

Draft
12/30/24

KAIROS ACADEMIES
St. Louis, Missouri

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

June 30, 2024

TABLE OF CONTENTS

Independent Auditor’s Report	Page 1-3
------------------------------------	-------------

FINANCIAL STATEMENTS:

Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	4
Statement of Support, Revenue, and Expenses – Modified Cash Basis	5
Statement of Functional Expenses – Modified Cash Basis	6
Statement of Cash Flows – Modified Cash Basis	7
Notes to Financial Statements	8-16

SUPPLEMENTARY INFORMATION:

Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis – By Fund	18
Statement of Receipts, Disbursements and Change in Fund Balances - Modified Cash Basis – By Fund	19
Schedule of Receipts Collected by Source – Modified Cash Basis – By Fund	20
Schedule of Disbursements by Object – Modified Cash Basis – By Fund	21
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23

INTERNAL CONTROL AND COMPLIANCE:

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27-29
Schedule of Findings and Questioned Costs	30
Schedule of Prior Year Findings and Questioned Costs	31-32
Independent Accountant’s Report on Management’s Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations	33
Schedule of Selected Statistics	34-36
Schedule of State Findings	38

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kairos Academies
St. Louis, Missouri

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Kairos Academies (a nonprofit organization) (the "School"), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2024, and the related statements of support, revenue, and expenses-modified cash basis, functional expenses-modified cash basis, and cash flows-modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Kairos Academies as of June 30, 2024, and its support, revenue, and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which 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 that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2, and for 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents from pages 18-23, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the 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 30, 2024, 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.

Kansas City, Missouri
December 30, 2024

Marr and Company, P.C.
Certified Public Accountants

KAIROS ACADEMIESSTATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
June 30, 2024ASSETS

Cash	\$ 604,893
Capital assets, net of accumulated depreciation	<u>2,172,196</u>
Total Assets	\$ <u>2,777,089</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Payroll withholdings	\$ 144,646
Notes payable, net of debt issuance costs	<u>1,008,528</u>
Total Liabilities	1,153,174
Net Assets:	
Without donor restrictions	1,623,915
With donor restrictions	<u>0</u>
Total Net Assets	<u>1,623,915</u>
Total Liabilities and Net Assets	\$ <u>2,777,089</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

KAIROS ACADEMIES

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES – MODIFIED CASH BASIS
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE & OTHER INCOME:</u>			
Contributions and donations	\$ 455,259	\$ 0	\$ 455,259
State aid receipts	6,297,861	0	6,297,861
Federal grants and contracts	1,601,151	0	1,601,151
Sales tax (Proposition C)	688,707	0	688,707
Other income	<u>19,054</u>	<u>0</u>	<u>19,054</u>
Total Support, Revenue & Other Income	9,062,032	0	9,062,032
<u>EXPENSES:</u>			
Program services	8,598,212	0	8,598,212
Supporting activities:			
General and administrative	2,108,804	0	2,108,804
Fundraising	<u>18,282</u>	<u>0</u>	<u>18,282</u>
Total Supporting activities	<u>2,127,086</u>	<u>0</u>	<u>2,127,086</u>
Total Expenses	<u>10,725,298</u>	0	<u>10,725,298</u>
Net assets released from restrictions	<u>71,601</u>	<u>(71,601)</u>	<u>0</u>
Change in Net Assets	(1,591,665)	(71,601)	(1,663,266)
Net Assets, Beginning of Year	<u>3,215,580</u>	<u>71,601</u>	<u>3,287,181</u>
Net Assets, End of Year	\$ <u>1,623,915</u>	\$ <u>0</u>	\$ <u>1,623,915</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

KAIROS ACADEMIES

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
For the Year Ended June 30, 2024

