

**ACADEMY FOR INTEGRATED ARTS
KANSAS CITY, MISSOURI**

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

FOR THE YEAR ENDED JUNE 30, 2018

**ACADEMY FOR INTEGRATED ARTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Academy for Integrated Arts

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Academy for Integrated Arts (a nonprofit organization) as of June 30, 2018 and the related statements of support, revenues and expenses and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School'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 in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Academy for Integrated Arts as of June 30, 2018 and the support, revenues and expenses, and cash flows for the year then ended, in conformity with the modified cash basis of accounting described in Note B.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the School's basic financial statements. The supplementary information presented on pages 9 through 17, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information listed is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is solely to describe the scope of our testing of the School's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Basis of Accounting

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

Westbrook & Co., P.C.

Richmond, Missouri
October 15, 2018

ACADEMY FOR INTEGRATED ARTS
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
JUNE 30, 2018

ASSETS

Cash	\$ 205,512
Property and equipment, net	<u>14,430</u>
 Total Assets	 <u><u>\$ 219,942</u></u>

LIABILITIES AND NET ASSETS

Liabilities	<u>\$ -</u>
 Net Assets:	
Unrestricted	204,310
Temporarily restricted	<u>15,632</u>
 Total Net Assets	 <u>219,942</u>
 Total Liabilities and Net Assets	 <u><u>\$ 219,942</u></u>

See accompanying notes.

ACADEMY FOR INTEGRATED ARTS
STATEMENT OF SUPPORT, REVENUES AND EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Governmental grants and contracts	\$ 2,264,460	\$ -	\$ 2,264,460
Contributions	230,905	58,000	288,905
Fees and services	5,905	-	5,905
Other revenue	<u>30,552</u>	<u>-</u>	<u>30,552</u>
 Total support and revenues	 2,531,822	 58,000	 2,589,822
Net assets released from restrictions	<u>58,212</u>	<u>(58,212)</u>	<u>-</u>
 Total support, revenues and reclassifications	 <u>2,590,034</u>	 <u>(212)</u>	 <u>2,589,822</u>
EXPENSES:			
Instruction	1,117,200	-	1,117,200
Student services	219,577	-	219,577
Instructional staff support	24,625	-	24,625
General administration and central services	90,591	-	90,591
Building administration	201,200	-	201,200
Operation of plant	536,727	-	536,727
Transportation	298,163	-	298,163
Food service	169,769	-	169,769
Community services	<u>28,257</u>	<u>-</u>	<u>28,257</u>
 Total expenses	 <u>2,686,109</u>	 <u>-</u>	 <u>2,686,109</u>
 Change in Net Assets	 (96,075)	 (212)	 (96,287)
 Net assets, beginning of year	 <u>300,385</u>	 <u>15,844</u>	 <u>316,229</u>
 Net assets, end of year	 <u><u>\$ 204,310</u></u>	 <u><u>\$ 15,632</u></u>	 <u><u>\$ 219,942</u></u>

See accompanying notes.

ACADEMY FOR INTEGRATED ARTS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (96,287)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	<u>13,490</u>
Net cash used by operating activities	<u>(82,797)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(1,199)</u>
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NET DECREASE IN CASH (83,996)

CASH, beginning 289,508

CASH, ending \$ 205,512

See accompanying notes.

ACADEMY FOR INTEGRATED ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - ORGANIZATION

Academy for Integrated Arts (the School) is a not-for-profit corporation organized on August 21, 2009 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 which is sponsored by University of Missouri - Kansas City (UMKC), which first became operational in the 2012-2013 school year. The School is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. The School's mission is to use the arts to prepare students for an admission-based college preparatory secondary school. During the year ended June 30, 2018, the School provided educational instruction for students in pre-kindergarten through sixth grade.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, revenues and expenditures when they result from cash transactions with a provision for recording capital assets and related depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Cash: For the purpose of the statement of cash flows, the School considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment: All property and equipment are valued at historical cost, if acquired, or fair value, if donated. A capitalization threshold of \$1,000 and estimated useful life of more than one year 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:

Leasehold improvements	5 years
Furniture and fixtures	7 years
Computer equipment	5 years

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.

