

Final Draft  
11/7/24

**EWING MARION KAUFFMAN SCHOOL, INC.**  
**Kansas City, Missouri**

**FINANCIAL STATEMENTS**  
**with**  
**INDEPENDENT AUDITOR'S REPORT**

**June 30, 2024**

**TABLE OF CONTENTS**

**PAGE**

11/7/24

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

FINANCIAL STATEMENTS:

    Statement of Financial Position ..... 4

    Statement of Activities ..... 5

    Statement of Functional Expenses ..... 6

    Statement of Cash Flows ..... 7

    Notes to Financial Statements ..... 8-19

SUPPLEMENTARY INFORMATION:

    Balance Sheet – By Fund ..... 20

    Schedule of Revenue, Expenditures and Changes in Fund Balances – By Fund ..... 21

    Schedule of Revenue Collected by Source – By Fund ..... 22

    Schedule of Expenditures Paid by Object – By Fund ..... 23

    Schedule of Expenditures of Federal Awards ..... 24

    Notes to Schedule of Expenditures of Federal Awards ..... 25

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* ..... 26-28

    Independent Auditor’s Report on Compliance for Each Major Program and on  
     Internal Control Over Compliance Required by the Uniform Guidance ..... 29-31

    Schedule of Findings and Questioned Costs ..... 32

    Independent Accountant’s Report on Management’s Assertions About Compliance  
     with Specified Requirements of Missouri Laws and Regulations ..... 33

    Schedule of Selected Statistics ..... 34-38

    Schedule of State Findings ..... 39

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Ewing Marion Kauffman School, Inc.  
Kansas City, Missouri

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Ewing Marion Kauffman School, Inc. (a nonprofit organization) (the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows 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 financial position of Ewing Marion Kauffman School, Inc. as of June 30, 2024, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Ewing Marion Kauffman School, Inc.  
Kansas City, Missouri

***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.

Board of Directors  
Ewing Marion Kauffman School, Inc.  
Kansas City, Missouri

***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 20-25 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 **October XX, 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.

Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
**October XX, 2024**

EWING MARION KAUFFMAN SCHOOL, INC.

STATEMENT OF FINANCIAL POSITION  
June 30, 2024

Final Draft  
11/7/24

**ASSETS**

Cash and cash equivalents	\$ 2,425,396
Debt securities	14,465,493
Federal grants receivable	197,666
Insurance claim receivable	250,000
Prepaid expenses	112,052
Capital assets, net of accumulated depreciation	781,225
Right-of-use asset - operating leases	<u>1,133,504</u>
Total Assets	\$ <u>19,365,336</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ 295,628
Accrued wages and payroll withholdings	238,865
Operating lease liability	<u>1,133,504</u>
Total Liabilities	<u>1,667,997</u>
Net Assets:	
With donor restrictions	100,000
Without donor restrictions	<u>17,597,339</u>
Total Net Assets	<u>17,697,339</u>
Total Liabilities and Net Assets	\$ <u>19,365,336</u>

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

EWING MARION KAUFFMAN SCHOOL, INC.

Final Draft

11/7/24

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE &amp; OTHER INCOME:</u>			
Contributions and donations	\$ 5,866,795	\$ 0	\$ 5,866,795
State aid	12,683,350	0	12,683,350
Federal grants and contracts	3,569,133	0	3,569,133
Sales tax (Proposition C)	1,424,064	0	1,424,064
Interest income	425,341	0	425,341
Student activities	32,154	0	32,154
Food services income	8,068	0	8,068
Other income	<u>58,841</u>	<u>0</u>	<u>58,841</u>
Total Support, revenue & other income	24,067,746	0	24,067,746
<u>EXPENSES:</u>			
Program service – charter school operations	13,995,412	0	13,995,412
Supporting activities:			
General and administrative	7,247,357	0	7,247,357
Marketing and fundraising	<u>404,104</u>	<u>0</u>	<u>404,104</u>
Total Supporting activities	<u>7,651,461</u>	<u>0</u>	<u>7,651,461</u>
Total Expenses	<u>21,646,873</u>	<u>0</u>	<u>21,646,873</u>
Change in Net Assets	2,420,873	0	2,420,873
Net Assets, Beginning of Year	<u>15,176,466</u>	<u>100,000</u>	<u>15,276,466</u>
Net Assets, End of Year	<u>\$ 17,597,339</u>	<u>\$ 100,000</u>	<u>\$ 17,697,339</u>

