

**Gateway Science Academy Board of Directors Meeting
December 9, 2019 at 4:30pm**

**Concept Schools Regional Office
6025 Chippewa St. Ste. 206,
St. Louis, MO 63109**

AGENDA

Call to Order Mr. Goerger

Roll Call Mr. Goerger

Mission Statement Mr. Goerger

Approval of the Agenda Mr. Goerger

Public Input Session Mr. Goerger

(Please note, the GSA Board public participation policy allows each speaker no more than three minutes and each topic is limited to no more than 20 minutes except with concurrence of the majority of the Board.)

Announcements/Acknowledgements

Funding Equity Presentation by Doug Thaman
Robotics Teams' Success

Consent Agenda

Mr. Goerger

*Approval of October 15, 2019, Meeting Minutes
Approval of October and November 2019 Financials
Approval of FY19 Financial Audit Report
Approval of Personnel Report*

*Mr. Goerger
Mr. Damar
Mr. Damar & Jon Cummings
Mr. Blackstone*

Student Achievement and Activities

Superintendent's Report

Mr. Blackstone

Renewal Update

Governing Board Related

Mr. Goerger

Board Committee Meetings

Other Business:

*Approval of Purchasing Property
Approval of Holiday Bonus*

*Mr. Blackstone
Mr. Blackstone*

Adjourn the Meeting

Mr. Goerger

Items in italics are action items.

MISSION

The mission of the Gateway Science Academy of St. Louis is to provide quality education with an emphasis on science, mathematics, and technology while balancing all core subjects. We strive to create an atmosphere that provides students, parents, and teachers opportunities for continuous growth, enabling them to reach their highest potential.

VISION

Elementary and Middle School Vision

Our students will enter high school ready to tackle any academic challenge and will excel in the STEM subjects.

High School Vision

Our students will achieve 100% graduation and college acceptance.

**Gateway Science Academy
Board of Directors Meeting
October 15, 2019, at 4:30 pm**

**Concept Schools Regional Office
6025 Chippewa St. Ste. 206
St. Louis, MO 63109**

MEETING MINUTES

1. Session Opening:

Mr. Goerger commenced the meeting to order with the roll call (4:36 pm) at the address 6025 Chippewa St., Suite 206, St. Louis, MO 63109.

Members Present: Orville (Beau) Goerger, Ben Diefenbach, Patrick Walker (online via Zoom), Tim Bagwell,

Members Absent: Patricia Hunt, Mehmet Kahveci, Jacquelyn Lewis-Harris

GSA: Nuh Celik- Principal, Matt Sagnak- Principal, Wendy Gilliam-Principal

Concept Schools: Engin Blackstone, Superintendent, Hasan Damar, Treasurer (online via Zoom)

Public: Hamza Dizdarevic-Alumni, Rashmi Nair – Board Candidate, Seyfullah Konukseven-Teacher

Mr. Goerger read the mission statement.

2. Adopt an Agenda:

Mr. Diefenbach made a motion to adopt the agenda. Dr. Bagwell seconded. Motion approved.

3. Public Input:

Hamza Dizdarevic introduced himself. He is GSA alumni, studying computer science at SLU. He stated his willingness to serve on the Board committees.

4. Announcements/Acknowledgements

None

5. Approval of the Consent Agenda

Dr. Bagwell made a motion, Mr. Diefenbach seconded to approve the consent agenda.

Approval of August 19, 2019, Meeting Minutes

No discussion

Approval of July, August and September 2019 Financials

The Board Finance Committee met on October 10th and reviewed the financials. Mr. Damar presented the reviewed financials with the reconciliation details and answered the questions. The end of October 2019 financials shows a deficit amount of \$1,271,811, and the school has a total of \$2,348,791 in its checking and saving accounts as of September 30, 2019. The regular income and expense items are very much in line with the projected budget, and the budget deficit is mainly about the construction expenses.

Approval of Construction Loan with the 5/3 Bank

Mr. Blackstone and Mr. Damar shared the term sheet for the construction financing that is proposed by the 5/3 Bank and asked for the Board's approval. The total loan amount is \$1,205,000 to be paid in 48 months.

Approval of Personnel Report

Mr. Blackstone presented the personnel report with the resignations and new hires since the last Board meeting.

Approval of the Policy for Authorized Names on the Bank Accounts

Mr. Blackstone proposed the policy for the Board's review and approval. The Board made a few recommendations on the verbiage of the policy and also asked to add the two signatures requirement term for the check amounts exceeding \$10,000.

Consent agenda approved unanimously.

6. Student Achievement and Activities - Superintendent's Report:

Mr. Blackstone updated the Board about the renewal process and timeline. He provided a report about what has been done and invited the Board to the public hearing on November 19th.

7. Board Related:

Approval of Bylaws Revisions:

The Board Executive Committee meeting is held on October 7th. The committee went over the Bylaws and made a few recommendations to the full Board. After presenting the recommendations, Mr. Diefenbach made a motion to approve, Dr. Bagwell seconded, and the recommended revisions approved unanimously.

Annual Evaluations:

The Board finalized the annual evaluations and provided them to Mr. Blackstone

Board Committee Meetings Schedule:

Executive Committee: January 22, 2020, and May 6, 2020

Finance Committee: December 2, 2019, February 3, 2020, March 30, 2020, and May 18, 2020

Academic Committee: TBD

New Board Member:

Dr. Rashmi Nair briefly introduced herself and her interest in joining the GSA Board. The Board approved her application unanimously and welcomed her to the Board. Dr. Nair's membership is contingent upon the clearance of her background checks.

Online Board Training Opportunity:

Mr. Goerger mentioned about the Board training video clips he shared with the Board and suggested to watch them at their convenience. He especially recommended it for the members who have not completed their annual training yet.

8. Other Business:

Additional Site Option: Mr. Blackstone shared with the Board about another neighboring building that might be a great option to expand the school's site. The building is on lease/sale now, and Mr. Matt and Mr. Blackstone are meeting with the landlord to explore options for potential school use of this property and its land.

9. Adjourn the Meeting

Mr. Diefenbach moved to adjourn the meeting; Dr. Bagwell seconded. The meeting adjourned at 6:35 pm.

