The consolidated financial statements include the accounts of Kairos Academies, Inc. and Kairos Vanguard. All significant intercompany accounts have been eliminated in consolidation.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenses when they result from cash transactions, with a provision for recording capital assets, depreciation, and long term liabilities, such as promissory notes. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States.

Cash and Cash Equivalents: For purposes 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 property and equipment are valued at historical cost. A capitalization threshold of \$5,000 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:

Furniture	5 years
Data processing equipment	3 years
Other equipment	3 years
Vehicles	5 years
Building and Improvements	8-20 years

Estimates: The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recognition of Donor Restrictions: 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 restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Paid Time Off and Vacation: All full-time employees are given days of PTO annually. PTO days do not roll over and are not paid out at the end of the year.

**KAIROS ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Income Taxes: The School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as charitable organizations whereby 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. Accordingly, no provision for income taxes has been recorded. The School has adopted provisions of FASB standard on Accounting for Uncertainty in Income Taxes (ASC 740-10-25). The School does not believe there are any material uncertain tax provisions and, accordingly, they will not recognize any liability for unrecorded tax benefits. For the year ended June 30, 2020, there were no interest or penalties recorded in the financial statements.

The School's Form 990, Return of Organization Exempt from Income Taxes, for the years ended June 30, 2020 and 2019 are subject to IRS examinations, generally three years after they were filed.

Functional Allocation of Expenses: Expenses consist of costs related to Organization activities and administrative functions. These costs have been summarized on a functional basis in the statements of activities without donor restrictions. Costs are directly charged to the functions they benefit.

Advertising: The School generally expenses advertising costs as they are incurred.

Subsequent Events: Management has evaluated subsequent events through **December 21, 2020** the date the financial statements were available to be issued.

**NOTE C - CASH AND CASH EQUIVALENTS**

At June 30, 2020, the bank balances of the School deposits totaled \$636,939.47. Of this amount, \$250,000 was covered by FDIC insurance and the remaining amount of \$386,939.47 was secured by Government Backed Securities.

**NOTE D - RETIREMENT PLAN**

The School contributes to The Public School Retirement System of the City of St. Louis, Missouri, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the St. Louis, Missouri Public School District, the St. Louis Public Library, and the Public School 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 of Missouri are also covered by Social Security. The Retirement System is administered by a 12-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 Public School Retirement System of the School District of St. Louis, Missouri, 3641 Olive St., St. Louis, Missouri, 64106, or by calling 1-314-534-7444.

Retirement System members were required to contribute 9% of their annual covered salary and the School is required to contribute a 15% match. The contribution requirements of members and the School are established, and may be amended, by the STPSRS Board of Trustees. The School's required contributions to the System for the year ended June 30, 2020, was \$55,005.38, equal to the required contributions.

**KAIROS ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE E - PROPERTY AND EQUIPMENT**

The school did not purchase any property and equipment in 2019-20.

**NOTE F - 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 itself from such risks.

**NOTE G – OPERATING LEASES**

On August 15, 2019, the School entered into a lease agreement for a school building it currently occupies. The lease term is for up to 6 years. The annual rent is \$285,000, with monthly payments of \$23,750. The lease requires a security deposit of \$23,750.

On March 19, 2020, the school entered into a copier lease agreement with Sumner One. The lease requires 60 monthly payments of \$232.59 and matures March 18, 2025.

The future minimum lease payments under these leases are as follows:

	<u>BUILDING LEASE</u>	<u>COPIER LEASE</u>
YEAR ENDED		
2021	\$ 371,295	\$ 2,791
2022	371,295	2791
2023	371,295	2791
2024	371,295	2791
TOTAL	<u>\$ 1,485,180</u>	<u>\$ 11,164</u>

Lease expense under the above leases for the year ended June 30, 2020 was \$273,983, plus security deposit of 23,750.

**NOTE H - 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, 2020, significant amounts of grants 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.

**NOTE I - RELATED PARTY TRANSACTIONS**

There are no related party transactions.

**KAIROS ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE J - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures and maintain financial stability.

The following table reflects the Organization's financial assets as of June 30, 2020, reduced by amounts not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

Cash	<u>\$ 636,939</u>
Total financial assets	636,939
Donor restricted assets	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 636,939</u>
Financial assets available to meet cash needs	

**NOTE K – CONTINGENCIES**

Kairos Academies, Inc. was not involved in pending litigation as of the audit report date.

The continued operation of the Kairos Academies, Inc. is dependent upon the guidelines set forth by sections 160.400 to 160.425 and 167.349, RSMo 2012, Department of Elementary and Secondary Education, and the continued support of the School's sponsor. The School may cease to exist upon infringement of the aforementioned agreements.

**NOTE L – NOTES PAYABLE**

On May 1, 2020, a note payable was entered into with the Paycheck Protection Program in the amount of \$107,100. It is expected the loan will be forgiven per program provisions.