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

### EWING MARION KAUFFMAN SCHOOL, INC.

#### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2024

	Charter School <u>Operations</u>	General & <u>Administrative</u>	Marketing & <u>Fundraising</u>	Total Supporting <u>Activities</u>	<u>Total</u>
Salaries and wages	\$ 5,359,765	\$ 3,294,901	\$ 73,854	\$ 3,368,755	\$ 8,728,520
Retirement	377,459	54,524	0	54,524	431,983
Non-teacher retirement	220,454	315,575	8,863	324,438	544,892
Payroll taxes	398,475	237,323	5,544	242,867	641,342
Employee insurance	1,014,309	534,599	19,677	554,276	1,568,585
Worker's compensation insurance	0	41,288	0	41,288	41,288
Unemployment compensation	0	10,053	0	10,053	10,053
Other employee benefits	125,135	99,771	1,989	101,760	226,895
Professional and technical services	876,086	1,169,100	140,676	1,309,776	2,185,862
Property services	1,961,730	367,824	122,608	490,432	2,452,162
Transportation services, contracted	1,236,567	18,681	0	18,681	1,255,248
Insurance	54,949	98,684	0	98,684	153,633
Communication	68,583	194,778	1,430	196,208	264,791
Dues and memberships	10,040	11,860	0	11,860	21,900
Other purchased services	631,098	61,366	0	61,366	692,464
General supplies	1,140,613	551,817	7,859	559,676	1,700,289
Food services	6,173	0	0	0	6,173
Utilities, energy service	345,668	64,813	21,604	86,417	432,085
Depreciation	<u>168,308</u>	<u>120,400</u>	<u>0</u>	<u>120,400</u>	<u>288,708</u>
Total Expenses	<u>\$ 13,995,412</u>	<u>\$ 7,247,357</u>	<u>\$ 404,104</u>	<u>\$ 7,651,461</u>	<u>\$ 21,646,873</u>

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



EWING MARION KAUFFMAN SCHOOL, INC.

Final Draft  
11/7/24

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 2,420,873
Adjustments to reconcile change in net assets to net cash flows from operating activities –	
Items not requiring (providing) cash:	
Depreciation	288,708
Gain on debt securities	(275,889)
Changes in operating assets and liabilities:	
Receivables	(331,219)
Prepaid expenses	40,084
Accounts payable	(5,701)
Accrued wages and payroll withholdings	<u>18,590</u>
Net cash flows from operating activities	2,155,446

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of capital assets	(128,149)
Purchase of debt securities	(31,189,604)
Proceeds from maturities of debt securities	<u>17,000,000</u>
Net cash flows used in investing activities	(14,317,753)
Net decrease in cash and cash equivalents	(12,162,307)
Cash and cash equivalents, beginning of year	<u>14,587,703</u>
Cash and cash equivalents, end of year	\$ <u><u>2,425,396</u></u>

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Right-of-use asset obtained in exchange for operating lease liability	\$ <u><u>287,187</u></u>
-----------------------------------------------------------------------	--------------------------

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

INDEX

NOTE 1: ORGANIZATION

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting
- B. Use of Estimates
- C. Cash and Cash Equivalents
- D. Concentrations of Credit and Market Risk
- E. Debt Securities
- F. Federal Grants Receivable
- G. Capital Assets
- H. Compensated Absences
- I. Leases
- J. Net Assets
- K. Revenue and Revenue Recognition
- L. Functional Expenses
- M. Income Taxes
- N. Contributed Non-Financial Assets
- O. Subsequent Events

NOTE 3: LIQUIDITY RESOURCE MANAGEMENT

NOTE 4: DEBT SECURITIES

NOTE 5: CAPITAL ASSETS

NOTE 6: LEASES

NOTE 7: RETIREMENT PLAN

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

NOTE 9: NET ASSETS WITHOUT DONOR RESTRICTIONS

NOTE 10: CONCENTRATIONS

NOTE 11: RISKS AND UNCERTAINTIES

**NOTE 1: ORGANIZATION**

Ewing Marion Kauffman School, Inc. (“School”) is a not-for-profit public benefit corporation incorporated in February 2010 and organized 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. The aforementioned Senate Bill No. 781 governs it. The School is a tuition-free public charter school in Kansas City, Missouri for students in grades five through twelve. The first school year operating as a charter school was 2011-2012. The School is sponsored by Missouri Charter Public School Commission with a charter school contract and performance agreement signed May 2021 for ten school years beginning July 1, 2021 and ending June 30, 2031.