FINANCIAL STATEMENT SUMMARY

GATEWAY SCIENCE ACADEMY OF ST LOUIS				Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jun-20
<i>Current Enrollment</i>	<i>1,492</i>									
	BUDGET-FY19	YTD								
LOCAL REVENUE	2,066,790	\$ 841,703.97	40.73%	99,798	254,893	157,126	182,568	147,320		
STATE REVENUE	14,765,414	\$ 6,030,817.19	40.84%	1,139,352	1,138,142	1,190,089	1,210,074	1,353,160		
FEDERAL REVENUE	1,224,570	\$ 548,142.96	44.76%	45,556	7,687	-	92,998	401,902		
Total Revenues	18,056,774	7,420,664	41.10%	1,284,706	1,400,722	1,347,215	1,485,640	1,902,382	-	-
SALARIES	7,807,073	\$ 3,481,788.13	44.60%	652,240	658,367	790,676	703,048	677,456		
BENEFITS	2,761,464	\$ 1,288,544.62	46.66%	211,170	261,662	264,888	277,604	273,222		
PURCHASED SERVICES	3,844,122	\$ 1,598,116.06	41.57%	240,676	370,022	312,733	334,773	339,912		
SUPPLIES AND MATERIALS	1,268,850	\$ 589,055.31	46.42%	44,452	138,907	130,258	167,981	107,457		
CAPITAL OUTLAY	798,125	\$ 2,288,024.16	286.67%	108,626	471,916	647,860	117,695	941,927		
Total Expenditures	16,479,634	9,245,528	56.10%	1,257,163	1,900,875	2,146,415	1,601,101	2,339,974	-	-
NET INCOME	1,577,141	(1,824,864)		27,543	(500,153)	(799,200)	(115,461)	(437,592)	-	-

Main Acc. Register (QB) Balance	\$ 596,837.47	\$ 461,725.33	\$ 477,733.69	\$ 774,488.55	\$ 945,772.69		
Main Acc. (Bank) Cleared Balance	\$ 608,664.63	\$ 541,797.23	\$ 560,081.98	\$ 870,805.49	\$ 1,121,761.75		
Savings Bank Safe Acc. (QB) Register Balance	\$ 2,928,427.93	\$ 2,534,140.81	\$ 1,788,709.27	\$ 1,512,050.81	\$ 1,002,558.50		
Savings Bank Safe Acc. (Bank) Cleared Balance	\$ 2,928,427.93	\$ 2,534,140.81	\$ 1,788,709.27	\$ 1,512,050.81	\$ 1,002,558.50		

BUSINESS	
53rd Bank Loan Payable	2,915,000
Total Loan Principal Payment for FY19	137,500
Purchases Over \$5,000	
Great Minds - Math Workbooks	18,490
Coralic, LLC - Architecture	11,326
Blue Technologies - Copier	7,430
Blue Technologies - Copier	7,430
PS Kids - SPED	5,790
Martin Rosso - SPED	5,000
KPM - Audit	10,700
Morrow, Andrew	6,199
PS Kids - SPED	8,359
Martin Rosso - SPED	7,600
St Louis University - Dual Credits	10,704
Samid Mamedov - Maintenance	5,150

*Recurring transactions aren't included.

**Gateway Science Academy of St Louis
Budget Vs Actual
As of November 30th, 2019**

	Jul 19 - Nov 19	FY 2020 Budget	% of Budget
Income			
Local Revenue	841,703.97	2,066,790.00	40.73%
State Revenue	6,030,817.19	14,765,414.40	40.84%
Federal Revenue	548,142.96	1,224,570.00	44.76%
Total Income	\$ 7,420,664.12	\$ 18,056,774.40	41.10%
Expense			
Salaries	3,481,788.13	7,807,073.08	44.60%
Benefits	1,288,544.62	2,761,463.76	46.66%
Professional Services	265,313.03	553,000.00	47.98%
Property Services (Rent, Repairs, Cleaning)	445,343.04	1,038,000.00	42.90%
Transportation Services	15,068.35	95,000.00	15.86%
Building & Property Insurance	67,097.29	85,000.00	78.94%
Communication (Phone, Printing, Ads)	27,832.94	115,000.00	24.20%
Management, Membership Fees and Other Dues	715,770.80	1,845,677.44	38.78%
Other Purchased Services (Student Activities)	61,690.61	112,444.44	54.86%
General Supplies (Supplies, Textbooks, Library and Uniforms)	589,055.31	1,268,850.00	46.42%
Interest Expense	69,277.65	223,125.00	31.05%
Capital Outlay	2,218,746.51	575,000.00	385.87%
Total Expense	\$ 9,245,528.28	\$ 16,479,633.72	56.10%
Net Income	\$ (1,824,864.16)	\$ 1,577,140.68	-115.71%

Difference Between Budget and YTD Actuals	Color Codes
Difference is less than 4%	
Difference is more than 4% but less than 15%	
Difference is more than 15%	

October Perc. 41.67%

Explanations

Income

Expense

Professional Services: \$17250 IXL, \$8358.75 PS Kids, \$22815 ST Louis Uni. paid in November 2019.

Building & Property Insurance: Insurance paid at the beginning of FY.

Transportation Services is only used for extra-curricular activities. Major activities are organized after January 2020.

Other Purchased Services: \$5000 Athleticare Sports, \$7175.32 Various Extra-curricular Activities paid in November 2019.

Capital Outlay: Buildig Improvements \$ 1,957,782.41 was not included in our original budget. Budget amendment needed.

Gateway Science Academy of St Louis
Balance Sheet
 As of November 30, 2019

	Nov 30, 19
ASSETS	
Current Assets	
Checking/Savings	
1111-01 · Fifth Third Bank-Main	945,772.69
1111-02 · 53rd 2nd Account	2,477.81
1111-04 · Bank Safe	1,002,558.50
Total Checking/Savings	1,950,809.00
Other Current Assets	
1400-00 · Other Current Assets	
1411 · Security Deposits	2,000.00
Total 1400-00 · Other Current Assets	2,000.00
Total Other Current Assets	2,000.00
Total Current Assets	1,952,809.00
Fixed Assets	
1500-00 · Fixed Assets	
1529 · Soft Costs	56,219.06
1520 · Building-Fyler	846,675.00
1521 · Building Improvements	5,315,136.87
1531 · Improvements Other Than Buildng	164,772.56
1541 · Equipment	1,828,950.76
1542 · Classroom Instructional Apparat	607,387.07
1543 · Vehicles	113,983.50
1549 · Accumulated Depreciation	-4,507,210.93
Total 1500-00 · Fixed Assets	4,425,913.89
Total Fixed Assets	4,425,913.89
TOTAL ASSETS	6,378,722.89
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2172-06 · Commercial Card - Ending 4528	1,137.23
2172-05 · Commercial Card - Ending 6461	8,592.29
2172-04 · Commercial Card - Ending 9667	22,180.40
2172-07 · Commercial Card - Ending 2120	-1,660.56
Total Credit Cards	30,249.36
Other Current Liabilities	
2176-00 · Accrued Interest	-7.05
2150-00 · Payroll Deduction & Withholdings	
2152-00 · FICA (Soc Sec)	22,694.79
2153-00 · Medicare	10,861.12
2155-00 · Missouri Income Tax	26,360.81
2156-00 · Health/Dental/Life Insu	479,452.40
2158-00 · Teacher Retirement	153,612.82
2161-00 · STL Earnings Tax	58,645.51
2150-00 · Payroll Deduction & Withholdings - Other	8,989.26