	<u>Supporting Activities</u>			<u>Total Supporting Activities</u>	<u>Total</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>		
Salaries and wages	\$ 4,493,532	\$ 627,653	\$ 0	\$ 627,653	\$ 5,121,185
Payroll taxes and employee benefits	1,149,115	199,007	0	199,007	1,348,122
Advertising	5,683	3,170	0	3,170	8,853
Conferences, meetings and travel	44,841	68,276	107	68,383	113,224
Contract and professional fees	813,311	674,023	16,297	690,320	1,503,631
Insurance	6,405	34,236	0	34,236	40,641
Dues and memberships	3,881	12,779	0	12,779	16,660
Food service	123,601	0	0	0	123,601
Occupancy	262,113	65,528	0	65,528	327,641
Rent	953,585	239,177	0	239,177	1,192,762
Student transportation	133,838	0	0	0	133,838
Supplies	81,076	56,037	1,878	57,915	138,991
Technical supplies	103,897	39,778	0	39,778	143,675
Telephone and communications	13,282	3,320	0	3,320	16,602
Textbook and educational materials	60,445	0	0	0	60,445
Capital Outlay	96,590	22,566	0	22,566	119,156
Depreciation	240,538	60,134	0	60,134	300,672
Debt interest and fees	12,479	3,120	0	3,120	15,599
Total Expenses	<u>\$ 8,598,212</u>	<u>\$ 2,108,804</u>	<u>\$ 18,282</u>	<u>\$ 2,127,086</u>	<u>\$ 10,725,298</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

KAIROS ACADEMIESSTATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
For the Year Ended June 30, 2024

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in net assets	\$(1,663,266)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	300,672
Change in payroll withholdings	<u>144,646</u>
Net cash from operating activities	(1,217,948)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of property and equipment	<u>(66,137)</u>
Net cash from investing activities	(66,137)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Additions of debt issuance costs	(11,000)
Borrowings of long-term debt	<u>1,019,528</u>
Net cash from financing activities	<u>1,008,528</u>
Net decrease in Cash	(1,353,397)
Cash, beginning of year	<u>1,958,290</u>
Cash, end of year	\$ <u><u>604,893</u></u>
<u>SUPPLEMENTAL DISCLOSURE:</u>	
Cash paid for interest	\$ <u><u>15,599</u></u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

KAIROS ACADEMIESNOTES TO FINANCIAL STATEMENTS
June 30, 2024

INDEX

NOTE 1: ORGANIZATION

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting
- B. Reclassifications
- C. Cash and Cash Equivalents
- D. Concentrations of Credit and Market Risk
- E. Capital Assets
- F. Compensated Absences
- G. Net Assets
- H. Revenue Recognition
- I. Income Taxes
- J. Functional Allocation of Expenses
- K. Use of Estimates
- L. Subsequent Events

NOTE 3: LIQUIDITY RESOURCE MANAGEMENT

NOTE 4: CAPITAL ASSETS

NOTE 5: NOTES PAYABLE

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

NOTE 7: RETIREMENT PLAN

NOTE 8: INSURANCE

NOTE 9: LEASE COMMITMENT

NOTE 10: CLAIMS AND ADJUSTMENTS

NOTE 11: RELATED PARTIES

KAIROS ACADEMIESNOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 1: ORGANIZATION

Kairos Academies (the “School”) is a not-for-profit public benefit corporation organized on November 14, 2016 under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. The School is exempt from most Missouri laws and statutes governing educational institutions. Senate Bill No. 781 governs it. The School is a tuition-free public charter school in St. Louis, Missouri for students in grades five through twelve. In the current year, the School served grades five through tenth and plans to add additional grade levels, annually. The School is sponsored by Missouri Charter Public School Commission with a charter school contract and performance agreement signed May 2024 for five school years beginning July 1, 2024 and ending June 30, 2029.

Approximately 90-95% of the School’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 and grants from foundations and individuals.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues and expenses when they result from cash transactions with a provision for recording property and equipment, depreciation, payroll withholdings and long-term liabilities, such as promissory notes, which are recognized when incurred. 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 of America.

B. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

C. Cash and Cash Equivalents

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

D. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the School to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at a high-quality financial institution and accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At June 30, 2024, the ending bank balances were covered by federal depository insurance and pledged collateralized securities for the amount in excess of the FDIC limit. The School has not experienced any losses on its cash or cash equivalents.

KAIROS ACADEMIES

NOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

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:

Leasehold improvements	5-7 years
Furniture	5-7 years
Equipment	5-7 years

F. Compensated Absences

Personal days and sick leave are considered disbursements in the year paid in accordance with the modified cash basis of accounting. Employees are allowed a single bank of personal time off for employees at the beginning of their contract with the School. All employees will be granted seven days of personal time off that may be used throughout the calendar year except for blackout dates as defined by the School. The School does not pay out positive balances of elective paid time off or mandatory paid time off to employees.

G. Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions or law. These net assets may be used at the discretion of the School's management and the School's Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other program or events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. The School reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

KAIROS ACADEMIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Draft
12/30/24

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenue Recognition

All contributions are considered available for use within the School's general programs unless specifically restricted by the donor or grantor. In accordance with the modified cash basis of accounting, the School immediately recognizes all revenue at the time of receipt.

I. 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, 2024, there was no interest or penalties recorded in the financial statements.

J. Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of support, revenue, and expenses—modified cash basis. The statement of functional expenses—modified cash basis presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited and, in some cases, to one or more program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, payroll taxes and employee benefits are allocated based on time and effort expended. Depreciation, rent, and certain occupancy costs are based on estimated square footage unless directly allocated to program services. The remaining expenses are allocated directly.

K. Use of 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.

L. Subsequent Events

The School has evaluated subsequent events through December 30, 2024, the date which the financial statements were available to be issued.

KAIROS ACADEMIES

NOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 3: LIQUIDITY RESOURCE MANAGEMENT

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2024, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalent	\$ 604,893
Less donor restricted	<u>(0)</u>
Net available financial assets	\$ <u>604,893</u>

NOTE 4: CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2024:

Leasehold improvements	\$ 1,472,578
Land	559,480
Furniture	47,552
Equipment	97,710
Construction in process	<u>597,309</u>
	2,774,629
Less: accumulated depreciation	<u>602,433</u>
Total capital assets, net	\$ <u>2,172,196</u>

Depreciation expense for the year ended June 30, 2024 was \$300,672. The expense was allocated across related functions: \$240,538 to instruction as program services and \$60,134 to operation of plant as general and administrative activities.

NOTE 5: NOTES PAYABLELFF Fund, LLC

On January 31, 2024, the School entered into a loan agreement with LFF Fund, LLC (“LFF”) in a total aggregate amount of up to \$600,000. The loan is secured by certain real property located in the State of Missouri, with a street address of 4153 Bingham Avenue, St. Louis, Missouri 63116, together with all improvements made to the real property.

KAIROS ACADEMIES

NOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 5: NOTES PAYABLE (continued)

This loan bears interest at a fixed rate of 6.25% per annum. Interest accrues on the outstanding principal balance and interest only payments are payable in arrears on the first day of each month, beginning March 1, 2024, and continuing on each subsequent payment date (the first of each month) through the maturity date. Interest payments are made from an Interest Reserve established under the terms of the loan agreement. Any accrued but unpaid interest on the outstanding principal balance through the day immediately preceding a payment date is due and payable on such date. The loan matures on the earlier of (i) January 31, 2026, (ii) the maturity date of the LISC loan (as described below), or (iii) the date of any refinance. As of June 30, 2024, the principal balance of the LFF loan was \$542,000.

Local Initiatives Support Corporation

On April 3, 2024, the School entered into a loan agreement with Local Initiatives Support Corporation ("LISC") in a total aggregate amount of up to \$500,000. The loan is secured by certain real property located in the State of Missouri, with a street address of 4153 Bingham Avenue, St. Louis, Missouri 63116, together with all improvements made to the real property.

This loan bears interest at a fixed rate of 5% per annum. Interest accrues on the outstanding principal balance and interest only payments are payable in arrears on the first day of each month, beginning May 3, 2024, and continuing on each subsequent payment date (the first of each month) through the maturity date. Interest payments are made from an Interest Reserve established under the terms of the loan agreement. Any accrued but unpaid interest on the outstanding principal balance through the day immediately preceding a payment date is due and payable on such date. The loan matures on the earlier of (i) the date of closing and initial funding of any portion of the construction financing for the project (as described in the agreement) or (ii) the 24-month anniversary of the first day of the first month following April 3, 2024. As of June 30, 2024, the principal balance of the LFF loan was \$477,528.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from restrictions for the following purposes during the year ended June 30, 2024.

Innovative approaches to literacy	\$ 10,151
Career and credentialing pathway preparation	25,000
Real estate development and financing	<u>36,450</u>
	\$ <u>71,601</u>

KAIROS ACADEMIES

NOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 7: RETIREMENT PLAN

All persons employed on a full-time basis by the St. Louis Schools Board of Education, Charter Schools in the City of St. Louis, and the Public School Retirement System of the City of St. Louis (“System”) are members of the cost-sharing, multiple-employer defined benefit pension plan that provides retirement benefits. Participation is mandatory under the provisions of the Revised Statutes of the State of Missouri, Chapters 105 and 169.