The mission of the School is to prepare students to excel academically, graduate from college, and apply their unique talents in the world to create economically independent and personally fulfilling lives.

Approximately 80-90% 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 through contributions and grant awards.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Accounting**

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

**B. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**C. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the School defines its cash and equivalents to include cash in demand deposits and cash held by custodians and considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

**D. Concentration 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. As of June 30, 2024, \$2,288,939 was held in a sweep account, which include securities issued or guaranteed where the payment of principal and interest is backed by the full faith and credit of the collateralized security. The School has not experienced any losses on such deposit accounts at the financial institution and believes it is not exposed to any significant credit risk on cash.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Debt Securities

The School classifies certain investments in debt securities as held-to-maturity when the School has both the positive intent and ability to hold these securities until maturity. Debt securities included in the statement of financial position consist of U.S. treasury bills classified as held-to-maturity, which represent short-term debt instruments issued by the U.S government at a discount to their face value, maturing within one year from the date of issuance.

In accordance with Accounting Standards Codification (“ASC”) 320, *Investments - Debt Securities*, these debt securities are initially recognized at their purchase cost, which includes the acquisition price and any directly attributable transaction costs. After initial recognition, they are classified as held-to-maturity and are carried at amortized cost. The difference between the purchase price and the face value (discount) is amortized over the life of the treasury bill using the effective interest method, and the amortization is recognized as interest income in the statement of activities.

The School uses observable market data to determine the fair value of these securities. Held-to-maturity securities are derecognized when the security matures or is sold. Any gains or losses from the derecognition of securities are reported in the statement of activities as the difference between the carrying amount and the amount received upon derecognition.

F. Federal Grants Receivable

Federal grant receivables considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The amount considered uncollectible as of June 30, 2024 was \$0.

G. Capital Assets

All property and equipment are recorded at cost if purchased and fair value if donated. Repairs and related maintenance are charged to operations as incurred. The School has capitalized assets with a dollar amount above \$1,000 and a useful life greater than three years. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis.

<u>Category</u>	<u>Useful Life</u>
Building and improvements	8-20 years
Data processing equipment	3 years
Other equipment	3 years
Furniture	5 years
Vehicles	5 years

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## H. Compensated Absences

Time off for vacation, sickness and personal leave are considered as expenditures in the year awarded. All employees are eligible for up to six days of paid time off. These days are prorated, depending on the month of hire. Employees hired between July and October receive 6 days of paid time off, if hired between November and March it is 3 days, and if hired between April and June it is 1 day. These days may be used at the employees will during the fiscal year; however, it may not be carried over from one year to the next. In addition to paid time off, 12-month employees (hired before April 1) are also awarded upon hire 10 days of vacation that must be used in the summer months when school is not in session. Vacation days cannot be carried over after summer break.

## I. Leases

The School reports leases in accordance with FASB ASC 842, *Leases*. For significant leases with a lease term greater than one year, the School recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The School determines whether an arrangement is or contains a lease at contract inception. The School includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The discount rates used in determining the present value of leases are the School's incremental borrowing rates, developed based upon each lease's term.

The School has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. Operating leases with a duration greater than one year would be included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the School's statement of financial position. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The School considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the School is reasonably certain to exercise the option, (2) terminate the lease if the School is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## J. 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 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 purpose 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 statement of activities as net assets released from restrictions.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

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 also include net assets without donor restrictions subject to self-imposed limits by action of the governing board called board-designated net assets. The board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of capital assets, or other uses. See Note 9 for detail. The remaining undesignated net assets without donor restrictions may be used at the discretion of the School's management and the School's Board of Directors.

## K. Revenue and Revenue Recognition

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the School's revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in the statement of financial position.

Student activities revenue is recognized when the programs, product sales, or community events take place.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## L. Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The School has only one program service, which is the operation of a charter school. The statement of functional expenses 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 functions. The expenses that are allocated include property services and depreciation, which allocated based on estimated square footage.

## M. Income Taxes

Ewing Marion Kauffman School, Inc. is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has been classified as a publicly supported entity, which is not a private foundation under Section 509(a) of the Code. The School has adopted the provisions of the FASB ASC 740-10 as it might apply to their financial transactions. The School's policy is to record a liability for any tax provision that is beneficial to the School, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2024, and accordingly, no liability has been accrued.