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.

Personal and Sick Leave: The School has established personal leave for its eligible employees. All full-time regular employees who have completed three months of continuous employment are provided twelve paid leave days per school year, which includes leave for illness and personal days. Sick and personal days are considered as expenditures in the year paid. Unused personal days are forfeited.

Tax Exempt Status: Academy for Integrated Arts is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization 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.

ACADEMY FOR INTEGRATED ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2018, the bank balances of the School deposits totaled \$214,184, which was covered by FDIC insurance.

NOTE D - INSURANCE

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect itself from such risks. Additionally, the School carries reinsurance in the amount of \$3,000,000 to cover claims exceeding the commercial liability limit of \$1,000,000.

NOTE E - RETIREMENT PLAN

The School contributes to The Kansas City Public School Retirement System, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri School District; the Kansas City Public Library; the charter schools within the boundaries of the Kansas City Missouri School District; and the Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by The Retirement System are also covered by Social Security. The Retirement System is administered by a twelve-member Board of Trustees. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Kansas City Public School Retirement System, 3100 Broadway Street, Suite 1211, Kansas City, Missouri, 64111 or by calling 1-816-472-5800.

Effective January 1, 2016, employees were required to contribute 9.0% of their annual covered salary. Employers were required to match the contributions made by employees. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's required contributions to the System for the year ended June 30, 2018 were \$92,157.

NOTE F - PROPERTY AND EQUIPMENT

Leashold improvements	\$ 151,796
Furniture and fixtures	43,621
Computer equipment	<u>53,616</u>
	249,033
Accumulated depreciation	<u>(234,603)</u>
	<u><u>\$ 14,430</u></u>

Depreciation expense for the year ended June 30, 2018 was \$13,490. The depreciation expense was allocated to the related program services; instruction \$6,439 and operation of plant \$7,051.

NOTE G - SUBSEQUENT EVENT

As of May, 2019, UMKC is relinquishing sponsorship of all eight of their charter schools in order to focus on research and other priorities. In response, on September 27, 2018, the Board voted to transfer sponsorship of the School from UMKC to the Missouri Charter Public School Commission. This transfer of sponsorship became effective on October 3, 2018.

ACADEMY FOR INTEGRATED ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, significant amounts of grant disbursements have not been audited by grantor governments, but the School believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE I - RELATED ENTITIES

On November 30, 2015, Academy for Integrated Arts Supporting Foundation (“Supporting Foundation”), a 509(a)(3)(i) not-for-profit corporation, was formed to solicit donations and acquire a loan to purchase a building for the School, with any additional funds to be used and applied for the benefit of the School’s operations as determined by the Board of Directors. The Supporting Foundation has a five-member Board of Directors, three of which are appointed by the School.

Also, on June 15, 2016, AFIA Holding Company, a 509(a)(3)(i) not-for-profit corporation, was formed to own and maintain the building in which the School currently operates. During the year ended June 30, 2018, the School paid rent expense of \$300,000 to AFIA Holding Company.

NOTE J - OPERATING LEASE

On September 16, 2016, the School entered into a new 20-year lease with AFIA Holding Company. The lease commences August 1, 2016 through July 31, 2036, with a base rent of \$140,000 for the first year and base rent of \$300,000 for the remaining years.

<u>Year ending June 30,</u>	
2019	\$ 300,000
2020	300,000
2021	300,000
2022	300,000
2023	300,000
2024 and thereafter	<u>3,900,000</u>
Total	<u>\$ 5,400,000</u>

Total rent expense paid to AFIA Holding Company for the year ended June 30, 2018 was \$300,000.