The retirement system issues a publicly available financial report that includes financial statements and other required information. That report is available at www.psrstl.org or may be obtained by writing to: The Public School Retirement System of the City of St. Louis, 3641 Olive Street Suite 300, St. Louis, Missouri, 63108, or by calling 1-314-534-7444.

Contributions by Members

Member contribution rates are established by state laws and are paid by the employee based on Missouri Revised Statutes 169.440 – 169.597. Active Members hired before January 1, 2018 contribute 8.00% of their covered compensation from July 1, 2023 through December 31, 2023 and 8.50% of their covered compensation from January 1, 2024 through June 30, 2024. This rate increases 0.50% per year until it reaches 9.00%. After this, the contribution rate will remain at 9.00% of the compensation covered. Active members hired on or after January 1, 2018 contribute 9.00% of their covered compensation.

Contributions by Employers

According to the Missouri Revised Statutes, for calendar year 2018, the rate of contribution payable by each employer shall equal 16.00% of the total compensation of all members employed by that employer. For each calendar year thereafter, the percentage rate of contribution payable by each employer of the total compensation of all members employed by that employer shall decrease 0.50% annually until calendar year 2032, when the rate of contribution payable by each employer shall equal 9.00% of the total compensation of all members employed by that employer. For subsequent calendar years after 2032, the rate of contribution payable by each employer shall equal 9.00% of the total compensation of all members employed by that employer.

For the School, the System’s statutory required contribution rate was set at 13.50% of the member’s covered compensation from July 1, 2023 through December 31, 2023 and 13.00% of their covered compensation from January 1, 2024 through June 30, 2024.

During fiscal year 2022 the School entered into a settlement agreement with the Retirement System for unpaid principal contributions and deductions as determined by a payroll examination for 2019 through 2022. A total amount of \$775,628 was owed to the Retirement System by Kairos Academies for this time period. This amount was made up of principal delinquency, interest, audit costs, and attorneys’ fees. The first payment in the amount of \$150,000 was due on August 30, 2022 with quarterly payments of \$69,514 starting on September 30, 2022. A final quarterly payment of \$69,514 was due on September 30, 2024. The School chose to expedite payments after making eight payments of \$69,514 monthly leaving one final payment of \$69,514 due at June 30, 2023. At June 30, 2024, additional unpaid principal contributions and deductions were owed to the Retirement System in the amount of \$134,346, which is included in payroll withholdings on the statement of financial position – modified cash basis.

The total employer contributions for the year ended June 30, 2024 was \$530,671.

KAIROS ACADEMIES

NOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 8: 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 9: LEASE COMMITMENT*Facility Agreement*

On August 15, 2019, the School entered into a lease agreement with Concordia Publishing House for educational facilities located in St. Louis, MO. The original lease term was for four years and required a security deposit in the amount of \$23,750. The lease has subsequently been amended to add additional building space, a recreational court, and extend the lease to a total of six years. Per the lease agreement, the annual rent is increased by the consumer price index. Additionally, the lease agreement provides for renovation reimbursements of \$1,053,000 and a construction contract in the amount of \$1,410,080. During fiscal year 2022, a third amendment was made to the lease to rent an additional 17,300 square feet of the building resulting in additional rent of \$263,825 annually. The lease provides for certain lease extensions and a buyout feature related to certain floors of the lease. Total rent expense related to this lease was \$1,157,634 for the year ended June 30, 2024.

Equipment Agreement

On March 19, 2020, the School entered into a copier lease agreement. The lease requires 60 monthly payments of \$233 and matures March 18, 2025. Rent expense related to this lease was \$2,791 for the year ended June 30, 2024.

Future minimum lease payments are as follows.

<u>Year Ending June 30,</u>	
2025	\$ 1,187,448
2026	854,346
2027	816,317
2028	816,317
2029	<u>102,040</u>
Total	\$ <u>3,776,468</u>

NOTE 10: CLAIMS AND ADJUSTMENTS

The School participates in several 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, 2024, a significant amount of disbursements had 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.