## N. Contributed Non-Financial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which increases the transparency regarding contributed nonfinancial assets through presentation and disclosure, both quantitative and qualitative. The standard requires the School to present additional information regarding contributed nonfinancial assets.

Donated property and materials are reflected as a contribution at their estimated fair value at the date of receipt. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the year ended June 30, 2024, no contributed non-financial assets were recognized.

## O. Subsequent Events

The School has evaluated subsequent events through **October XX, 2024**, the date the financial statements were available to be issued.

NOTE 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 equivalents	\$ 2,425,396
Debt securities	14,465,493
Federal grants receivable	197,666
Insurance claim receivable	250,000
Less: Board-designated net assets	(4,947,669)
Less: donor restricted net assets	<u>(100,000)</u>
Net financial assets	\$ <u>12,290,886</u>

NOTE 4: DEBT SECURITIES

The School holds investments in U.S. treasury bills classified as held-to-maturity debt securities. These securities are recorded at amortized cost in accordance with ASC 320, *Investments - Debt Securities*. The following table sets forth information about the investments held by the School at June 30, 2024:

<u>Investments</u>	<u>Amortized Cost</u>	<u>Fair Value (Level 2)</u>
Debt securities - U.S. Treasury bills	\$ 14,465,493	\$ 14,447,599

The School has adopted ASC 820, *Fair Value Measurements and Disclosures*. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the following three broad levels.

Level 1 - Inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities.

Level 2 - Inputs are directly or indirectly observable estimates from quotes or similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means.

Level 3 - Inputs are unobservable and reflect assumptions on the part of the reporting entity.



NOTE 4: DEBT SECURITIES (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of held-to-maturity securities is determined based on quoted market prices in active markets.

Interest income on held-to-maturity securities is recognized using the effective interest method over the life of the securities. For the year ended June 30, 2024, the School recognized \$425,341 in interest income related to these treasury bills.

NOTE 5: CAPITAL ASSETS

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

Building and improvements	\$ 987,401
Technology equipment	979,017
Other equipment	14,706
Furniture and student equipment	75,695
Vehicles	<u>21,920</u>
Gross capital assets	2,078,739
Accumulated depreciation	<u>(1,297,514)</u>
Total Capital Assets, net	\$ <u>781,225</u>

Depreciation expense for the year ended June 30, 2024 was \$288,708, which was allocated to the related functions:

Program service	\$ 20,144
General and administrative	<u>268,564</u>
	\$ <u>288,708</u>

NOTE 6: LEASES

The School has entered into a lease agreement for a new school building it currently occupies. Quarterly lease payments began March 1, 2013 and continue through December 1, 2027. The lease also contains an option to extend for an additional five years. As security for the obligations of the School under this lease, the Ewing Marion Kauffman Foundation has executed a lease guaranty. Lease payments are due quarterly in the amount of \$73,349.

In addition to the building lease, the School also has entered into multiple equipment/vehicle leases with terms ranging from July 1, 2021 - June 26, 2027 with monthly lease payments ranging from \$687 - \$3,042.

The School includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

NOTE 6: LEASES (continued)

*Quantitative Disclosures*

The operating lease cost and other required information for the year ended June 30, 2024 are as follows:

Lease cost	\$ 378,678
Cash paid for amounts included in the measurement of operating lease liability:	
Operating cash flows from the operating lease	\$ 285,238
Other Information:	
Weighted-average remaining lease term – operating lease (years)	3.74
Weighted-average discount rate – operating lease (percentage)	6.65%

The maturities of the lease liability and reconciliation to the statement of financial position at June 30, 2024, are as follows for the fiscal years ending June 30:

	<u>Operating</u>
	<u>Leases</u>
2025	\$ 401,604
2026	358,106
2027	345,216
2028	<u>134,473</u>
Total future undiscounted lease payments	1,239,400
Less interest	<u>(105,896)</u>
Present value of lease liability	\$ <u>1,133,504</u>

