

Final Draft
11/7/24

EWING MARION KAUFFMAN SCHOOL, INC.
Kansas City, Missouri

COMMUNICATIONS WITH THE BOARD

June 30, 2024

COMMUNICATIONS WITH THE BOARD

October XX, 2024

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

We have audited the financial statements of Ewing Marion Kauffman School, Inc. (the “School”) for the year ended June 30, 2024, and have issued our report thereon dated October XX, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated April 23, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the School’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the School’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the School’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the School’s compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the School and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the School. We did not note any significant findings or any internal control related matters that are required to be communicated under professional standards.

We performed the audit according to the planned scope and timing previously communicated about planning matters.

Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 of the financial statements. We noted no changes to accounting policies during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were useful lives of capital assets and the allocation of functional expenses.

Management's estimate of the useful lives of depreciable assets is based on the guidance of the IRS for classification of the asset's life and the expected period before disposal or sale. Management's estimate of the allocation of functional expenses is based on the identification of specific expenses as well as an estimate of the time spent on each function. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable to the financial statements taken as a whole.

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

Significant Audit Matters (continued)*Difficulties Encountered in Performing the Audit*

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected such misstatements. Some misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. See attached for the list of misstatements corrected by management.

In addition, there were uncorrected misstatements identified during the audit. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. See attached for the list of misstatements not corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **October XX, 2024**.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the use of the Board of Directors charged with governance and management of Ewing Marion Kauffman School, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Marr and Company, P.C.
Certified Public Accountants
Kansas City, Missouri

Schedule of Corrected Adjusting Journal Entries
For the year ended June 30, 2024

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11/7/24

Number	Date	Name	Account No	Debit	Credit
AJE 1	6/30/2024	AP PURCHASE ORDERS O/S	2113 GENERAL	148,546.63	
AJE 1	6/30/2024	LIFE PAYABLE	2162 GENERAL		1,626.95
AJE 1	6/30/2024	LTD PAYABLE	2163 GENERAL		1,326.86
AJE 1	6/30/2024	Health	2156 001 GENERAL		136,698.10
AJE 1	6/30/2024	Dental	2156 002 GENERAL		7,633.65
AJE 1	6/30/2024	Vision	2156 003 GENERAL		1,261.07
To reverse July 2024 invoices included in accounts payable at YE.					
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AJE 2	6/30/2024	BLDGS & IMPROVE	1521 FIXED		286,699.68
AJE 2	6/30/2024	ACCUM DEPRECIATION	1550 FIXED	286,699.68	
To remove flooring tile that was disposed of due to flood damage.					
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AJE 3	6/30/2024	COPIERS - Right of Use Asset	MC1 FIXED	141,602.00	
AJE 3	6/30/2024	COPIER - Lease Liability	MC2 FIXED		141,602.00
To record ROU asset and lease liability for Ricoh leases.					
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AJE 4	6/30/2024	LOCAL ACCOUNTS RECEIVABLE	1210 GENERAL	239,806.48	
AJE 4	6/30/2024	Casualty/Loss Clearing Account	3321 GENERAL		239,806.48
To move the receivable related to the fraud insurance claim out of equity and into receivables.					
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AJE 5	6/30/2024	Cushman & Wakefield Custodial Cash	MC3 GENERAL	191,426.07	
AJE 5	6/30/2024	PREPAID-FACILITIES MGMT	1410 GENERAL		191,426.07
To move Cushman & Wakefield prepaid expenses to a cash account.					
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AJE 6	6/30/2024	FEDERAL RECEIVABLE	1241 GENERAL	39,538.39	
AJE 6	6/30/2024	HCY-II	5468 0000 1000 004 46800 GENERAL		39,538.39
To record related revenue for McKinney-Vento transportation grant.					

Schedule of Uncorrected Adjusting Journal Entries
For the year ended June 30, 2024

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11/7/24

Number	Date	Name	Account No	Reference	Debit	Credit
PAJE 1	6/30/2024	FEDERAL RECEIVABLE	1241 GENERAL	5-10	17,628.42	
PAJE 1	6/30/2024	MEDICAID	5412 0000 1000 001 0000 GENERAL	5-10		17,628.42

To record a receivable for the understatement of Medicaid revenue for FY24

PAJE 2	6/30/2024	FUND BALANCE	3111 GENERAL	SA-2-3		61,366.00
PAJE 2	6/30/2024	ARP IDEA	5439 0000 1000 004 43900 GENERAL	SA-2-3	61,366.00	

To remove ARP IDEA funds from CY revenues as it should've been recognized in the prior year.