Gateway Science Academy of St Louis
Balance Sheet
As of November 30, 2019

	<u>Nov 30, 19</u>
Total 2150-00 · Payroll Deduction & Withholdings	760,616.71
Total Other Current Liabilities	<u>760,609.66</u>
Total Current Liabilities	790,859.02
Long Term Liabilities	
2121 · Loans Payable	
5/3 Loan - CD 9/9/2018	2,915,000.00
2121-01 · Loan Costs	<u>-15,561.25</u>
Total 2121 · Loans Payable	<u>2,899,438.75</u>
Total Long Term Liabilities	<u>2,899,438.75</u>
Total Liabilities	3,690,297.77
Equity	
3113-00 · Unrestricted Net Assets	4,513,289.28
Net Income	<u>-1,824,864.16</u>
Total Equity	<u>2,688,425.12</u>
TOTAL LIABILITIES & EQUITY	<u><u>6,378,722.89</u></u>

Gateway Science Academy of St. Louis

Financial Statements Together with Auditors' Report
for the Year Ended June 30, 2019

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Independent Auditors' Report

To the Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Gateway Science Academy of Saint Louis (a non-profit organization), which comprise the modified cash basis statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses – 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 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Academy'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 Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of Gateway Science Academy of Saint Louis, as of June 30, 2019, and the results of its operations and its cash flows – modified cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The data contained under Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is 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 November 27, 2019, on our consideration of Gateway Science Academy of Saint Louis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Gateway Science Academy of Saint Louis' internal control over financial reporting and compliance.

KPM CPAs, PC
Springfield, Missouri
November 27, 2019

Gateway Science Academy of St. Louis

Statement of Financial Position – Modified Cash Basis

June 30, 2019

Assets

Current Assets	
Cash and cash equivalents	\$ 3,446,928
Property and Equipment	
Non-depreciable	
Construction in progress	440,842
Depreciable	
Capital assets, net	3,985,072
Total Assets	<u>7,872,842</u>

Liabilities

Current Liabilities	
Accrued payroll taxes	322,620
Current portion of notes payable	330,000
Total Current Liabilities	<u>652,620</u>
Long-Term Liabilities	
Notes payable, less current portion	2,722,500
Total Liabilities	<u>3,375,120</u>

Net Assets	
Without donor restrictions	<u><u>\$ 4,497,722</u></u>

See accompanying notes to financial statements

Gateway Science Academy of St. Louis

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2019

	Without Donor Restrictions
Support & Revenue	
Local	\$ 2,047,586
State	13,898,481
Federal	1,215,444
Total Support and Revenues	<u>17,161,511</u>
Expenses	
Instruction	9,978,320
Student services	472,670
Instructional staff support	480,375
Building level administration	1,113,977
General administration and central services	632,095
Operation of plant	1,398,372
Food service	744,360
Community service	102,945
Interest	183,724
Depreciation	891,921
Total Expenses	<u>15,998,759</u>
<i>Increase in Net Assets</i>	1,162,752
Net Assets, beginning of year	3,334,970
Net Assets, end of year	<u><u>\$ 4,497,722</u></u>

See accompanying notes to financial statements

Gateway Science Academy of St. Louis

Statement of Cash Flows – Modified Cash Basis

Year Ended June 30, 2019

Cash Flows from Operating Activities	
Increase in net assets	\$ 1,162,752
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	891,921
Changes in:	
Accrued expenses	<u>229,957</u>
Net Cash Provided by Operating Activities	<u>2,284,630</u>
Cash Flows from Investing Activities	
Acquisition of property and equipment	<u>(644,764)</u>
Net Cash (Used) by Investing Activities	<u>(644,764)</u>
Cash Flows from Financing Activities	
Note proceeds	3,300,000
Principal payments on notes payable	<u>(3,668,255)</u>
Net Cash (Used) by Financing Activities	<u>(368,255)</u>
<i>Net Increase in Cash</i>	1,271,611
Cash and Cash Equivalents, Beginning of year	<u>2,175,317</u>
Cash and Cash Equivalents, End of year	<u>\$ 3,446,928</u>
Supplemental Disclosure of Cash Flow Information	
Interest paid	<u>\$ 183,724</u>

See accompanying notes to financial statements

Gateway Science Academy of St. Louis

Statement of Functional Expenses – Modified Cash Basis

Year Ended June 30, 2019

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Charter School</u>	<u>Management & General</u>	<u>Total</u>
Salaries	\$ 7,296,828	\$ 106,781	\$ 7,403,609
Employee Benefits	2,217,971	332,851	2,550,822
Purchased Services	2,886,126	907,093	3,793,219
Supplies	1,081,598	93,866	1,175,464
Depreciation	802,729	89,192	891,921
Interest and fees	183,724	-	183,724
Total Functional Expenses	<u>\$ 14,468,976</u>	<u>\$ 1,529,783</u>	<u>\$ 15,998,759</u>

See accompanying notes to financial statements

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

Gateway Science Academy of Saint Louis (the "Academy") is a Missouri not-for-profit corporation. The purpose of the Academy is to operate a Charter School established within the boundaries of the Saint Louis, Missouri School District. The Academy is legally separate from the Saint Louis, Missouri School District and is not financially accountable to it.

Accounting Standard Adoption

The Academy adopted *ASU No. 2016-14: Presentation of Financial Statements of Not-for-Profit Entities*. Under this standard, all not-for-profit entities are required to:

- Present on the face of the statements of financial position amounts for two classes of net assets.
- Present on the face of the statements of activities the amount of change in each of the two net classes.
- Present on the face of the statements of cash flows the net amount of operating cash flows.
- Present amounts of expense by both their natural classification and functional classification, either on the face of the statement of activities, a separate statement, or in the notes of the financial statements.
- Report investment return net of external and direct internal investment expenses.

Provide disclosure in the notes of the financial statements the following: Amounts and purposes of governing board designated net assets; Composition of net asset with donor restrictions; Quantitative and qualitative information regarding the liquidity of the Academy; Methods used to allocate cost among program and support functions.

The Academy adopted this standard as of June 30, 2019. As a result of adoption, the Academy's financial statements include applicable presentations and disclosures, but no change to the Academy's total net assets and changes in net assets.

Basis of Accounting

The Academy has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as timing of recognizing receipts, disbursements, and their related assets and liabilities. Under the modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to cash basis relates to the presentation of capital assets and related depreciation, payroll liabilities, and long-term debt.

Basis of Presentation

The Academy is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restriction and net assets with donor restriction.

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Academy. These net assets may be used at the discretion of the Academy's management and the board of directors.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Academy pursuant to those stipulations, that expire by the passage of time, or that include funds of perpetual donation.

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are classified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Property and Equipment

Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. These assets have been recorded at historical cost. It is the policy of the Academy to capitalize expenditures for equipment, furniture and fixtures in excess of \$1,000 per item.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenses in the year paid.

Recognition of Donor Restrictions

Contributions are recognized when they are unconditionally received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support that increases those net asset. If a restriction is fulfilled in the same time period in which the contribution is received, the Academy reports the support as without donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Academy defines its cash and equivalents to include only cash in demand deposits.