NOTE 7: RETIREMENT PLAN

KCPSRS Pension Plan

*Plan Description*

Public School Retirement System of the School District of Kansas City, Missouri (“KCPSRS”) is a mandatory cost-sharing multiple employer defined benefit pension plan (the “Plan”), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The 12-member Board of Trustees of KCPSRS administers and operates the Plan in accordance with the statutes of the State of Missouri. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library and the Public School Retirement System. All regular, full-time employees of the participating employers become members of the Plan as a condition of employment, if they are in a position requiring at least 25 hours of work per week and nine calendar months per year. Employees hired before or during 1961 are members of Plan A. As of December 31, 2014, there are no longer any members of Plan A receiving benefits. Employees who retire after June 30, 1999 and were hired prior to January 1, 2014 are members of Plan B. Employees hired after January 1, 2014, are members of Plan C. The most recent audited financial statements and actuarial valuation report are located on KCPSRS’ website at [www.kcpsrs.org](http://www.kcpsrs.org).

NOTE 7: RETIREMENT PLAN (continued)

*Benefits Provided*

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

*Contributions*

Employers are required to match the contributions made by members. The contribution rate is set each year by the KCPSRS Board of Trustees within the contribution restrictions set in Section 169.350.4 and 169.291.16 RSMo. The rate may be changed in increments not to exceed 0.5% of pay each year. Effective January 1, 2020, members of Plan B and C contributed at 12.0% of annual compensation. The School's contributions to KCPSRS were \$976,875 for the year ended June 30, 2024.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024, the School had net assets with donor restrictions of \$100,000 that are restricted for board member development.

NOTE 9: NET ASSETS WITHOUT DONOR RESTRICTION

In May 2022, the Board approved a resolution to designate \$5,000,000 in aggregate from its net assets without donor restrictions for specific capital improvements and strategic planning initiatives. The net assets without donor restrictions were as follows as of June 30, 2024

Undesignated net assets without donor restrictions	\$ 12,649,670
Board designated for following purposes:	
Specific capital improvements	2,947,669
Strategic planning initiatives	<u>2,000,000</u>
Total board designated net assets	<u>4,947,669</u>
Total net assets without donor restrictions	\$ <u>17,597,339</u>

NOTE 10: CONCENTRATIONS

The School's revenue is subject to concentration risks, as a significant portion of its revenue is derived from one funding source. For the year ended June 30, 2024, one donor accounted for 24% of total support, revenue and other income.

NOTE 11: RISKS AND UNCERTAINTIES

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.

During the year ended June 30, 2024, the School experienced a data breach incident that affected certain aspects of its information technology systems and potentially compromised sensitive vendor information. The incident was detected in March 2024 and the School took immediate steps to contain the breach, assess the impact, and mitigate further potential risks. This incident resulted in unauthorized access to the School's accounts payable software, resulting in the modification of automated clearing house ("ACH") information for certain vendors, leading to fraudulent transactions.

The Company has since implemented additional security measures and protocols to mitigate future risks and to enhance the protection of sensitive information. However, there can be no assurance that these measures will fully prevent future breaches or that other vulnerabilities may not arise.

The School recognizes insurance recoveries when they are probably of receipt. During the year ended June 30, 2024, an insurance claim to recover these losses was filed, resulting in the insurance claim receivable of \$250,000 included on the statement of financial position. Subsequent to year end, the full receivable balance was reimbursed.

Final Draft  
11/7/24

**SUPPLEMENTARY INFORMATION**

EWING MARION KAUFFMAN SCHOOL, INC.

Final Draft

BALANCE SHEET – BY FUND

11/7/24

June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,425,396	\$ 0	\$ 0	\$ 2,425,396
Debt securities	14,465,493	0	0	14,465,493
Federal grants receivable	197,666	0	0	197,666
Insurance claim receivable	250,000			250,000
Prepaid expenses	<u>112,052</u>	<u>0</u>	<u>0</u>	<u>112,052</u>
Total Assets	\$ <u>17,450,607</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>17,450,607</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 295,628	\$ 0	\$ 0	\$ 295,628
Accrued wages and payroll withholdings	<u>238,865</u>	<u>0</u>	<u>0</u>	<u>238,865</u>
Total Liabilities	<u>534,493</u>	<u>0</u>	<u>0</u>	<u>534,493</u>
Fund Balances:				
Restricted	100,000	0	0	100,000
Unassigned	<u>16,816,114</u>	<u>0</u>	<u>0</u>	<u>16,816,114</u>
Total fund balances	<u>16,916,114</u>	<u>0</u>	<u>0</u>	<u>16,916,114</u>
Total Liabilities and fund balances	\$ <u>17,450,607</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>17,450,607</u>
Total fund balances				\$ 16,916,114
Total property and equipment, net on the Statement of Financial Position				781,225
Total right-of-use asset - operating leases on the Statement of Financial Position				1,133,504
Total operating lease liability on the Statement of Financial Position				<u>(1,133,504)</u>
Total net assets on the Statement of Financial Position				\$ <u>17,697,339</u>

Note: The supplementary 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*

EWING MARION KAUFFMAN SCHOOL, INC.