KAIROS ACADEMIESNOTES TO FINANCIAL STATEMENTS
June 30, 2024NOTE 11: RELATED PARTIES

During the year ended June 2023, two new entities were established to support the School. Kairos Foundation and Kairos Campuses are organized, and shall be operated, exclusively for the benefit of, to perform the functions of, and carry out the purposes of, and to be operated, supervised, or controlled by or in connection with Kairos Academies. These entities shall be operated in a manner as to qualify and be recognized as a 509(a)(3) supporting organizations of Kairos Academies. As of June 30, 2024, the two entities were stood up but, neither entity had bank accounts established or any financial activity in fiscal year. Kairos Campuses will be used to house the property and related debt when the School expands. In addition, Kairos Foundation will be used for fundraising efforts of Kairos Academies. Once these two entities have financial activities they will be required to be consolidated with Kairos Academies for financial reporting purposes.

Draft
12/30/24

SUPPLEMENTARY INFORMATION

KAIROS ACADEMIES

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES –
MODIFIED CASH BASIS – BY FUND

June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<u>Assets</u>				
Cash	\$ 6048,93	\$ 0	\$ 0	\$ 6048,93
Other assets	<u>3,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,500</u>
Total Assets	<u>\$ 608,393</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 608,393</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Payroll withholdings	\$ 144,646	\$ 0	\$ 0	\$ 144,646
Total Liabilities	144,646	0	0	144,646
Fund Balances:				
Unassigned	<u>463,747</u>	<u>0</u>	<u>0</u>	<u>463,747</u>
Total Fund Balances	<u>463,747</u>	<u>0</u>	<u>0</u>	<u>463,747</u>
Total Liabilities and Fund Balances	<u>\$ 608,393</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 608,393</u>
Total fund balances				\$ 463,747
Total capital assets, net on the Statement of Assets, Liabilities and Net Assets				2,168,696
Total note payable liability on the Statement of Assets, Liabilities and Net Assets				(1,008,528)
Total net assets on the Statement of Assets, Liabilities and Net Assets				<u>\$ 1,623,915</u>

Note: The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report (ASBR).

See Independent Auditor's Report

KAIROS ACADEMIES

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
MODIFIED CASH BASIS – BY FUND

For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
RECEIPTS:				
Local	\$ 898,200	\$ 264,820	\$ 0	\$ 1,163,020
State	3,217,843	3,080,018	0	6,297,861
Federal	<u>1,601,151</u>	<u>0</u>	<u>0</u>	<u>1,601,151</u>
Total Receipts	5,717,194	3,344,838	0	9,062,032
DISBURSEMENTS:				
Instruction	1,016,396	2,437,066	0	3,453,462
Support services - Students	623,707	136,046	0	759,753
Support services - Instructional Staff	431,947	74,850	6,327	513,124
Support services - General Administration	2,109,142	0	0	2,109,142
Support services - Building Level Admin	150,632	696,876	0	847,508
Business Support Services	163,623	0	0	163,623
Fiscal Services	306,114	0	0	306,114
Operation and Maintenance Plant Services	1,706,984	0	167,740	1,874,724
Student Transportation	133,838	0	0	133,838
Food Services	131,582	0	0	131,582
Support services - Central Office	30,447	0	0	30,447
Other Support Services	60,818	0	0	60,818
Community services	79,806	0	0	79,806
Capital outlay	0	0	1,085,035	1,085,035
Debt interest and fees	<u>0</u>	<u>0</u>	<u>26,599</u>	<u>26,599</u>
Total Disbursements	<u>6,945,036</u>	<u>3,344,838</u>	<u>1,285,701</u>	<u>11,575,575</u>
Receipts Over (Under) Disbursements	(1,227,842)	0	(1,285,701)	(2,513,543)
Other Financing Sources (Uses)				
Loan proceeds	0	0	1,015,500	1,015,500
Transfers In	0	0	270,201	270,201
Transfers Out	<u>(270,201)</u>	<u>0</u>	<u>0</u>	<u>(270,201)</u>
Total Other Financing Sources (Uses)	<u>(270,201)</u>	<u>0</u>	<u>1,285,701</u>	<u>1,015,500</u>
Net Changes in Fund Balance	(1,498,043)	0	0	(1,498,043)
FUND BALANCE - JUNE 30, 2023	<u>1,961,790</u>	<u>0</u>	<u>0</u>	<u>1,270,360</u>
FUND BALANCE - JUNE 30, 2024	\$ <u>463,747</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,217,697</u>
Net changes in fund balance				\$(1,498,043)
Changes in:				
Capital assets – purchases				1,143,977
Capital assets – depreciation				(300,672)
Note payable – additions of debt issuance costs				11,000
Note payable – loan borrowings, net of issuance costs				<u>(1,019,528)</u>
Change in net assets on the Statement of Support, Revenue, and Expenses				<u>\$(1,663,266)</u>

Note: The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report (ASBR).