Revenue and Other Support

The Academy reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restrictions end or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation

The cost of providing the program and support services have been summarized on the statements of activities on a functional basis. Most expenses can be directly allocated to the program or supporting functions. Certain categories of expenses are attributed to both program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied and determined by management.

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Purchased services	Time and effort
Supplies	Time and effort
Depreciation	Direct
Interest and fees	Direct

Income Taxes

On June 11, 2012, the Academy was notified by the Internal Revenue Service (IRS) that their exempt status had been revoked due to the failure to file IRS Form 990s for three years. The revocation was retroactive to November 15, 2011. On June 25, 2012, the Academy submitted a request for retroactive reinstatement of exempt status and was granted reinstatement as of that date. As of November 27, 2019, the Academy has not received IRS approval of the retroactive portion of the reinstatement request. Effective June 26, 2012, the Academy was exempted from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Accounting for Uncertainty in Income Taxes

The Academy adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income taxes* ["FIN 48"]) on July 1, 2013. Under ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Academy's financial statements. The Academy does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of June 30, 2019, as a result of the adoption of ASC 740-10-25.

If the Academy does not receive approval of its request for retroactive reinstatement, it will be responsible for taxes at the normal corporate rates. At the due date for filing a corporate tax return for a June 30, 2012, year end, the Academy chose to not file a Form 1120 return as a for-profit corporation and pay estimated taxes and no extension request was filed. The Academy has not been notified officially regarding retroactive reinstatement as of November 27, 2019. The Academy has continued efforts to engage with the Internal Revenue Service in an effort to bring closure to this matter.

Subsequent Events

Management has evaluated subsequent events through November 27, 2019, the date the financial statements were available to be issued.

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

2. Retirement Plan

The Academy contributes to The Public School Retirement System of the School District of Saint Louis, Missouri a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Saint Louis, Missouri Public School District, the Saint Louis Public Library, and the Public School Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by The Retirement System 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 Public School Retirement System of the School District of Saint Louis, Missouri, 3641 Olive Street, Suite 300, Saint Louis, Missouri, 63108, or by calling 1-314-534-7444.

The Retirement System members are required to contribute 6.00% of their annual covered salary for members with start dates prior to 12/31/2017 and 9.00% for members with start dates on or after 1/1/2018 and the Academy is required to contribute an amount of 16.0%. After 01/01/2019, the Academy is required to contribute 15.5%. The contribution requirements of members and the school are established, and may be amended, by the Board of Trustees. The Academy's contributions to the system for the year ended June 30, 2019, were \$1,586,733, equal to the required contributions.

3. Operating Leases

On June 1, 2010, the Academy entered into a five-year lease with the St. Louis City Catholic Church Real Estate Corporation, a Missouri nonprofit corporation. As part of the original lease agreement, the Academy paid a base rent of \$11,000 to \$13,000 each month plus operating expenses of the leased facility, including all costs associated with the use, maintenance, financing, or repair of the property and all utilities, insurance, periodic capital replacement reserve amounts and management fees through July 31, 2019. A renewal option for August 1, 2019 through June 30, 2030 was exercised on August 1, 2019. The renewal set rates varying from \$12,500 to \$17,500 per month. The amount the Academy recognized in rent expense for the fiscal year ended June 30, 2019, was \$132,000.

On May 14, 2013, the Academy entered into a fifteen-year lease with 6651 Gravois, LLC, and New Plan Learning, Inc. As part of the lease agreement, the Academy pays a base rent each month plus tax, insurance, and operating expenses of the leased facility, including all costs associated with the use, maintenance, financing, or repair of the property and all utilities, insurance, periodic capital replacement reserve amounts and management fees. There is a renewal option for two successive extension periods of five additional years each. The first period base rent is \$32,800 per month with increases annually equaling 103% of the base rent of the immediately preceding lease year, rounded to the nearest whole dollar. This agreement is for the period of August 1, 2013 to July 31, 2027. The amount the Academy recognized in rent expense for this lease for the fiscal year ended June 30, 2019, was \$455,183.

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

Future base rent commitments for these leases at June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>New Plan Learning</u>	<u>St. Louis City Catholic Church Real Estate Corp.</u>
2020	\$ 468,838	\$ 148,500
2021	482,903	156,000
2022	497,391	162,000
2023	512,312	168,000
2024	527,682	174,000
2025	543,512	180,000
2026	559,817	186,000
2027	576,612	192,000
2028	48,168	198,000
2029	-	204,000
2030	-	210,000
	<u>\$ 4,217,235</u>	<u>\$ 1,978,500</u>

4. Education Management Agreement

Effective July 1, 2015, the Academy entered into an agreement with Concept Schools, an Illinois non-profit corporation to provide management and operating services to the Academy at a rate of 10% of School's total annual revenue, including grant funding, to the extent that such grants do not prohibit the transfer of grant funds to a third party in the form of a management fee.

The agreement will continue until the end of the charter agreement and automatically renew for additional, successive terms commensurately with the charter agreement unless one party notifies the other party on or before April 1, prior to the expiration of the then-current term, of its intention not to renew the agreement. During the year, the Academy disbursed \$1,412,666 to Concept Schools.

5. Claims & Adjustments

The Academy 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, 2019, significant amounts of grant disbursements have not been audited by grantor governments, but the Academy believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

6. Notes Payable

On September 10, 2018, the Academy entered into a ten-year note agreement with Fifth Third Bank in the amount of \$3,300,000 to refinance debt and fund various capital improvements. As part of the note agreement, the Academy pays a monthly principal payment of \$27,500 and an interest rate of LIBOR rate plus 2.25%.

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

Future base payments for this agreement at June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 330,000	\$ 90,432	\$ 420,432
2021	330,000	80,146	410,146
2022	330,000	69,860	399,860
2023	330,000	59,574	389,574
2024	330,000	49,288	379,288
2025	330,000	39,001	369,001
2026	330,000	28,715	358,715
2027	330,000	18,429	348,429
2028	330,000	8,143	338,143
2029	82,500	428	82,928
	<u>\$ 3,052,500</u>	<u>\$ 444,016</u>	<u>\$ 3,496,516</u>

The following represents the changes in notes payable for the year ended June 30, 2019:

Notes Payable, June 30, 2018	\$ 3,420,755
Additions	3,300,000
Deletions	(3,668,255)
Notes Payable, June 30, 2019	<u><u>\$ 3,052,500</u></u>

7. Property & Equipment

The cost and accumulated depreciation of building improvements and equipment were as follows:

Depreciable	
Building	\$ 902,894
Building improvements	4,874,295
Improvements other than building	164,773
Classroom instructional apparatus	607,387
Equipment	1,662,451
Equipment Electronics	166,499
Vehicles	113,984
Non-depreciable	
Construction in progress	440,842
	<u>8,933,125</u>
Accumulated depreciation	(4,507,211)
	<u><u>\$ 4,425,914</u></u>

Depreciation charged to expense for the year ended June 30, 2019, was \$891,921. Depreciation is allocated to management and administration in the amount of \$89,192 and to program costs in the amount of \$802,729.

