

University Academy

Financial Statements
Year Ended June 30, 2023

KPM
CPAS & ADVISORS

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To the Board of Directors
University Academy
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of University Academy (a non-profit organization), which comprise the modified cash basis statement of financial position as of June 30, 2023, and the related statements of changes in net assets, cash flows, and statement of functional expenses – modified cash basis for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the modified cash basis financial position of University Academy as of June 30, 2023, and changes in its net assets, cash flows, and statement of functional expenses 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 Controller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

As described in Note 2 of the financial statements, the financial statements are prepared in 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 no modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; which includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 University Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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 the *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 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 School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statement of Assets and Fund Balances, Statement of Receipts, Disbursements, and Changes in Fund Balances, Schedule of Receipts by Source, Schedule of Disbursements by Object, 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*, 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 Statement of Assets and Fund Balances, Statement of Receipts, Disbursements, and Changes in Fund Balances, Schedule of Receipts by Source, Schedule of Disbursements by Object, 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 November 13, 2023, on our consideration of University Academy'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 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 University Academy'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 University Academy's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 13, 2023

University Academy

Statement of Financial Position – Modified Cash Basis

June 30, 2023

Assets

Cash and cash equivalents	\$ 2,498,088
Investments	<u>2,020,331</u>
Total Assets	<u><u>\$ 4,518,419</u></u>

Net Assets

Without donor restrictions	\$ 4,491,423
With donor restrictions	<u>26,996</u>
Total Net Assets	<u><u>\$ 4,518,419</u></u>

See accompanying Notes to the Financial Statements.

University Academy

Statement of Changes in Net Assets – Modified Cash Basis

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Receipts, and Reclassifications			
Local	\$ 2,006,548	\$ 339,594	\$ 2,346,142
State	12,743,508	-	12,743,508
Federal	2,383,382	-	2,383,382
Net assets released from restrictions	467,390	(467,390)	-
Total Support, Receipts, and Reclassifications	17,600,828	(127,796)	17,473,032
Disbursements			
Instruction	7,764,088	-	7,764,088
Student services	871,937	-	871,937
Instructional staff support	147,361	-	147,361
Building level administration	1,136,878	-	1,136,878
General administration and central services	2,885,568	-	2,885,568
Operation of plant	3,226,520	-	3,226,520
Transportation	778,315	-	778,315
Food services	630,934	-	630,934
Community services	9,875	-	9,875
Debt Service	32,373	-	32,373
Total Disbursements	17,483,849	-	17,483,849
<i>Change in Net Assets</i>	116,979	(127,796)	(10,817)
Net Assets, beginning of year	4,374,444	154,792	4,529,236
Net Assets, end of year	\$ 4,491,423	\$ 26,996	\$ 4,518,419

See accompanying Notes to the Financial Statements.

University Academy

Statement of Cash Flows – Modified Cash Basis

Year Ended June 30, 2023

Cash Flows from Operating Activities

Change in net assets	\$ (10,817)
Net Cash (Used) by Operating Activities	<u>(10,817)</u>

Cash Flows from Investing Activities

Sale of investments	75,406
Net Cash Provided by Investing Activities	<u>75,406</u>

Net Increase in Cash

64,589

Cash and Cash Equivalents, beginning of year

2,433,499

Cash and Cash Equivalents, end of year

\$ 2,498,088

See accompanying Notes to the Financial Statements.

University Academy

Statement of Functional Expenses – Modified Cash Basis

Year Ended June 30, 2023

	Program Services	Support Services	
	Charter School	Management and General	Total
Salaries	\$ 8,118,369	\$ 445,970	\$ 8,564,339
Employee benefits	2,180,178	117,875	2,298,053
Purchased services	4,246,012	505,761	4,751,773
Supplies	1,114,557	107,326	1,221,883
Capital outlay	556,975	58,453	615,428
Debt service	32,373	-	32,373
Total Functional Expenses	\$ 16,248,464	\$ 1,235,385	\$ 17,483,849

See accompanying Notes to the Financial Statements.