Final Draft

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BY FUND

11/7/24

For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b><u>REVENUE:</u></b>				
Local	\$ 7,271,046	\$ 534,024	\$ 0	\$ 7,805,070
State	7,732,451	4,822,749	128,150	12,683,350
Federal	3,569,133	0	0	3,569,133
Other	<u>10,193</u>	<u>0</u>	<u>0</u>	<u>10,193</u>
Total Revenue	18,582,823	5,356,773	128,150	24,067,746
<b><u>EXPENDITURES:</u></b>				
Instruction	3,160,254	4,507,440	25,013	7,692,707
Support services - Students	1,125,858	0	0	1,125,858
Support services – Instructional Staff	374,118	196,245	0	570,363
Support services – General Administration	4,184,276	109,652	0	4,293,928
Support services – Building Level Admin	1,495,047	543,436	0	2,038,483
Business Support – Fiscal Services	348,785	0	0	348,785
Operation and Maintenance Plant Services	3,114,722	0	0	3,114,722
Student Transportation	1,216,293	0	0	1,216,293
Food Services	637,270	0	0	637,270
Support Services – Central Office	331,645	0	0	331,645
Community Services	13,123	0	0	13,123
Building improvements	<u>0</u>	<u>0</u>	<u>103,137</u>	<u>103,137</u>
Total Expenditures	<u>16,001,391</u>	<u>5,356,773</u>	<u>128,150</u>	<u>21,486,314</u>
Net Changes in Fund Balance	2,581,432	0	0	2,581,432
Fund Balance - June 30, 2023	<u>14,334,682</u>	<u>0</u>	<u>0</u>	<u>14,334,682</u>
Fund Balance - June 30, 2024	\$ <u>16,916,114</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>16,916,114</u>
Net changes in fund balance				\$ 2,581,432
Changes in:				
Capital assets – purchases				128,149
Capital assets – depreciation				<u>(288,708)</u>
Change in net assets on the Statement of Activities				\$ <u>2,420,873</u>

Note: The supplementary 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

**EWING MARION KAUFFMAN SCHOOL, INC.**

Final Draft

SCHEDULE OF REVENUE COLLECTED BY SOURCE – BY FUND  
For the Year Ended June 30, 2024

11/7/24

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b><u>LOCAL:</u></b>				
Sales tax (Proposition C)	\$ 890,040	\$ 534,024	\$ 0	\$ 1,424,064
Interest income	425,341	0	0	425,341
Student activity income	32,154	0	0	32,154
Contributions and donations	5,866,795	0	0	5,866,795
Food services income	8,068	0	0	8,068
Other	<u>48,648</u>	<u>0</u>	<u>0</u>	<u>48,648</u>
Total Local	<u>7,271,046</u>	<u>534,024</u>	<u>0</u>	<u>7,805,070</u>
<b><u>STATE</u></b>				
Basic formula	6,807,373	4,822,749	0	11,630,122
Transportation	543,897	0	0	543,897
Classroom trust fund	276,147	0	128,150	404,297
Food services	2,129	0	0	2,129
Other	<u>102,905</u>	<u>0</u>	<u>0</u>	<u>102,905</u>
Total State	<u>7,732,451</u>	<u>4,822,749</u>	<u>128,150</u>	<u>12,683,350</u>
<b><u>FEDERAL</u></b>				
Medicaid	227,686	0	0	227,686
ESF ESSER grants	1,850,997	0	0	1,850,997
IDEA special education	309,199	0	0	309,199
Food services	344,811	0	0	344,811
ESEA Title I.A	686,614	0	0	686,614
ESEA Title II.A	53,799	0	0	53,799
ESEA Title IV.A	55,215	0	0	55,215
Other	<u>40,812</u>	<u>0</u>	<u>0</u>	<u>40,812</u>
Total Federal	<u>3,569,133</u>	<u>0</u>	<u>0</u>	<u>3,569,133</u>
<b><u>OTHER</u></b>				
Insurance recovery	<u>10,193</u>	<u>0</u>	<u>0</u>	<u>10,193</u>
Total Other	<u>10,193</u>	<u>0</u>	<u>0</u>	<u>10,193</u>
 Total All Sources	 <u>\$ 18,582,823</u>	 <u>\$ 5,356,773</u>	 <u>\$ 128,150</u>	 <u>\$ 24,067,746</u>

Note: The supplementary 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*



EWING MARION KAUFFMAN SCHOOL, INC.