Gateway Science Academy of St. Louis

Notes to Financial Statements

June 30, 2019

8. Significant Concentration of Credit Risk

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates on current vulnerabilities due to certain concentrations. Those matters include the disclosure that the Academy maintains its cash deposits in local banks. From time to time, the balances of the accounts may exceed FDIC insurance limits. Fifth Third Bank has pledged additional security for deposits over FDIC insurance coverage amounts in the form of pledged U.S. Government Securities.

9. Liquidity & Availability

Financial assets available for general expenditures, that is, without donor restrictions or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following:

Financial assets at year end:

Cash and cash equivalents	\$ 3,446,928
Total financial assets	<u>3,446,928</u>

Financial assets available to meet general expenditures over the next twelve months

\$ 3,446,928

10. Open Tax Years

The Academy's informational and tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2019, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Returns to be Filed in 2019</u>
Federal	2015-2017	2018
Missouri	2015-2017	2018

Supplementary Information

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Gateway Science Academy of St. Louis

Balance Sheet – Governmental Funds – Modified Cash Basis

June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 3,446,928	\$ -	\$ -	\$ 3,446,928
Total Current Assets	<u>\$ 3,446,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,446,928</u>
Liabilities & Fund Balance				
Current Liabilities				
Accrued payroll taxes	\$ 322,620	\$ -	\$ -	\$ 322,620
Fund Balance				
Unassigned	3,124,308	-	-	3,124,308
Total Liabilities and Fund Balance	<u>\$ 3,446,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,446,928</u>

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. The modification to cash basis relates only to the presentation of deposits and payroll liabilities.

Gateway Science Academy of St. Louis

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Financial Position – Modified Cash Basis

June 30, 2019

The following items reconcile the differences between the Governmental Funds Balance Sheet and the Statement of Financial Position - Modified Cash Basis:

Fund balance - total governmental funds	\$ 3,124,308
Assets on the Statement of Financial Position	
Governmental capital assets	8,933,125
Less accumulated depreciation	<u>(4,507,211)</u>
	4,425,914
Liabilities on the Statement of Financial Position	
Notes payable	<u>(3,052,500)</u>
Net Assets on the Statement of Financial Position	<u>\$ 4,497,722</u>

Gateway Science Academy of St. Louis

Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Receipts				
Local	\$ 1,245,257	\$ 542,207	\$ 260,122	\$ 2,047,586
State	13,492,441	-	406,040	13,898,481
Federal	320,637	894,807	-	1,215,444
Total Receipts	15,058,335	1,437,014	666,162	17,161,511
Disbursements				
Instruction	3,355,392	6,622,928	203,922	10,182,242
Student services	310,808	161,862	-	472,670
Instructional staff support	343,477	136,898	-	480,375
Building level administration	283,016	830,961	-	1,113,977
General administration and central services	632,095	-	-	632,095
Operation of plant	1,398,372	-	-	1,398,372
Food service	744,360	-	-	744,360
Facilities acquisition and construction	-	-	440,842	440,842
Community service	95,965	6,980	-	102,945
Debt service - principal	-	-	368,255	368,255
Debt service - interest	-	-	183,724	183,724
Total Disbursements	7,163,485	7,759,629	1,196,743	16,119,857
<i>Excess (Deficit) of Receipts Over Disbursements</i>	7,894,850	(6,322,615)	(530,581)	1,041,654
Other Financing Sources (Uses)				
Transfers in (out)	(6,853,196)	6,322,615	530,581	-
<i>Net Change in Fund Balance</i>	1,041,654	-	-	1,041,654
Fund Balance, Beginning of year	2,082,654	-	-	2,082,654
Fund Balance, End of year	\$ 3,124,308	\$ -	\$ -	\$ 3,124,308

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. The modification to cash basis relates only to the presentation of deposits and payroll liabilities.

Gateway Science Academy of St. Louis

Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis

Year Ended June 30, 2019

The following items reconcile the differences between the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds and the Statement of Activities - Modified Cash Basis:

Net change in fund balances - total governmental funds	\$ 1,041,654
Changes in assets on the Statement of Financial Position	
Capital outlay	644,764
Depreciation	(891,921)
	<u>(247,157)</u>
Changes in liabilities on the Statement of Financial Position	
Notes payable	<u>368,255</u>
<i>Increase in Net Assets</i>	<u><u>\$ 1,162,752</u></u>

Gateway Science Academy of St. Louis

Schedule of Receipts Collected by Source

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Local				
Sales tax	\$ 903,678	\$ 542,207	\$ -	\$ 1,445,885
Earnings on investments	27,826	-	-	27,826
Food service	100,400	-	-	100,400
Student activities	20,094	-	58,590	78,684
Community services	180,817	-	-	180,817
Gifts	12,442	-	-	12,442
Other	-	-	201,532	201,532
Total Local	<u>1,245,257</u>	<u>542,207</u>	<u>260,122</u>	<u>2,047,586</u>
State				
Basic formula	13,332,735	-	-	13,332,735
Basic formula - classroom trust fund	140,272	-	406,040	546,312
Food service	3,753	-	-	3,753
Other	15,681	-	-	15,681
Total State	<u>13,492,441</u>	<u>-</u>	<u>406,040</u>	<u>13,898,481</u>
Federal				
Medicaid	-	113,402	-	113,402
IDEA entitlement funds part B IDEA	-	217,640	-	217,640
School lunch program	258,215	-	-	258,215
School breakfast program	62,422	-	-	62,422
Title I	-	465,627	-	465,627
Title IV.A student support	-	30,242	-	30,242
Title III	-	15,512	-	15,512
Title II.A	-	52,384	-	52,384
Total Federal	<u>320,637</u>	<u>894,807</u>	<u>-</u>	<u>1,215,444</u>
Total Receipts	<u>\$ 15,058,335</u>	<u>\$ 1,437,014</u>	<u>\$ 666,162</u>	<u>\$ 17,161,511</u>

The Schedule of Receipts Collected by Source agrees to the Annual Secretary of the Board Report.

Gateway Science Academy of St. Louis

Schedule of Disbursements Paid by Object

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 1,429,866	\$ 5,973,742	\$ -	\$ 7,403,608
Employee benefits	858,182	1,692,640	-	2,550,822
Purchased services	3,699,972	93,247	-	3,793,219
Supplies	1,175,465	-	-	1,175,465
Capital outlay	-	-	644,764	644,764
Principal expense	-	-	368,255	368,255
Interest expense	-	-	183,724	183,724
	<u>\$ 7,163,485</u>	<u>\$ 7,759,629</u>	<u>\$ 1,196,743</u>	<u>\$ 16,119,857</u>

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The Schedule of Disbursements Paid by Object agrees to the Annual Secretary of the Board Report.