NOTE K - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Library grant	\$ 1,101
Accelerating Literacy grant	9,872
Fine Arts & Music grant	<u>4,659</u>
Total	<u>\$ 15,632</u>

SUPPLEMENTARY INFORMATION

ACADEMY FOR INTEGRATED ARTS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
ASSETS				
Cash	<u>\$ 205,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,512</u>
FUND BALANCES				
Fund Balances:				
Unassigned	<u>\$ 205,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,512</u>

ACADEMY FOR INTEGRATED ARTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

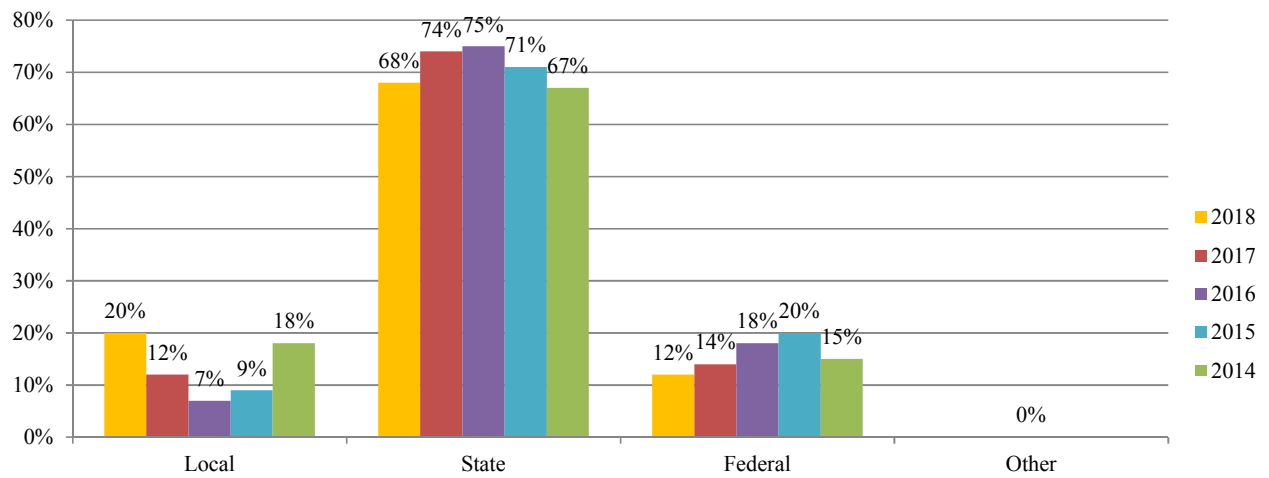
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 437,659	\$ 67,378	\$ -	\$ 505,037
State	812,042	953,646	-	1,765,688
Federal	<u>319,097</u>	<u>-</u>	<u>-</u>	<u>319,097</u>
Total Revenues	<u>1,568,798</u>	<u>1,021,024</u>	<u>-</u>	<u>2,589,822</u>
EXPENDITURES:				
Instruction	324,936	785,825	1,199	1,111,960
Student services	184,691	34,886	-	219,577
Intructional staff support	24,625	-	-	24,625
General administration and central services	90,591	-	-	90,591
Building administration	887	200,313	-	201,200
Operation of plant	529,676	-	-	529,676
Transportation	298,163	-	-	298,163
Food service	169,769	-	-	169,769
Community services	<u>28,257</u>	<u>-</u>	<u>-</u>	<u>28,257</u>
Total Expenditures	<u>1,651,595</u>	<u>1,021,024</u>	<u>1,199</u>	<u>2,673,818</u>
Revenues Over (Under) Expenditures	(82,797)	-	(1,199)	(83,996)
Other Financing Sources (Uses):				
Transfers	<u>(1,199)</u>	<u>-</u>	<u>1,199</u>	<u>-</u>
Net change in fund balances	(83,996)	-	-	(83,996)
Fund balance, beginning	<u>289,508</u>	<u>-</u>	<u>-</u>	<u>289,508</u>
Fund balance, ending	<u>\$ 205,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,512</u>