University Academy

Notes to the Financial Statements

June 30, 2023

1. Organization

University Academy (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 Kansas City, Missouri School District. The Academy is legally separate from the Kansas City, Missouri School District and is not financially accountable to it.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Academy recognizes revenue when cash is received on modified cash basis accounting.

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; and as a result, these financial statements may not be suitable for another purpose. Basis of accounting is a reference to when financial events are recorded, such as the timing for 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 investments which are recorded at market.

Basis of Presentation

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

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.

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

Cash and Cash Equivalents

The Academy considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Property and Equipment

Property and equipment are recorded as expenses at the time the goods are purchased.

University Academy

Notes to the Financial Statements

June 30, 2023

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenses in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

Estimates

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

Income Taxes

The Academy is exempt 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)(2).

The Academy complies with the provisions of FASB ASC 740-10-25. Under FIN 48, 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 FIN 48 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. For the year ended June 30, 2023, there were no interest or penalties recorded in its financial statements.

Fair Value

The FASB Fair Value Measurement Standard (ASC 820-10) clarifies the definition of fair value reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Fair values can be determined using a fair value hierarchy consisting of three levels ranging from the most objective determination of fair value to the most subjective. The levels vary depending on the objectivity of the information used in valuation techniques to determine fair value. These levels are classified as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs are the most subjective, are generally based on the entity's own assumptions on how knowledgeable parties would price assets or liabilities and are developed using the best information available in the circumstances.

University Academy

Notes to the Financial Statements

June 30, 2023

Investments

Investments consist primarily of assets invested in government & agency bonds, corporate bonds, and money-market accounts. The Academy accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the consolidated statement of financial assets. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

Investments are exposed to various risks such as significant world events, interest rates, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in that statement of financial assets.

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 restriction ends 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.

Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are accounted for in accordance with the terms of those agreements.

Functional Allocations of Expenses

The cost of providing the program and supporting services have been summarized on the statement of activities on a functional basis. Most expenses can be directly allocated to the program and 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.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Purchased services	Direct costs
Supplies	Direct costs
Capital outlay	Direct costs

University Academy

Notes to the Financial Statements

June 30, 2023

3. Restrictions on Net Assets

Net assets with donor restrictions are restricted for the following purposes at June 30, 2023:

Specific purpose

Project Lead the Way	\$	8,075
Upper school fund		8,921
School Smart KC		10,000
Total specific purpose	\$	26,996

4. Cash & Cash Equivalents

The Academy maintains cash and cash equivalents at various financial institutions. At June 30, 2023, the cash held with UMB Bank N.A. in the checking account was fully insured by FDIC. However, the Academy had \$3,155,000 in a sweep account that was not covered by FDIC, however, the bank has issued other securities as collateral, which fully covers the balance.

5. Investments

The Academy categorizes its investments in accordance with the fair value hierarchy as noted in Note 2. Investments of the Academy at June 30, 2023, are as follows:

	Investments Not Subject to Fair Value	Fair Value Level 1	Total
U.S. Treasury Notes	\$ -	\$ 2,020,331	\$ 2,020,331
Total Investments	\$ -	\$ 2,020,331	\$ 2,020,331

The amounts reported in the Statement of Financial Position as of June 30, 2023, are classified as follows:

Investments without donor restrictions	\$	2,020,331
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6. Retirement Plan

The Academy contributes to The Public School Retirement System of the School District of Kansas City, Missouri, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City 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 Kansas City, Missouri, 324 E. 11th St., Kansas City, Missouri, 64106, or by calling 1-816-472-5800.

University Academy

Notes to the Financial Statements

June 30, 2023

The Retirement System members are required to contribute 8% of their annual covered salary and the school is required to contribute a matching amount. 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, 2023, were \$931,966, equal to the required contributions.