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2019

1. Calendar (Sections 160.041, 171.029, 171.031, and 171.033 RSMo)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
6997	K	05	-	6.2500	179	1,105.00
6980	K	05	-	6.2500	179	1,105.00
3935	06	08	-	6.5000	179	1,148.50
1940	09	12	-	6.5000	179	1,148.50

2. Average Daily Attendance (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6997/6980	K	131.35	-	-	-	5.24	136.59
6997/6980	01	143.51	-	-	-	8.03	151.54
6997/6980	02	142.82	-	-	-	6.32	149.14
6997/6890	03	145.89	-	-	-	5.94	151.83
6997/6890	04	136.79	-	-	-	4.96	141.75
6997/6890	05	140.67	-	-	-	5.23	145.90
3935	06	102.76	-	-	-	-	102.76
3935	07	102.48	-	-	-	-	102.48
3935	08	76.77	-	-	-	-	76.77
1940	09	67.64	-	-	-	-	67.64
1940	10	60.54	-	-	-	-	60.54
1940	11	65.23	-	-	-	-	65.23
1940	12	50.69	-	-	-	-	50.69
Grand Total	-	1,367.14	-	-	-	35.72	1,402.86

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2019

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
6997/6980	K	142.00	-	-	142.00
6997/6980	01	153.00	-	-	153.00
6997/6980	02	156.00	-	-	156.00
6997/6890	03	154.00	-	-	154.00
6997/6890	04	148.00	-	-	148.00
6997/6890	05	152.00	-	-	152.00
3935	06	109.00	-	-	109.00
3935	07	108.00	-	-	108.00
3935	08	81.00	-	-	81.00
1940	09	71.00	-	-	71.00
1940	10	65.00	-	-	65.00
1940	11	68.00	-	-	68.00
1940	12	55.00	-	-	55.00
Grand Total	-	1,462.00	-	-	1,462.00

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
6997	238.00	47.00	-	-	285.00
6980	125.00	53.00	-	-	178.00
3935	114.00	21.00	-	-	135.00
1940	97.00	13.00	-	-	110.00
Grand Total	574.00	134.00	-	-	708.00

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2019

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 district/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 district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance 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
5.3	The district/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 district/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/charter school's treasurer in the total amount of:	N/A
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	N/A
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.	True

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2019

5.9	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. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year’s audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	N/A
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. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	-

Finding:	None
Management Letter Comment:	N/A

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 district’s/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	-
	Ineligible ADT	-

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2019

6.4	The district's/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 district/charter-operated and contracted mileage for the year was:	-
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	-
	Ineligible Miles (Non-Route/Disapproved)	-
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	N/A

Finding:	None
Management Letter Comment:	N/A

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Gateway Science Academy of St. Louis

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor/ Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number or Other Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Missouri Department of Elementary and Secondary Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	20188N109943	\$ 14,781
		20199N109943	47,640
			62,421
National School Lunch Program			
Cash	10.555	20188N109943	55,873
		20199N109943	202,342
Commodities		115-916	23,509
			281,724
Total Child Nutrition Cluster			344,145
Total U.S. Department of Agriculture			344,145
U.S. Department of Education			
Missouri Department of Elementary and Secondary Education			
Title I Grants to LEAs	84.010	S010A170025	222,898
		S010A180025	311,486
			534,384
Special Education Grants Cluster			
Special Education Grants to States	84.027	H027A170040	146,577
		H027A180040	71,063
			217,640
English Language Acquisition State Grants			
	84.365	S365A170025	14,763
		S365A180025	749
			15,512
Total U.S. Department of Education			767,536
Total Expenditures of Federal Awards			\$ 1,111,681

Gateway Science Academy of St. Louis

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

1. The accompanying Schedules of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Gateway Science Academy of St. Louis, Missouri, under programs of the federal government for the year ended June 30, 2019. The information in the 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 Gateway Science Academy, St. Louis, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.
2. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 of the Academy's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The Academy did not provide funds to subrecipients in the current year.
4. The Academy has not elected to use the 10% de minimis indirect cost rate.

Internal Control & Compliance

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Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

We have examined management's assertions that Gateway Science Academy of Saint Louis complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the Academy's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2019. Gateway Science Academy of Saint Louis' Management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions 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 assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. 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 assertions, 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.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Education, Academy management, 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.

KPM CPAs, PC
Springfield, Missouri
November 27, 2019

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, 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 the governmental activities and each major fund of Gateway Science Academy of Saint Louis as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Gateway Science Academy of Saint Louis' basic financial statements and have issued our report thereon dated November 27, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gateway Science Academy of Saint Louis' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC
Springfield, Missouri
November 27, 2019

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

Report on Compliance for the Major Federal Program

We have audited Gateway Science Academy of Saint Louis' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Gateway Science Academy of Saint Louis' major federal program for the year ended June 30, 2019. Gateway Science Academy of Saint Louis' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance on Gateway Science Academy of Saint Louis' major federal program based on our audit of the types of compliance requirements referred to above. 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 Audits* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gateway Science Academy of Saint Louis' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Gateway Science Academy of Saint Louis' compliance.

Opinion on the Major Federal Program

In our opinion, Gateway Science Academy of Saint Louis complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Internal Control Over Compliance

Management of Gateway Science Academy of Saint Louis is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gateway Science Academy of Saint Louis' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC
Springfield, Missouri
November 27, 2019

Gateway Science Academy of St. Louis

Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I: Summary Schedule of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditor's report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program:		
CFDA Number(s)	Name of Federal Program or Cluster	
84.010	Title I Grants to LEAs	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Gateway Science Academy of St. Louis

Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

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Gateway Science Academy of St. Louis

Schedule of Prior Audit Findings

Year Ended June 30, 2019

There were no prior year audit findings.

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Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

In planning and performing our audit of the basic financial statements of Gateway Science Academy of Saint Louis, for the year ended June 30, 2019, we considered the Academy's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

However, we became aware of matters to bring to your attention. The following paragraphs summarize our comments regarding these matters.

1. Periodic Internal Control Review

As the Academy evolves, policies and procedures change, the Academy should periodically conduct a review of its internal control procedures to determine if any changes are necessary in order to protect the Academy's assets.

We Recommend:

The Academy conduct a review of its internal control procedures to determine opportunities for strengthening safeguards over the Academy's assets. The Academy may want to consider conducting reviews on cash management, computer information systems, mail distribution procedures, purchasing procedures, new vendor procedures, and other areas the Academy considers necessary.

2. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The Academy evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

We appreciate this opportunity to serve as Gateway Science Academy of Saint Louis' independent auditor and the courtesies and assistance extended to us by the Academy's employees.

Respectfully submitted,

KPM CPAs, PC
Springfield, Missouri
November 27, 2019

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November 27, 2019

Mr. Engin Blackstone, Superintendent
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

Dear Mr. Blackstone:

Please find enclosed 2 signed copies of the basic financial statements with auditors' report for the year ended June 30, 2019. You can also find an electronic copy in your Suralink portal.