**ACADEMY FOR INTEGRATED ARTS
SCHEDULE OF REVENUES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
LOCAL:				
Prop C (sales tax)	\$ 112,297	\$ 67,378	\$ -	\$ 179,675
Food service	1,498	-	-	1,498
Community services	4,407	-	-	4,407
Contributions	288,905	-	-	288,905
Other local revenue	<u>30,552</u>	<u>-</u>	<u>-</u>	<u>30,552</u>
Total Local	<u>437,659</u>	<u>67,378</u>	<u>-</u>	<u>505,037</u>
STATE:				
Basic formula	715,531	953,646	-	1,669,177
Transportation	29,908	-	-	29,908
Classroom trust fund	65,049	-	-	65,049
Food service	881	-	-	881
Other revenue	<u>673</u>	<u>-</u>	<u>-</u>	<u>673</u>
Total State	<u>812,042</u>	<u>953,646</u>	<u>-</u>	<u>1,765,688</u>
FEDERAL:				
Medicaid	27,029	-	-	27,029
Food service	145,767	-	-	145,767
IDEA	29,429	-	-	29,429
Title I	96,706	-	-	96,706
Title IV.A	9,230	-	-	9,230
Title II. A	<u>10,936</u>	<u>-</u>	<u>-</u>	<u>10,936</u>
Total Federal	<u>319,097</u>	<u>-</u>	<u>-</u>	<u>319,097</u>
Total Revenues	<u>\$ 1,568,798</u>	<u>\$ 1,021,024</u>	<u>\$ -</u>	<u>\$ 2,589,822</u>

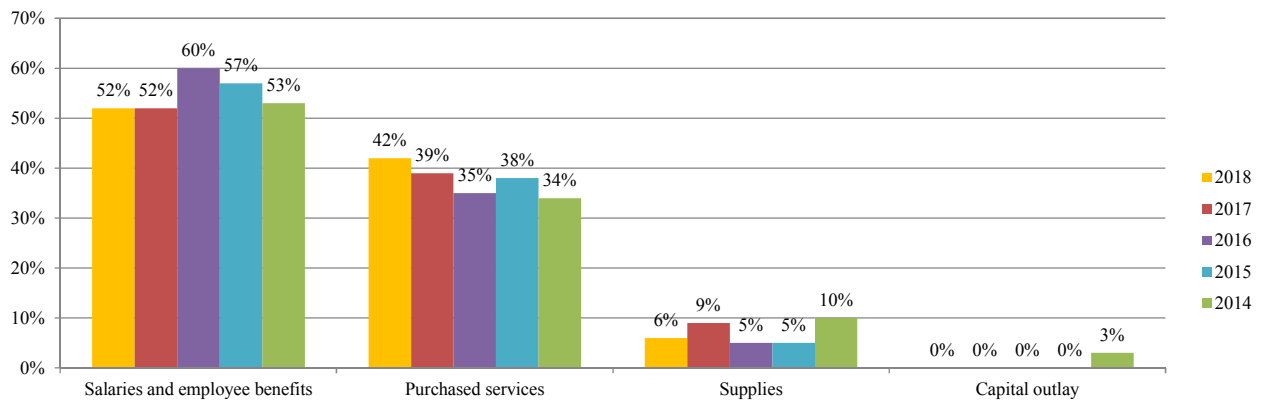
**ACADEMY FOR INTEGRATED ARTS
COMPARISON OF REVENUES BY SOURCE
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015, AND 2014**

	2018	2017	2016	2015	2014
Local	\$ 505,037	\$ 265,972	\$ 104,317	\$ 103,475	\$ 235,392
State	1,765,688	1,607,575	1,141,766	813,517	832,986
Federal	319,097	298,620	273,753	225,917	183,193
Other	-	-	-	1,315	-
	<u>\$ 2,589,822</u>	<u>\$ 2,172,167</u>	<u>\$ 1,519,836</u>	<u>\$ 1,144,224</u>	<u>\$ 1,251,571</u>