7. Related Party Operating Lease

The Academy leases its facilities from the University Academy Supporting Foundation, a related party. As part of the lease agreement, the Academy pays a base rent of \$53,750 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. The amount the Academy recognized in rent expense for the fiscal year ended June 30, 2023 was \$645,000. The original lease an extension ran from July 31, 2020 through July 31, 2023. On July 31, 2023, the Academy extended lease again through July 31, 2024.

In July 2019, the Academy began a verbal agreement to sub-lease three office spaces at 8080 Ward Parkway from Friends of University Academy. The Academy agrees to pay an equal portion of rent for the three offices it will be sub-leasing.

Future base rent commitments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>6801 Holmes</u>	<u>8080 Ward Parkway</u>	<u>Total</u>
2024	\$ 645,000	\$ 22,043	\$ 667,043
2025	-	14,898	14,898
	<u>\$ 645,000</u>	<u>\$ 36,941</u>	<u>\$ 681,941</u>

8. 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, 2023, 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.

9. Functional Expenses

The Academy has only one program of service, which is the operation of a charter school district. For the year ended June 30, 2023, program service expenses were \$16,248,464 and management expenses were \$1,235,385.

10. Open Tax Years

The Academy's informational and tax returns are subject to examination by taxing authorities for a period of 3 years from the date they are filed. As of June 30, 2023, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be Filed in 2023</u>
Federal	2019-2021	2022
Missouri	2019-2021	2022

University Academy

Notes to the Financial Statements

June 30, 2023

11. Net Assets Released from Restrictions

Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or time restrictions specified by donors. There were \$467,390 in net assets released from donor restrictions during the year ended June 30, 2023 due to meeting the purpose of restriction.

12. Liquidity & Availability

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

	<u>2023</u>
Financial assets at year end	
Cash and cash equivalents	\$ 2,498,088
Investments	2,020,331
Total financial assets	<u>4,518,419</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>26,996</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 4,491,423</u></u>

The Academy does not have a policy to maintain a particular number of days of operating expenses as liquid assets. The Academy is substantially supported by grant revenues that are based on formulas enacted by legislation in the State of Missouri. The Academy also participates in various state and federally funded programs. As such, the future cash needs of the Academy are substantially met by these revenues, which are primarily received during the period in which expenses are incurred.

Supplementary Information

University Academy

Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds

June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Assets				
Cash and cash equivalents	\$ 2,498,088	\$ -	\$ -	\$ 2,498,088
Investments	2,020,331	-	-	2,020,331
Total Assets	\$ 4,518,419	\$ -	\$ -	\$ 4,518,419
Fund Balances				
Donor restricted	\$ 26,996	\$ -	\$ -	\$ 26,996
Assigned for food service	152,486	-	-	152,486
Unassigned	4,338,937	-	-	4,338,937
Total Fund Balance	\$ 4,518,419	\$ -	\$ -	\$ 4,518,419

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 investments.

University Academy

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

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Receipts				
Local	\$ 1,119,397	\$ 1,226,745	\$ -	\$ 2,346,142
State	5,808,420	6,935,088	-	12,743,508
Federal	2,383,382	-	-	2,383,382
Total Receipts	9,311,199	8,161,833	-	17,473,032
Disbursements				
Instruction	1,299,634	6,450,602	13,852	7,764,088
Student services	444,976	426,961	-	871,937
Instructional staff support	24,757	122,604	-	147,361
Building level administration	269,588	867,290	-	1,136,878
General administration and central services	2,460,607	278,829	146,132	2,885,568
Operation of plant	2,755,529	15,547	455,444	3,226,520
Pupil transportation	778,315	-	-	778,315
Food services	630,934	-	-	630,934
Community services	9,875	-	-	9,875
Debt Service	-	-	32,373	32,373
Total Disbursements	8,674,215	8,161,833	647,801	17,483,849
<i>Excess (Deficit) of Receipts Over Disbursements</i>	636,984	-	(647,801)	(10,817)
Other Financing Sources (Uses)				
Transfers in (out)	(647,801)	-	647,801	-
Total Other Financing Sources (Uses)	(647,801)	-	647,801	-
<i>Net Change in Fund Balance</i>	(10,817)	-	-	(10,817)
Fund Balance, beginning	4,529,236	-	-	4,529,236
Fund Balance, ending	\$ 4,518,419	\$ -	\$ -	\$ 4,518,419

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 investments.