See Independent Auditor's Report

KAIROS ACADEMIES

SCHEDULE OF RECEIPTS COLLECTED BY SOURCE – MODIFIED CASH BASIS – BY FUND
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<u>LOCAL:</u>				
Sales tax (Prop C)	\$ 423,887	\$ 264,820	\$ 0	\$ 688,707
Student activities	8,927	0	0	8,927
Gifts and contributions	455,259	0	0	455,259
Other	<u>10,127</u>	<u>0</u>	<u>0</u>	<u>10,127</u>
Total Local	898,200	264,820	0	1,163,020
<u>STATE:</u>				
Basic formula	2,946,976	3,080,018	0	6,026,994
Classroom trust fund	199,538	0	0	199,538
Other	<u>71,329</u>	<u>0</u>	<u>0</u>	<u>71,329</u>
Total State	3,217,843	3,080,018	0	6,297,861
<u>FEDERAL:</u>				
Medicaid	201,184	0	0	201,184
IDEA Special education	120,024	0	0	120,024
Food services	185,367	0	0	185,367
ARP ESSER grants	29,332	0	0	29,332
ESEA Title I.A	695,659	0	0	695,659
ESEA Title II.A	34,038	0	0	34,038
ESEA Title IV.A	46,836	0	0	46,836
Other Federal	<u>288,711</u>	<u>0</u>	<u>0</u>	<u>288,711</u>
Total Federal	<u>1,601,151</u>	<u>0</u>	<u>0</u>	<u>1,601,151</u>
Total Receipts	\$ <u>5,717,194</u>	\$ <u>3,344,838</u>	\$ <u>0</u>	\$ <u>9,062,032</u>

Note: The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report (ASBR).

See Independent Auditor's Report

KAIROS ACADEMIES

SCHEDULE OF DISBURSEMENTS BY OBJECT – MODIFIED CASH BASIS – BY FUND
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Salaries	\$ 2,467,606	\$ 2,653,579	\$ 0	\$ 5,121,185
Payroll taxes and benefits	656,863	691,259	0	1,348,122
Professional and technical services	1,548,437	0	0	1,548,437
Property services	1,300,120	0	0	1,300,120
Transportation services, contracted	247,062	0	0	247,062
Insurance-property/liability	40,641	0	0	40,641
Communication and memberships	42,115	0	0	42,115
Other purchased services	175,478	0	0	175,478
General supplies	328,045	0	0	328,045
Books and periodicals	14,673	0	0	14,673
Warehouse, food	123,601	0	0	123,601
Other supplies	395	0	0	395
Capital outlay	0	0	1,259,102	1,259,102
Debt interest and fees	<u>0</u>	<u>0</u>	<u>26,599</u>	<u>26,599</u>
Total Disbursements	<u>\$ 6,945,036</u>	<u>\$ 3,344,838</u>	<u>\$ 1,285,701</u>	<u>\$ 11,575,575</u>
 Total disbursements				 \$ 11,575,575
Changes in:				
Capital assets – purchases				(1,143,977)
Capital assets – depreciation				300,672
Note payable – additions of debt issuance costs				(11,000)
Note payable – interest accrued				<u>4,028</u>
Total Expenses on the Statement of Support, Revenue, and Expenses				<u>\$ 10,725,298</u>

Note: The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report (ASBR).