ACADEMY FOR INTEGRATED ARTS
SCHEDULE OF EXPENDITURES BY OBJECT
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015, AND 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	2018 TOTALS	2017 TOTALS	2016 TOTALS	2015 TOTALS	2014 TOTALS
Salaries	\$ 310,138	\$ 832,779	\$ -	\$ 1,142,917	\$ 916,480	\$ 733,419	\$ 502,046	\$ 526,389
Employee benefits	66,391	188,245	-	254,636	205,190	157,718	107,801	98,569
Purchased services	1,115,233	-	-	1,115,233	846,111	519,017	416,612	412,186
Supplies	159,833	-	-	159,833	194,656	67,634	53,937	143,697
Capital outlay	-	-	1,199	1,199	-	-	3,059	34,736
Interest and fees	-	-	-	-	-	-	-	-
	<u>\$ 1,651,595</u>	<u>\$ 1,021,024</u>	<u>\$ 1,199</u>	<u>\$ 2,673,818</u>	<u>\$ 2,162,437</u>	<u>\$ 1,477,788</u>	<u>\$ 1,083,455</u>	<u>\$ 1,215,577</u>

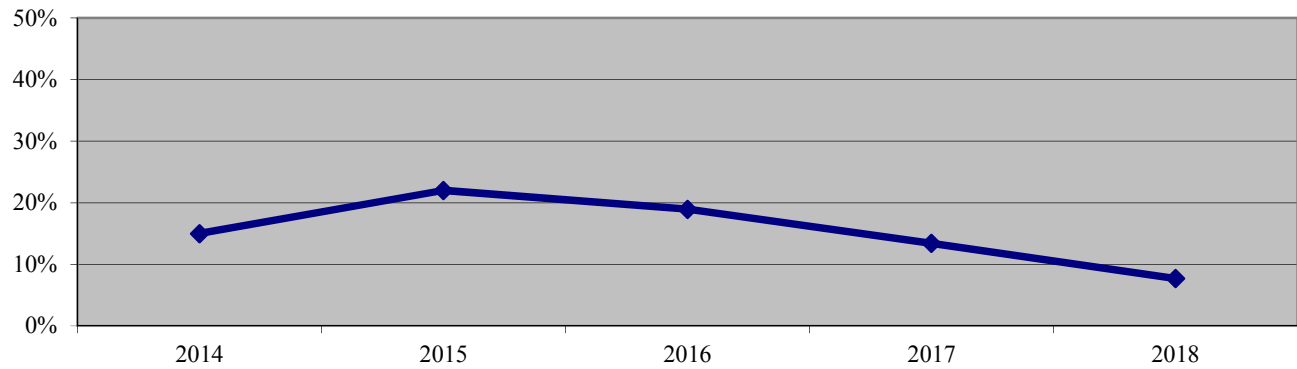


Note: The above graphs do not include expenditures for capital improvements.

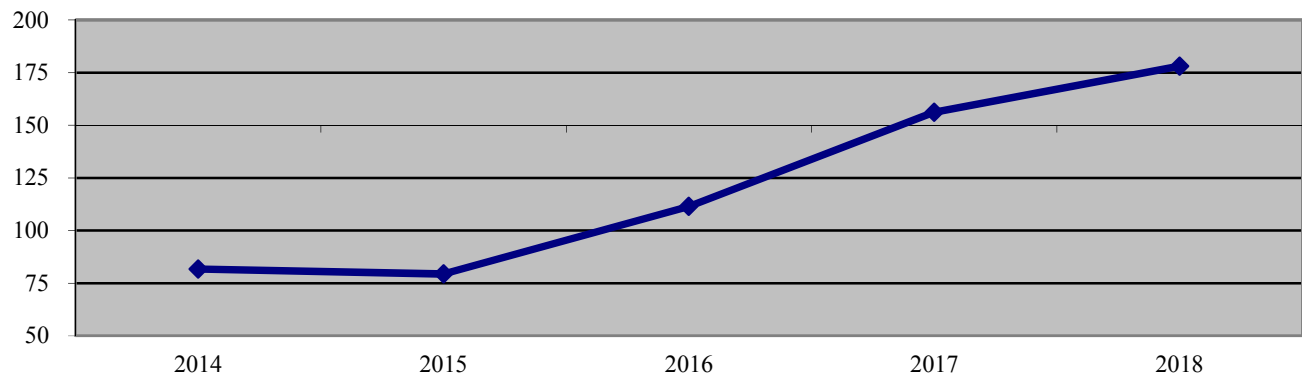
**ACADEMY FOR INTEGRATED ARTS
SELECTED TRENDS
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2018**