On May 12, 2020, a note payable was entered into with Paycheck Protection Program in the amount of \$55,900. It is expected the loan will be forgiven per program provisions.

**NOTE M – SUBSEQUENT EVENTS**

There are no subsequent events to report as of the audit report date.

# DRAFT

**SUPPLEMENTARY INFORMATION**

**KAIROS ACADEMIES, INC.**  
**CONSOLIDATING SCHEDULE - STATEMENT OF ASSETS, LIABILITIES**  
**AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2020**

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**ASSETS**

	<b>Kairos Academies, Inc.</b>	<b>Kairos Vanguard</b>	<b>Total</b>
Cash and cash equivalents	\$ 608,439	\$ 28,501	\$ 636,939
Total Assets	\$ 608,439	\$ 28,501	\$ 636,939

**LIABILITIES AND NET ASSETS**

Liabilities:			
Accrued personnel costs	\$ 5,293	\$ 7,952	\$ 13,245
Notes payable	-	55,900	55,900
	5,293	63,852	69,145
Net Assets			
Without Donor Restrictions	603,146	(35,351)	567,795
With Donor Restrictions	-	-	-
Total Net Assets	603,146	(35,351)	567,795
Total Liabilities and Net Assets	\$ 608,439	\$ 28,501	\$ 636,939

See accompanying notes

**KAIROS ACADEMIES, INC.**  
**CONSOLIDATING SCHEDULE - STATEMENT OF SUPPORT, REVENUES, RECLASSIFICATIONS,**  
**EXPENSES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Kairos Academies			Kairos Vanguard		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND GAIN:								
Government grants and contracts	\$ 1,203,025	\$ -	\$ 1,203,025	\$ -	\$ -	\$ 1,203,025	\$ -	\$ 1,203,025
Fees and services	4,597	-	4,597	261,197	-	265,793	-	265,793
Contributions	829,945	-	829,945	2,500	-	832,445	-	832,445
Other	109,754	-	109,754	546	-	110,300	-	110,300
	2,147,321	-	2,147,321	264,242	-	2,411,563	-	2,411,563
Total support, revenue and gain								
EXPENSES:								
Salaries and benefits	553,922	-	553,922	299,323	-	853,245	-	853,245
Professional and technical services	467,646	-	467,646	271	-	467,917	-	467,917
Property services	364,682	-	364,682	-	-	364,682	-	364,682
Transportation and travel	4,608	-	4,608	-	-	4,608	-	4,608
Food services	38,421	-	38,421	-	-	38,421	-	38,421
Communications	3,719	-	3,719	-	-	3,719	-	3,719
Supplies	111,177	-	111,177	-	-	111,177	-	111,177
	1,544,175	-	1,544,175	299,594	-	1,843,768	-	1,843,768
Total expenses								
Change in unrestricted net assets	603,146	-	603,146	(35,351)	-	567,795	-	567,795
Net assets, beginning of year	-	-	-	-	-	-	-	-
Net assets, end of year	\$ 603,146	\$ -	\$ 603,146	\$ (35,351)	\$ -	\$ 567,795	\$ -	\$ 567,795



**KAIROS ACADEMIES, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**MODIFIED CASH BASIS-GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

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	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 608,439	\$ -	\$ -	\$ 608,439
Total assets	<u>\$ 608,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,439</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Payroll related liabilities	\$ 5,293	\$ -	\$ -	\$ 5,293
Fund Balances:				
Unreserved	<u>603,146</u>	<u>-</u>	<u>-</u>	<u>603,146</u>
Total liabilities and fund balances	<u>\$ 608,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,439</u>

**KAIROS ACADEMIES, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS
REVENUES			
Local	\$ 944,296	\$ -	\$ 944,296
State	630,668	447,019	1,077,687
Federal	125,338	-	125,338
	1,700,302	447,019	2,147,321
EXPENDITURES			
Instruction	\$229,494.42	\$447,019.10	676,514
Student Services	\$14,294.37	-	14,294
Instructional Staff Support	\$33,258.68	-	33,259
Building Administration	-	-	-
General Administration	\$400,537.63	-	400,538
Operation of Plant	\$368,400.70	-	368,401
Transportation	\$2,223.00	-	2,223
Food Service	\$48,947.09	-	48,947
Community Services	-	-	-
	1,097,156	447,019	1,544,175
Revenue Over Expenditures	603,146	-	603,146
Other Financing Sources(uses)	-	-	-
Net change in fund balance	603,146	-	603,146
Fund Balances, beginning	-	-	-
Fund Balances, ending	\$ 603,146	\$ -	\$ 603,146