University Academy

Schedule of Receipts Collected by Source

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Local				
School district trust fund (Prop C)	\$ 408,915	\$ 1,226,745	\$ -	\$ 1,635,660
Earnings from temporary deposits	96,945	-	-	96,945
Sales to pupils - reimbursable school meals	147	-	-	147
Admissions - student activities	36,567	-	-	36,567
Revenue from enterprise activities	30	-	-	30
Other pupil activity income	49,220	-	-	49,220
Community services	7,612	-	-	7,612
Rentals	2,840	-	-	2,840
Gifts	398,402	-	-	398,402
Miscellaneous local revenue	118,719	-	-	118,719
Total Local	1,119,397	1,226,745	-	2,346,142
State				
Basic formula - state monies	5,501,966	6,438,939	-	11,940,905
Transportation	301,898	-	-	301,898
Basic formula - classroom trust fund	-	496,149	-	496,149
Food service - state	2,113	-	-	2,113
Other - state	2,443	-	-	2,443
Total State	5,808,420	6,935,088	-	12,743,508
Federal				
Medicaid	50,007	-	-	50,007
ARP-ESSER III	634,166	-	-	634,166
CRRSA - ESSER II	45,232	-	-	45,232
CARES - ESSER fund	17,930	-	-	17,930
CARES - governor's emergency education relief fund	6,712	-	-	6,712
ARP - IDEA 611 entitlement funds	53,904	-	-	53,904
IDEA entitlement funds, Part B IDEA	216,708	-	-	216,708
National school lunch program	442,483	-	-	442,483
School breakfast program	207,619	-	-	207,619
Title I - ESEA	516,024	-	-	516,024
Title IV.A student support and academic enrichment	39,701	-	-	39,701
Title II, Part A&B, ESEA - teacher and principal training	60,533	-	-	60,533
ARP - homeless children and youth II	7,651	-	-	7,651
Other - federal	84,712	-	-	84,712
Total Federal	2,383,382	-	-	2,383,382
Total Receipts	\$ 9,311,199	\$ 8,161,833	\$ -	\$ 17,473,032

The above presentation agrees to the Annual Secretary of the Board Report.

University Academy

Schedule of Disbursements Paid by Object

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 2,126,669	\$ 6,437,670	\$ -	\$ 8,564,339
Employee benefits	573,890	1,724,163	-	2,298,053
Purchased services	4,751,773	-	-	4,751,773
Supplies	1,221,883	-	-	1,221,883
Capital outlay	-	-	615,428	615,428
Debt service	-	-	32,373	32,373
	<u>\$ 8,674,215</u>	<u>\$ 8,161,833</u>	<u>\$ 647,801</u>	<u>\$ 17,483,849</u>

The above presentation agrees to the Annual Secretary of the Board Report.

Internal Control and Compliance

KPM

CPAS & ADVISORS

Independent Accountants' Report

Board of Directors
University Academy
Kansas City, Missouri

We have examined University Academy's, compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the School'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, 2023. Management of University Academy is responsible for the School's compliance with the specified requirements. Our responsibility is to express an opinion on University Academy's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA, and those standards require that we plan and perform the examination to obtain reasonable assurance about whether University Academy complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedure to obtain evidence about whether University Academy complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides 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 examination engagement.

Our examination engagement does not provide a legal determination on University Academy's compliance with the specified requirements.