<u>General and Special Revenue Funds</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Fund Balances	\$ 176,961	\$ 237,730	\$ 279,778	\$ 289,508	\$ 205,512
Total Expenditures	<u>1,180,841</u>	<u>1,080,396</u>	<u>1,477,788</u>	<u>2,162,437</u>	<u>2,672,619</u>
Reserve Ratio	14.99%	22.00%	18.93%	13.39%	7.69%
Average Daily Attendance	81.74	79.42	111.47	156.19	178.04

Reserve Ratio



Average Daily Attendance



**ACADEMY FOR INTEGRATED ARTS
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2018**

County District Number 048-927

1. CALENDAR

- 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 PK-6	6.5000
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- B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was:

Grades PK-6	1,074.00
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- C. The number of days classes were in session and pupils were under the direction of teachers during this school year was 174 days.

2. AVERAGE DAILY ATTENDANCE (ADA)

Grades PK - 6	178.04
Summer School	-
	-
Total Regular Term Plus Summer School ADA	178.04

3. SEPTEMBER MEMBERSHIP

September Membership FTE Count:	190.00
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4. FREE AND REDUCED PRICE LUNCH FTE COUNT (Section 163.011(6), RSMo)

State FTE Total:	Free: 184.00
	Reduced: <u>0.00</u>
	Total: <u>184.00</u>

5. FINANCE

- A. An insurance policy as required by Section 160.405, RSMo. has been purchased by the School for employee theft coverage in the amount of: \$500,000
- B. The School's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True
- C. The School maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo. N/A
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True

**ACADEMY FOR INTEGRATED ARTS
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2018**

County District Number 048-927

5. FINANCE (continued)

- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approve 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. N/A
- F. The School published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True
- G. The School 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. N/A
- H. The amount spent for approved professional development committee plan activities was: \$0

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. True
- B. The School's transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. True
- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:
- | | |
|----------------|--------|
| Eligible ADT | 169.50 |
| Ineligible ADT | 0.00 |
- 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: 41,331

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	40,002
Ineligible miles (Non-route/disapproved)	1,329

- F. Number of days the School operated the transportation system during the regular school year: 174

INTERNAL CONTROL AND COMPLIANCE

**REPORT ON THE ADMINISTRATION'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Board of Directors
Academy for Integrated Arts

We have audited the administration's assertions, included in its representation letter dated October 15, 2018, that Academy for Integrated Arts complied with the requirements of Missouri Laws and Regulations regarding accurate disclosure by the School's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2017 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2018; and accurate disclosure by the School's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2018. As discussed in that representation letter, the administration is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the School's compliance based on our audit.

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

In our opinion, the administration's assertions that the School complied with the aforementioned requirements for the year ended June 30, 2018, are fairly stated in all material respects.

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

This report is intended solely for the information and use of the Board of Directors, administration, University of Missouri - Kansas City and the Missouri Department of Elementary and Secondary Education and is not intended to be and should not be used by anyone other than these specified parties.

Westbrook & Co., P.C.

October 15, 2018

**ACADEMY FOR INTEGRATED ARTS
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

TRANSPORTATION - During our audit, we noted the bus company estimates the number of eligible miles by taking the actual readings for one day during the month and multiplying them by the number of days the students are transported during that month. Although this method provides materially correct information, state transportation regulations require that schools report the actual mileage driven based on odometer readings obtained during the year. We recommend that the School obtain the actual odometer readings from the bus company in the future.

Additionally, we noted that non-disabled riders, number of days transportation system operated and non-route mileage information reported on the Application for State Transportation Aid did not agree with the detailed mileage information provided by the bus company. As a result of our audit, the Application for State Transportation Aid has been corrected.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors
Academy for Integrated Arts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of Academy for Integrated Arts as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free 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 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.

Westbrook & Co., P.C.

Richmond, Missouri
October 15, 2018