Also enclosed are 12 copies of a management letter containing our comment and recommendation developed during the audit of the basic financial statements and 12 copies of required communication to the Board of Education.

You will need to submit a copy of the audit to the Department of Elementary and Secondary Education in order for your School to be eligible for 2019-2020 fiscal year state aid. The Board of Education must approve the audit report at a Board of Education meeting and the District must send a copy of the minutes that indicate approval to the Finance Section of the Department of Elementary and Secondary Education.

Within 30 days of receipt of your audit reports, the District must publish a summary statement of fund balances, and receipts and disbursements. The District must also publish the auditors' opinion from the report along with information as to where the audit report is available for inspection and examination.

We wish to express our appreciation for the cooperation given to us by all school district personnel during our audit. If you have any questions regarding the basic financial statements or the management letter, please contact us at your convenience.

Thank you for the opportunity of serving your District again this year.

Sincerely,

KPM CPAs, PC

Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

We have audited the financial statements of Gateway Science Academy of Saint Louis for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our letter to you dated July 8, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Gateway Science Academy of Saint Louis are described in Note 1 to the financial statements. During the year ended June 30, 2019, the Academy adopted the provisions of ASU 2016-14: Presentation of Financial Statements of Not-for-Profit Entities. We noted no transactions entered into by the Academy for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements regarding assets or net assets.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Academy’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Gateway Science Academy of Saint Louis and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KPM CPAs, PC
Springfield, Missouri
November 27, 2019



150 N. Meramec Ave, Suite 500 • St. Louis, Missouri 63105 • Tel: (314) 862-9400

December 3, 2019

RE: Proposal for Purchase of 5007 Fyler & 5050 Connecticut

Mr. Michael Backer
Mr. Brendan O'Brien
Intelica Commercial Real Estate
600 Emerson, Suite 600
St. Louis, MO 63141

Dear Michael & Brandan,

On behalf of my client, Gateway Science Academy, I am authorized to present the following proposal as an expression of my client's interest in exploring the purchase of the above-mentioned property. This is a non-binding proposal and until such time as a definitive agreement (the "Agreement") is fully executed and delivered, neither Seller nor Purchaser will have any liabilities or obligations under this document. Notwithstanding the foregoing, Seller and Purchaser shall act in good faith in the negotiation of the Agreement incorporating by the terms of this Letter of-Intent (LOI).

Seller:	J & D Entities, Inc.
Purchaser:	Gateway Science Academy or Assigns
Property:	The Property and all improvements thereon and appurtenances thereto.
Purchase Price:	\$ \$880,000.00
Earnest Money:	Purchaser will make an earnest money deposit in the amount of \$10,000.00 within five (5) business days of full execution of the Agreement. The earnest money deposit will be held by St. Louis Title Company (the "Title Company"), Clayton, Missouri (or other title company mutually agreed to by Seller and Purchaser) and shall apply toward the purchase price at the Closing. If Purchaser decides to cancel or terminate this during the Due Diligence Period or Permitting Period set forth below, the earnest deposit plus any interest earned thereupon shall be immediately refunded to Purchaser.

Subject Property

Address: Consists of two (2) parcels: 5021 R Fyler (aka 5007 Fyler), APN: 47390001300 & 5050 Connecticut Street, APN: 47390001600.

Subject Property

Size (AC): Approximately 1.36 acres including the building, as shown in Exhibit "A".

Interest to be

Transferred: Fee Simple, free and clear of all mortgages, pledges, liens, encumbrances and restrictions.

Deed Conveyed at

Close: Special Warranty Deed for real property and bill of sale for any improvements.

Due Diligence

Period: The period commencing on the date of the Agreement and ending Sixty (60) days after waiver or satisfaction of the contingencies.

Closing:

On date specified in notice from Purchaser to Seller, not longer than Fifteen (15) days following the expiration of the due diligence period.

Agreement:

Upon full execution of this LOI, Seller and Purchaser shall begin to negotiate in good faith the terms of the Agreement. Purchaser shall deliver a proposed Agreement to Seller within five (5) business days after the approval of the Board of Gateway Science Academy, which shall contain all contingencies, representations, warranties and other provisions customarily included in a real estate purchase and sale agreement. In the event the Agreement is not fully executed by December 15th, 2019 then either party may terminate this proposal upon delivery of written notice to the other party, whereupon neither party shall have any obligation to the other, except as set forth herein.

Due Diligence

Materials: All contracts, environmental, soil and other engineering reports, surveys, grading, development and improvement plans, drawings and specifications, title commitments/policies and other documents prepared by or for Seller or in the possession of Seller relative to the Property will be made available for Purchaser's inspection and copying within five (5) days after the beginning of the Due Diligence Period.

Survey:

If Survey is available, Seller should provide this to Buyer who would then update the survey at Buyer's expense.

Soil and Environmental

Reports: Purchaser shall pay for the cost of an environmental study which might require both Phase I and Phase II.

Closing Costs: Purchaser shall pay all premiums for any title insurance Purchaser desires, the cost of any survey Purchaser desires, the cost of any other due diligence Purchaser desires, the cost of obtaining any additional governmental approvals Purchaser may desire and all of the recording fees and closing or escrow fees charged by the Title Company to Purchaser. Seller shall pay for Seller's cost of the recording fees and closing or escrow fees of the Title Company, cost of the title examination, title commitment, any broker's commission costs of recording and filing any releases relating to any liens against Seller's interest in the Property and transfer taxes and the environmental reports.

Assignment: Purchaser will have the right to transfer or assign the agreement to an affiliated entity of Purchaser.

Contingencies: In addition to any other conditions set forth in the Agreement, Purchaser's obligation to consummate the purchase shall be subject to the fulfillment, by satisfaction or waiver, in Purchaser's sole discretion and at Purchaser's sole cost, of the following contingencies:

(a) General Investigation. Purchaser's satisfaction with the physical, environmental and overall condition of the Property for the ownership, use and operation contemplated by Purchaser within 30 days of executed contract.

(b) Title. Purchaser's approval of a commitment for an ALTA survey, owner's policy of title insurance reflecting good and marketable fee simple title to the Property and all easements and other rights benefiting the Property within 30 days of executed contract.

(c) Financing. Purchaser's receipt of a binding commitment for financing by Seller in such amount and on terms and conditions acceptable to Purchaser. Please refer to Payment Schedule in "Exhibit B".

Prorations: Operating expenses and ad valorem taxes for the Property will be equitably prorated for the year in which the Closing occurs.

Attorney's Fees: Each party will pay its own attorneys' fees in connection with the negotiation and execution of the Agreement and the Closing. The Agreement will entitle the prevailing party in any litigation to judgment for reasonable attorneys' fees and court costs incurred.

Broker's Commissions: Purchaser and Seller each agree that Gershman Commercial Real Estate is representing Purchaser, and Intelica Commercial Real Estate is representing Seller, respectively. Seller shall pay six (6) percent commission to be split evenly between the two brokers and indemnifies and holds Purchaser harmless from and against any brokerage commissions which may become due as relates to this transaction.