See Independent Auditor's Report

KAIROS ACADEMIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grantor Pass- Through Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Pass-through Missouri Dept of Elementary & Secondary Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	115-931	\$ 58,040
National School Lunch Program	10.555	115-931	<u>122,684</u>
Total Child Nutrition Cluster			<u>180,723</u>
Total U.S. Department of Agriculture			180,723
 <u>U.S. Department of Education</u>			
<i>Direct Awards:</i>			
Charter School Program	84.282A	n/a	451,035
Innovative Approaches to Literacy Program	84.215G	n/a	108,708
<i>Pass-through Missouri Dept of Elementary & Secondary Education:</i>			
Title I, Grants to LEAs	84.010A	115-931	732,703
Title II.A, Supporting Effective Instruction	84.367A	115-931	37,312
Title IV, Student Support and Academic Enrichment	84.424A	115-931	51,017
Education Stabilization Fund:			
COVID-19 ARP Act Education Stabilization Fund (ESSER III)	84.425U	115-931	18,780
COVID-19 ARP Act Homeless Children and Youth (HCY II)	84.425W	115-931	<u>18,211</u>
Total Education Stabilization Fund			36,991
Special Education Cluster (IDEA):			
IDEA, Part B - Special Education	84.027A	115-931	<u>140,009</u>
Total U.S. Department of Education			<u>1,557,775</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,738,499</u>

See Accompanying Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

KAIROS ACADEMIESNOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Kairos Academies (the “School”) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which is described in Note 2 to the School’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Schedule presents both Type A and Type B federal assistance programs administered by the School. The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For the School, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in Uniform Guidance.

The School elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3: SUBRECIPIENTS

The School did not provide funds to subrecipients in the current fiscal year.

Draft
12/30/24

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITOR’S 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
Kairos Academies
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 Kairos Academies (the “School”) (a nonprofit organization), which comprise the statement of assets, liabilities and net assets-modified cash basis as of June 30, 2024, and the related statements of support, revenue and expenses-modified cash basis, functional expenses-modified cash basis, 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 30, 2024.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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.

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 30, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Kairos Academies
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kairos Academies (the “School”) (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2024. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 30, 2024

KAIROS ACADEMIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

SECTION I: SUMMARY OF AUDITOR'S RESULTS*Financial Statement:*

- 1) The type of report issued on the basic financial statements. Unmodified opinion
- 2) Internal Control over Financial Reporting:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 3) Noncompliance, which is material to the basic financial statements, was disclosed. None

Federal Awards:

- 1) Internal Control over Major Programs:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 2) The type of report issued on compliance for major programs. Unmodified opinion
- 3) Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance? None
- 4) The School's major federal program(s):

Federal Assistance Number(s)	Federal Program or Cluster
84.010A	Title I, Grants to LEAs
- 5) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- 6) Auditee qualified as a low-risk auditee specified in Section 200.520 of the Uniform Guidance?
 Yes No

SECTION II: FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

KAIROS ACADEMIES

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS****Reference**

2023-001

Finding Type: Significant Deficiency

Condition: The School did not have adequate internal control procedures in place to ensure that the federal reporting package for the year ended June 30, 2022 was submitted timely to the Federal Audit Clearinghouse under the Uniform Guidance requirements of the earlier of 30 calendar days after receipt of the auditors' report or nine months after the end of the audit period.

Recommendation: The School should implement internal control procedures to ensure timely reporting to all funding and oversight organizations.

Status: *This finding has been resolved and is not repeated in the current year.*

2023-002

Finding Type: Significant Deficiency

Condition: The School did not have adequate internal controls in place to ensure revenue with donor imposed restrictions, the related release of restrictions and net assets with donor restrictions were properly classified in the financial statements.

Recommendation: The School should implement internal control procedures to ensure complete and accurate reporting of revenue with donor restrictions, the release of restrictions and net assets with donor restrictions in the accounting records and financial statements.

Status: *This finding has been resolved and is not repeated in the current year.*

2023-003

Finding Type: Material Weakness (Charter School Program, AL No. 84.282)

Condition: Purchase orders are not being prepared and price and rate quotes are not consistently being obtained, evaluated or approved.

Recommendation: We recommend procedures be established to monitor compliance with the School's procurement policies to ensure purchase are properly supported with purchase orders and formally approval of purchase is being document in accordance with the School's policy. In addition, we recommend procedures be established to monitor compliance with Uniform Guidance related to all levels of purchases including but not limited to obtaining and analyzing price and rate quotes for all small purchases.