In our opinion, University Academy, complied in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

This report is intended solely for the information and use of the Board of Education, School 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

KPM CPAs, PC
Springfield, Missouri
November 13, 2023

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University Academy

Schedule of Selected Statistics

Year Ended June 30, 2023

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
6965	PK	5	-	6.55	161	1,054.55
3925	6	8	-	6.75	161	1,086.75
1915	9	12	-	6.75	161	1,086.75

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
6965	PK-5	587,001.38	-	768.75	-	35,321.90	623,092.03
3925	6-8	266,131.29	-	2,024.00	-	21,259.42	289,414.71
1915	9-12	226,721.40	-	1,689.90	-	12,028.68	240,439.98
Grand Total	PK - 12	1,079,854.07	-	4,482.65	-	68,610.00	1,152,946.72

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
6965	PK-5	619.00	-	-	619.00
3925	6-8	265.00	-	-	265.00
1915	9-12	226.00	-	-	226.00
Grand Total	PK - 12	1,110.00	-	-	1,110.00

Notes:	

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2023

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
Resident II	2.00	-	-	-	2.00
6965	575.00	-	-	-	575.00
3925	260.00	-	-	-	260.00
1915	217.00	-	-	-	217.00
Grand Total	1,054.00	-	-	-	1,054.00

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 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:	
	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	True
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	True
	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

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2023

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 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:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board 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.	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 district/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

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2023

Notes:	

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

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.	True
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.	True
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:	
	Eligible ADT	659.0
	Ineligible ADT	-
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.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	160,549
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:	
	Eligible Miles	150,491
	Ineligible Miles (Non-Route/Disapproved)	10,058
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	161

University Academy

Schedule of Selected Statistics

Year Ended June 30, 2023

Notes:	

All above "False" answers must be supported by a finding or management letter comment.

Finding:	None
Management Letter Comment:	N/A



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
University Academy
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 modified cash basis financial statements of University Academy as of and for the year ended June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise University Academy's basic financial statements and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Academy'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 opinions 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 over financial reporting 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Academy'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 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

KPM CPAs, PC
Springfield, Missouri
November 13, 2023



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
University Academy
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited University Academy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of University Academy's major federal programs for the year ended June 30, 2023. University Academy's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion University Academy 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, 2023.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University Academy, 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 the 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.

Auditors' 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 University Academy'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 that 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about University Academy'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 University Academy'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 University Academy'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 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 Auditors' 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 13, 2023

University Academy

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20221N119943	\$ -	\$ 75,052
		20232N119943	-	132,567
			-	207,619
National School Lunch Program - Cash	10.555	20221N890343	-	2,257
		20221N119943	-	139,997
		20232N119943	-	300,229
National School Lunch Program - Commodities		048-901	-	55,197
			-	497,680
			-	705,299
Total Child Nutrition Cluster			-	705,299
Total U.S. Department of Agriculture			-	705,299
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Education Agencies				
	84.010A	S010A200025	-	21,450
		S010A210025	-	284,329
		S010A220025	-	188,278
		S367A210024	-	36,744
		S367A220024	-	23,790
		S424A210026	-	25,439
		S424A220026	-	9,169
			-	589,199
COVID-19 - Education Stabilization Fund	84.425D	S425D200021	-	17,930
	84.425D	S425D210021	-	45,232
	84.425C	S425C200016	-	6,712
	84.425U	S425U210021	-	634,166
	84.425W	S425W210026	-	7,651
			-	711,691
Special Education Cluster				
Special Education Grants to States	84.027A	H027A200040	-	55,000
		H027A210040	-	102,962
		H027A220040	-	44,747
COVID-19 - Special Education Grants to States	84.027X	H027X210040	-	53,904
			-	256,613
Total Special Education Cluster			-	256,613
Total U.S. Department of Education			-	1,557,503
Federal Communications Commission				
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	-	84,712
Total Federal Communications Commission			-	84,712
Total Expenditures of Federal Awards			\$ -	\$ 2,347,514

N/A - Not applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards.