**KAIROS ACADEMIES, INC.**  
**SCHEDULE OF REVENUES COLLECTED BY SOURCE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS
<b>LOCAL</b>			
Sales Tax	\$ -	\$ -	\$ -
Earnings on Investment	806	-	806
Food Service	4,597	-	4,597
Student Activities	-	-	-
Contributions and grant revenue	829,945	-	829,945
Other	108,948	-	108,948
Total Local	944,296	-	944,296
<b>STATE</b>			
Basic Formula	630,668	447,019	1,077,687
Transportation	-	-	-
Basic Formula - classroom trust fund	-	-	-
Food Service	-	-	-
Other	-	-	-
Total State	630,668	447,019	1,077,687
<b>FEDERAL</b>			
Medicaid	5,204	-	5,204
CARES	-	-	-
IDEA	30,006	-	30,006
Food Service	30,930	-	30,930
CARES Food Service	2,237	-	2,237
Title I	51,824	-	51,824
Title II A.	5,136	-	5,136
Title IV A.	-	-	-
Total Federal	125,338	-	125,338
Total Revenues Collected	\$ 1,700,302	\$ 447,019	\$ 2,147,321

KAIROS ACADEMIES, INC.  
SCHEDULE OF EXPENDITURES PAID BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2020

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	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Salaries	\$ 79,708	\$ 342,046	\$ -	\$ 421,754
Employee Benefits	27,196	104,973	-	132,169
Purchased Services	833,540	-	-	833,540
Supplies	156,713	-	-	156,713
Capital Outlay	-	-	-	-
	<u>\$ 1,097,156</u>	<u>\$ 447,019</u>	<u>\$ -</u>	<u>\$ 1,544,175</u>

**KAIROS ACADEMIES, INC.  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2020**

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Type of audit performed: Yellow Book   X   Single Audit   

**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
3945	6	6		7.4833	117	875.5461

**2. ATTENDANCE HOURS**

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 Hours	Summer School	Total
3945	6	92,871.5246	-	5,010.4650	-	-	97,881.9896
<b>Grand Total</b>		<b>92,871.5246</b>	<b>-</b>	<b>5,010.4650</b>	<b>-</b>	<b>-</b>	<b>97,881.9896</b>

**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
3945	6	117.00	-	-	117.00
<b>Grand Total</b>		<b>117.00</b>	<b>-</b>	<b>-</b>	<b>117.00</b>

**KAIROS ACADEMIES, INC.**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**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 PK-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
3945	0				0
<b>Grand Total</b>	<b>0</b>				<b>0</b>

**5. FINANCE**

Section	Question	Answer
5.1	The 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 charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, 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	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A

**KAIROS ACADEMIES, INC.**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**5. FINANCE (CONTINUED)**

	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
<b>5.3</b>	The 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
<b>5.4</b>	The 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
<b>5.5</b>	As required by Section 162.405, RSMo, an insurance policy was purchased for the charter school's employee theft coverage in the total amount of:	\$100,000
<b>5.6</b>	The charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
<b>5.7</b>	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
<b>5.8</b>	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
<b>5.9</b>	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
<b>5.10</b>	The 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.	N/A

**KAIROS ACADEMIES, INC.  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**5. FINANCE (CONCLUDED)**

<b>5.11</b>	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
<b>5.12</b>	The amount spent for approved professional development committee plan activities was:	N/A
<b>5.13</b>	The charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	TRUE

**6. TRANSPORTATION**

<b>6.1</b>	The District does not operate a transportation system due to its coverage area.	TRUE
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# DRAFT

**INTERNAL CONTROL AND COMPLIANCE**



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**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***

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors  
Kairos Academies, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kairos Academies, Inc. ("School") (a nonprofit organization), which comprise the Consolidated Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2020, and the related Consolidated Statements of Support, Revenues, Reclassifications, Expenses, and Changes in Net Assets, Functional Expenses and Cash Flows – Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **December 21, 2020**.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 charge 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

December 20, 2020



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

To the Members of the Board of Directors  
Kairos Academies, Inc.

**Report on Compliance with State Requirements**

We have examined management's assertions that Kairos Academies, Inc. ("School") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the School's records of average daily attendance and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2020.

**Management's Responsibility**

Management is responsible for the School's compliance with the aforementioned requirements.

**Auditor's Responsibility**

Our responsibility is to express an opinion on management's assertions about the School's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, 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 examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

**Opinion on Compliance with State Requirements**

In our opinion, management's assertions that Kairos Academies, Inc. complied with the aforementioned requirements for the year ended June 30, 2020, are fairly stated, in all material respects.

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

*Daniel Jones & Associates*

Daniel Jones & Associates, P.C.  
Certified Public Accountants  
Arnold, Missouri

**December 21, 2020**

**KAIROS ACADEMIES, INC.**  
**SCHEDULE OF STATE FINDINGS**  
**JUNE 30, 2020**

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DRAFT

**I. Chapter 67 RSMO (Budget Statute)**

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

There were no budget findings.

**II. Other Findings**

There were no other state findings for the year ended June 30, 2020.

# DRAFT

## **FINDINGS AND RESPONSES**

**KAIROS ACADEMIES, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**DRAFT**

**I. FINANCIAL STATEMENTS FINDINGS**

There were no audit findings to report for the year ended June 30, 2020.