Final Draft

SCHEDULE OF EXPENDITURES PAID BY OBJECT – BY FUND  
For the Year Ended June 30, 2024

11/7/24

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Salaries and wages	\$ 4,962,979	\$ 3,765,541	\$ 0	\$ 8,728,520
Retirement	0	431,983	0	431,983
Non-teacher retirement	544,892	0	0	544,892
Payroll taxes	363,113	278,229	0	641,342
Employee insurance	786,101	782,484	0	1,568,585
Worker’s compensation insurance	41,288	0	0	41,288
Unemployment compensation	10,053	0	0	10,053
Other employee benefits	128,360	98,535	0	226,895
Professional and technical services	2,185,862	0	0	2,185,862
Property services	2,452,162	0	0	2,452,162
Transportation services, contracted	1,255,248	0	0	1,255,248
Insurance	153,633	0	0	153,633
Communication	264,791	0	0	264,791
Dues and memberships	21,900	0	0	21,900
Other purchased services	692,462	1	0	692,463
General supplies	1,700,289	0	0	1,700,289
Food services	6,173	0	0	6,173
Utilities, energy service	432,085	0	0	432,085
Capital outlay	<u>0</u>	<u>0</u>	<u>128,150</u>	<u>128,150</u>
Total Expenditures	<u>\$ 16,001,391</u>	<u>\$ 5,356,773</u>	<u>\$ 128,150</u>	<u>\$ 21,486,314</u>
Changes in:				
Capital assets – purchases				\$ (128,149)
Capital assets – depreciation				<u>288,708</u>
Total expenses on the Statement of Activities				<u>\$ 21,646,873</u>

Note: The supplementary 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

**EWING MARION KAUFFMAN SCHOOL, INC.**

Final Draft

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

11/7/24

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Number</u>	<u>Pass- Through Number</u>	<u>Federal Expenditure</u>
<u>U.S. Department of Agriculture</u>			
<i>Pass-through Missouri Dept of Elementary &amp; Secondary Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	048-924	\$ 96,841
National School Lunch Program (NSLP)	10.555	048-924	<u>247,969</u>
Total Child Nutrition Cluster			<u>344,811</u>
Total U.S. Department of Agriculture			<u>344,811</u>
<u>U.S. Department of Education</u>			
<i>Pass-through Missouri Dept of Elementary &amp; Secondary Education:</i>			
Special Education Cluster (IDEA):			
IDEA, Part B - Special Education	84.027A	048-924	<u>247,833</u>
Total Special Education Cluster			247,833
Title I, Part A – Grants to LEAs	84.010A	048-924	687,952
Title II, Part A – Supporting Effective Instruction	84.367A	048-924	54,284
Title IV, Part A – Student Support and Academic Enrichment	84.424A	048-924	55,506
Education Stabilization Fund (ESF) grants:			
COVID-19 – ESF ARP Act - ESSER III	84.425U	048-924	1,850,997
COVID-19 – ESF ARP Act Homeless Children Youth (HCY II)	84.425W	048-924	39,538
<i>Pass-through Gordon Parks Elementary consortium:</i>			
COVID-19 – ESF ARP Act Homeless Children Youth (HCY II)	84.425W	048-913	<u>1,273</u>
Total Education Stabilization Fund (ESF) grants			<u>1,891,808</u>
Total U.S. Department of Education			<u>2,937,383</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>3,282,194</u>

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

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Ewing Marion Kauffman School, Inc. (“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 accrual basis of accounting. 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.

Final Draft  
11/7/24

**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  
Ewing Marion Kauffman School, Inc.  
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 Ewing Marion Kauffman School, Inc. (“School”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **October XX, 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 entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Kansas City, Missouri  
October XX, 2024

Marr and Company, P.C.  
Certified Public Accountants

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

Board of Directors  
Ewing Marion Kauffman School, Inc.  
Kansas City, Missouri

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Ewing Marion Kauffman School, Inc’s (“School”) compliance with the types of compliance requirements described 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  
October XX, 2024

EWING MARION KAUFFMAN SCHOOL, INC.