University Academy

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District for the year ended June 30, 2023, and is presented on the modified cash basis of accounting as described below. 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Academy.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

4. Noncash Assistance

Commodities received and expended through the Food Distribution Program were valued by the Food Service Section of the Department of Elementary and Secondary Education.

University Academy

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I: Summary of Auditors' 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 auditors' report issued on compliance for each 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 programs:		
Assistance Listing Number(s)	Name of Federal Program or Cluster	
84.425U, 84.425D, 84.425C & 84.425W 10.553 & 10.555	COVID -19 Education Stabilization Funds Child Nutrition Cluster	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

University Academy

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

There were no prior year audit findings.



Board of Directors
University Academy
Kansas City, Missouri

In planning and performing our audit of the basic financial statements of University Academy, for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America; we considered the Academy's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

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 Organizations' financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was no designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

In addition to the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments regarding these matters.

1. Cybersecurity and Internal Controls

Cyberattacks are on the rise across the globe and these attacks are evolving in sophistication. Locally, there has been an increase in electronic vendor payment schemes. Fraudsters often submit fake documents to change bank routing and account numbers for electronic vendor payment deposits and often involve multiple hacks to compromise vendor information, along with e-mail or other forms of identification, in an attempt to disguise themselves as a legitimate representative of a vendor.

We Recommend:

The Academy ensure that it has disbursements policies and procedures in place to help safeguard against such attacks. These policies and procedures need to be monitored and re-evaluated on an ongoing basis as threats are continually evolving.

Because of the increase in electronic vendor payment schemes, we recommend that the following items are, at a minimum, included in the Academy's risk assessment of electronic disbursements:

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500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

- Segregate duties of employees who has access to and updates the master vendor file and the employee who creates the ACH transaction
- Ensure that management review all payee account changes that occur
- Implement account validation by verifying accuracy of account information and possibly account ownership, which could be accomplished by various methods such as ACH pre-notification or validation services that are possibly provided by the bank
- Ensure that ACH change forms are not publicly available on the Academy's website and require that vendors contact the District directly for the forms
- Require a phone call to the vendor to a known and reliable contact at the vendor, to the phone number on file and not the contact or phone number that is obtained in a phone call or email that may be fictitious
- Require employee training, which will empower staff to routinely ask questions of both vendors and department staff, as well as raise the awareness of red flags
- Require reassessment of financial exposure to ACH fraud on an ongoing basis

2. Basis of Presentation of Financial Statements

RSMo 160.405(4)(4) requires charter schools to comply with financial management practices consistent with the Missouri DESE accounting manual. The revised accounting manual, effective July 1, 2021, seems to require that financial statements be presented in accordance with the accounting model established by the Governmental Accounting Standards Board (GASB). For the Academy, this would mean changing to a regulatory basis of accounting (GASB). The financial impact of this change is not expected to materially affect the Academy.

We Recommend:

The Academy review the accounting manual and consider adopting a change to its financial reporting model to ensure ongoing compliance with the requirements outlined in the Missouri DESE Accounting Manual as required by RSMo 160.405(4)(4).

3. Financial Management Practices – Possible New Compliance Requirements

RSMo 160.405(4)(4) requires charter schools to comply with financial management practices consistent with the Missouri DESE accounting manual. Included within the revised accounting manual, effective July 1, 2022, are various other requirements pertaining to salary compliance, revenue placement, expense placement, budgeting practices and presentation that have been previously considered as not applicable to charter schools.

We Recommend:

The Academy review the Missouri DESE Accounting Manual to identify compliance elements that might be considered applicable based on the revised accounting manual and make changes as necessary to ensure ongoing compliance with the requirements outlined in the Missouri DESE Accounting Manual as required by RSMo 160.405(4)(4).

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

We appreciate this opportunity to serve as University Academy's independent auditor and the courtesies and assistance extended to us by the Academy's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 13, 2023