Confidentiality: The parties agree to maintain the confidentiality of all negotiations with regard to the terms of this request for proposal and the Agreement, except to the extent a party shall become legally obligated to disclose any such information.

Non-binding Effect: Except for the No-Shop and Confidentiality provisions set forth above, this proposal merely reflects the intentions of the parties and does not constitute or create a binding agreement in favor of either party.

Please respond no later than December 4th, 2019. Upon receipt of your response to our proposal, we will prepare a draft of the Agreement consistent with the foregoing. If a signed copy of this letter is not received by the above date, this proposal shall become null and void, and neither Purchaser nor Seller shall have any further rights or obligations hereunder.

Sincerely,



Lily Seymour MBA, CCIM
Vice President
Direct: 314-889-0634
Mobile: 314-277-5485
lseymour@gershmancommercial.com

ACKNOWLEDGED AND AGREED:

Seller:

By: _____

Printed: _____

Date: _____

Purchaser:

By: _____

Printed: Engin Blackstone

Date: _____

Exhibit "A"



Exhibit “B”

Purchase Price	\$880,000.00			
Down Payment	\$150,000.00			
Payments Per Year	12			
Amortization Period (Years)	5			
Loan Amount	\$730,000.00			
Annual Interest Rate	3.99%			
Periodic Payment	\$13,440.77			
Period	Beginning Balance	Interest	Principal	Ending Balance
20-Jul	\$730,000.00	\$2,427.25	\$11,013.52	\$718,986.48
20-Aug	\$718,986.48	\$2,390.63	\$11,050.14	\$707,936.34
20-Sep	\$707,936.34	\$2,353.89	\$11,086.88	\$696,849.46
20-Oct	\$696,849.46	\$2,317.02	\$11,123.75	\$685,725.71
20-Nov	\$685,725.71	\$2,280.04	\$11,160.73	\$674,564.98
20-Dec	\$674,564.98	\$2,242.93	\$11,197.84	\$663,367.14
21-Jan	\$663,367.14	\$2,205.70	\$11,235.07	\$652,132.07
21-Feb	\$652,132.07	\$2,168.34	\$11,272.43	\$640,859.64
21-Mar	\$640,859.64	\$2,130.86	\$11,309.91	\$629,549.73
21-Apr	\$629,549.73	\$2,093.25	\$11,347.52	\$618,202.21
21-May	\$618,202.21	\$2,055.52	\$11,385.25	\$606,816.96
21-Jun	\$606,816.96	\$2,017.67	\$11,423.10	\$595,393.86
21-Jul	\$595,393.86	\$1,979.68	\$11,461.09	\$583,932.77
21-Aug	\$583,932.77	\$1,941.58	\$11,499.19	\$572,433.58
21-Sep	\$572,433.58	\$1,903.34	\$11,537.43	\$560,896.15
21-Oct	\$560,896.15	\$1,864.98	\$11,575.79	\$549,320.36
21-Nov	\$549,320.36	\$1,826.49	\$11,614.28	\$537,706.08
21-Dec	\$537,706.08	\$1,787.87	\$11,652.90	\$526,053.18
22-Jan	\$526,053.18	\$1,749.13	\$11,691.64	\$514,361.54
22-Feb	\$514,361.54	\$1,710.25	\$11,730.52	\$502,631.02
22-Mar	\$502,631.02	\$1,671.25	\$11,769.52	\$490,861.50
22-Apr	\$490,861.50	\$1,632.11	\$11,808.66	\$479,052.84
22-May	\$479,052.84	\$1,592.85	\$11,847.92	\$467,204.92
22-Jun	\$467,204.92	\$1,553.46	\$11,887.31	\$455,317.61
22-Jul	\$455,317.61	\$1,513.93	\$11,926.84	\$443,390.77
22-Aug	\$443,390.77	\$1,474.27	\$11,966.50	\$431,424.27
22-Sep	\$431,424.27	\$1,434.49	\$12,006.28	\$419,417.99
22-Oct	\$419,417.99	\$1,394.56	\$12,046.21	\$407,371.78
22-Nov	\$407,371.78	\$1,354.51	\$12,086.26	\$395,285.52

22-Dec	\$395,285.52	\$1,314.32	\$12,126.45	\$383,159.07
23-Jan	\$383,159.07	\$1,274.00	\$12,166.77	\$370,992.30
23-Feb	\$370,992.30	\$1,233.55	\$12,207.22	\$358,785.08
23-Mar	\$358,785.08	\$1,192.96	\$12,247.81	\$346,537.27
23-Apr	\$346,537.27	\$1,152.24	\$12,288.53	\$334,248.74
23-May	\$334,248.74	\$1,111.38	\$12,329.39	\$321,919.35
23-Jun	\$321,919.35	\$1,070.38	\$12,370.39	\$309,548.96
23-Jul	\$309,548.96	\$1,029.25	\$12,411.52	\$297,137.44
23-Aug	\$297,137.44	\$987.98	\$12,452.79	\$284,684.65
23-Sep	\$284,684.65	\$946.58	\$12,494.19	\$272,190.46
23-Oct	\$272,190.46	\$905.03	\$12,535.74	\$259,654.72
23-Nov	\$259,654.72	\$863.35	\$12,577.42	\$247,077.30
23-Dec	\$247,077.30	\$821.53	\$12,619.24	\$234,458.06
24-Jan	\$234,458.06	\$779.57	\$12,661.20	\$221,796.86
24-Feb	\$221,796.86	\$737.47	\$12,703.30	\$209,093.56
24-Mar	\$209,093.56	\$695.24	\$12,745.53	\$196,348.03
24-Apr	\$196,348.03	\$652.86	\$12,787.91	\$183,560.12
24-May	\$183,560.12	\$610.34	\$12,830.43	\$170,729.69
24-Jun	\$170,729.69	\$567.68	\$12,873.09	\$157,856.60
24-Jul	\$157,856.60	\$524.87	\$12,915.90	\$144,940.70
24-Aug	\$144,940.70	\$481.93	\$12,958.84	\$131,981.86
24-Sep	\$131,981.86	\$438.84	\$13,001.93	\$118,979.93
24-Oct	\$118,979.93	\$395.61	\$13,045.16	\$105,934.77
24-Nov	\$105,934.77	\$352.23	\$13,088.54	\$92,846.23
24-Dec	\$92,846.23	\$308.71	\$13,132.06	\$79,714.17
25-Jan	\$79,714.17	\$265.05	\$13,175.72	\$66,538.45
25-Feb	\$66,538.45	\$221.24	\$13,219.53	\$53,318.92
25-Mar	\$53,318.92	\$177.29	\$13,263.48	\$40,055.44
25-Apr	\$40,055.44	\$133.18	\$13,307.59	\$26,747.85
25-May	\$26,747.85	\$88.94	\$13,351.83	\$13,396.02
25-Jun	\$13,396.02	\$44.54	\$13,396.23	