Status: *This finding has been resolved and is not repeated in the current year.*

KAIROS ACADEMIES

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS (continued)**

2023-004 Federal Finding: Charter School Program, AL No. 84.282

Condition: A physical inventory of property purchased under federal programs is not being performed and the records of capitalized property, plant and equipment do not contain several of the items required under Uniform guidance.

Recommendation: We recommend School review current policies and procedures surrounding equipment and real property management and establish procedures related to physical inventory and retention of data required under Uniform Guidance.

Status: *This finding has been resolved and is not repeated in the current year.*

2023-005 Federal Finding: Charter School Program, AL No. 84.282

Condition: Debarment and suspension review procedures or related controls are not in place.

Recommendation: We recommend the School's procurement procedures and procedures be reviewed and updated to include review of entities for debarment and suspension prior to entering into covered transactions.

Status: *This finding has been resolved and is not repeated in the current year.*

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

Board of Directors
Kairos Academies
St. Louis, Missouri

We have examined management’s assertion, included in its representation letter dated December 30, 2024, that Kairos Academies (the “School”) 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, 2024. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School’s compliance with specified requirements.

In our opinion, management’s assertion that Kairos Academies complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2024, are fairly stated, in all material respects.

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 30, 2024

KAIROS ACADEMIES

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2024

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

Report each unique calendar the 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	05	08	n/a	7.5000	152	1,077.7000
1050	09	10	n/a	7.5000	154	1,085.7500

2. ATTENDANCE HOURS

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
3945	5	28,118.7675	0.0000	0.0000	0.0000	1,759.8500	29,878.6175
3945	6	67,685.7017	0.0000	0.0000	0.0000	7,396.2993	75,082.0010
3945	7	68,206.2183	0.0000	0.0000	0.0000	7,486.6003	75,692.8186
3945	8	74,545.9020	0.0000	0.0000	0.0000	9,061.1497	83,607.0517
1050	9	98,144.3689	0.0000	0.0000	0.0000	11,027.7701	109,172.1390
1050	10	94,201.5353	0.0000	0.0000	0.0000	0.0000	94,201.5353
Grand Total		<u>402,783.7262</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>34,971.8194</u>	<u>437,755.5456</u>

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	5	35.00	0.00	0.00	35.00
3945	6	67.00	0.00	0.00	67.00
3945	7	79.00	0.00	0.00	79.00
3945	8	76.00	0.00	0.00	76.00
1050	9	126.00	0.00	0.00	126.00
1050	10	109.00	0.00	0.00	109.00
Grand Total		<u>492.00</u>	<u>0.00</u>	<u>0.00</u>	<u>492.00</u>

KAIROS ACADEMIES

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2024

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
1050	122.00	28.00	0.00	0.00	150.00
3945	127.00	22.00	0.00	0.00	149.00
Grand Total	<u>249.00</u>	<u>50.00</u>	<u>0.00</u>	<u>0.00</u>	<u>299.00</u>

5. FINANCE

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

Section	Question	Answer
5.1	The 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 and reporting by category 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
	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

KAIROS ACADEMIES

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2024

5. FINANCE (CONTINUED)

Section	Question	Answer
5.3	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
5.4	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
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district’s school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:	\$100,000
5.6	The charter school’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	N/A
5.10	The charter school published a summary of the prior year’s audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	\$N/A
5.13	The 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

KAIROS ACADEMIES

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2024

5. FINANCE (CONTINUED)

All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	None noted
Management Letter Comment:	None noted

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	N/A
6.2	The charter school’s pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	N/A
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	N/A
	Eligible ADT	<u>0.00</u>
	Ineligible ADT	<u>0.00</u>
6.4	The charter school’s transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	N/A
6.5	Actual odometer records show the total charter-operated and contracted mileage for the year was:	<u>0.00</u>
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	N/A
	Eligible Miles	<u>0.00</u>
	Ineligible Miles (Non-Route/Disapproved)	<u>0.00</u>
6.7	Number of days the charter school operated the school transportation system during the regular school year:	<u>0.00</u>

All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	N/A
Management Letter Comment:	N/A

Draft

12/30/24

KAIROS ACADEMIES

SCHEDULE OF STATE FINDINGS
For the Year Ended June 30, 2024

Prior year

There were no audit findings related to state compliance for the year ended June 30, 2023 to be resolved in the current year.

Current year

There were no audit findings related to state compliance for the year ended June 30, 2024 noted to be resolved.