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):

<u>Assistance Listing Number(s)</u>	<u>Federal Program or Cluster</u>
84.425U, 84.425W	Education Stabilization Fund (ESF)
- 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.

**SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS**

No audit findings were noted from the prior year.

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

Board of Directors  
Ewing Marion Kauffman School, Inc.  
Kansas City, Missouri

We have examined management of Ewing Marion Kauffman School, Inc.’s (the “School”) assertion that 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. Ewing Marion Kauffman School, Inc.’s management is responsible for its assertion. 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 AICPA. 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 Ewing Marion Kauffman School, Inc. complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2024, is fairly stated, in all material respects.

Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
October XX, 2024

EWING MARION KAUFFMAN SCHOOL, INC.

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
3930	05	08	n/a	6.8167	166	1,052.3666
1910	09	12	n/a	6.8500	166	1,061.7500

**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
3930	5	104,993.3478	0.0000	0.0000	0.0000	0.0000	104,993.3478
3930	6	116,099.8800	0.0000	0.0000	0.0000	0.0000	116,099.8800
3930	7	137,607.8289	0.0000	0.0000	0.0000	0.0000	137,607.8289
3930	8	137,389.3961	0.0000	0.0000	0.0000	0.0000	137,389.3961
1910	9	103,454.7199	0.0000	0.0000	0.0000	0.0000	103,454.7199
1910	10	95,883.2205	0.0000	0.0000	0.0000	0.0000	95,883.2205
1910	11	88,492.8198	0.0000	0.0000	0.0000	0.0000	88,492.8198
1910	12	<u>87,433.8030</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>87,433.8030</u>
<b>Grand Total</b>		<b><u>871,355.0160</u></b>	<b><u>0.0000</u></b>	<b><u>0.0000</u></b>	<b><u>0.0000</u></b>	<b><u>0.0000</u></b>	<b><u>871,355.0160</u></b>

**EWING MARION KAUFFMAN SCHOOL, INC.**

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

**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
3930	5	101.00	0.00	0.00	101.00
3930	6	126.00	0.00	0.00	126.00
3930	7	141.00	0.00	0.00	141.00
3930	8	142.00	0.00	0.00	142.00
1910	9	112.00	0.00	0.00	112.00
1910	10	103.00	0.00	0.00	103.00
1910	11	92.00	0.00	0.00	92.00
1910	12	<u>92.00</u>	<u>0.00</u>	<u>0.00</u>	<u>92.00</u>
<b>Grand Total</b>		<b><u>909.00</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>909.00</u></b>

**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
3930	355.16	59.03	0.00	0.00	414.19
1910	<u>235.00</u>	<u>61.00</u>	<u>0.00</u>	<u>0.00</u>	<u>296.00</u>
<b>Grand Total</b>	<b><u>590.16</u></b>	<b><u>120.03</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>710.19</u></b>

**EWING MARION KAUFFMAN SCHOOL, INC.**

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

**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.	<b>True</b>
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:	<b>True</b>
	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)	<b>True</b>
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
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.	<b>True</b>
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.	<b>True</b>
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:	<b>\$500,000</b>
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.	<b>True</b>

EWING MARION KAUFFMAN SCHOOL, INC.

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

**5. FINANCE (CONTINUED)**

Section	Question	Answer
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

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

Finding:	None noted
Management Letter Comment:	None noted

EWING MARION KAUFFMAN SCHOOL, INC.

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

**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.	<b>True</b>
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.	<b>True</b>
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:	<b>True</b>
	Eligible ADT	<u>767.50</u>
	Ineligible ADT	<u>11.50</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.	<b>True</b>
6.5	Actual odometer records show the total charter-operated and contracted mileage for the year was:	<u>241,138</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:	<b>True</b>
	Eligible Miles	<u>213,430</u>
	Ineligible Miles (Non-Route/Disapproved)	<u>27,708</u>
6.7	Number of days the charter school operated the school transportation system during the regular school year:	<u>166</u>

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

Finding:	None noted
Management Letter Comment:	None noted



County District Number: 048-924

Final Draft  
11/7/24

**EWING MARION KAUFFMAN SCHOOL, INC.**

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.