

**BSDS, Inc.**  
**KANSAS CITY, MISSOURI**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH INDEPENDENT**  
**AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
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**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors  
BSDS, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BSDS, Inc. ("School") (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BSDS, Inc. as of June 30, 2020, and the 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.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule – Statement of Financial Position, Consolidating Schedule – Statement of Activities, Balance sheet – Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds, Schedule of Revenues by Source, Schedule of Expenditures Paid by Object and the 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 consolidated financial statements.

The supplementary information presented on pages 14 through 19 are presented for purposes of complying with requirements of the Missouri Department of Elementary and Secondary Education and the schedule of expenditures of federal awards presented on page 31 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated 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 January 18, 2021, 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.



DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

January 18, 2021

## **FINANCIAL STATEMENTS**

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

Cash and cash equivalents	\$ 2,394,075
Investments	450,097
Accounts receivable, net	388,602
Prepaid Expenses	105,005
Property and equipment, net	<u>10,846,324</u>
Total Assets	<u>\$ 14,184,103</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ 189,147
Deferred revenue	71,632
Accrued personnel costs	7,132
Notes payable	<u>6,811,705</u>
Total liabilities	7,079,616
Net Assets	
Without donor restrictions	7,104,181
With donor restrictions	<u>306</u>
Total net assets	<u>7,104,487</u>
Total Liabilities and Net Assets	<u>\$ 14,184,103</u>

See accompanying notes.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND GAIN:</b>			
Government grants and contracts	\$ 8,314,613	\$ -	\$ 8,314,613
Tuition	200,100	-	200,100
Investment income	38,050	-	38,050
Fees and services	117,710	-	117,710
Contributions	617,088	3,200	620,288
Fundraising	-	-	-
Other	3,404,758	-	3,404,758
Net assets released from restrictions	-	-	-
Total support, revenue and gain	12,692,319	3,200	12,695,519
<b>EXPENSES:</b>			
Program Services:			
Charter school	8,020,382	2,894	8,023,276
Management and general	1,934,925	-	1,934,925
Total expenses	9,955,307	2,894	9,958,201
Change in net assets	2,737,012	306	2,737,318
Distribution (to) from affiliate (Note A)	(137,222)	-	(137,222)
Net assets, beginning of year	4,504,391	-	4,504,391
Net assets, end of year	\$ 7,104,181	\$ 306	\$ 7,104,487

See accompanying notes.



**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Charter School	Management and General	Fundraising	Total
Salaries	\$ 4,821,569	\$ 660,128	\$ -	\$ 5,481,697
Payroll taxes and benefits	1,211,080	203,825	-	1,414,905
Amortization	-	-	-	-
Assistance to individuals	-	-	-	-
Building and equipment maintenance	79,208	8,801	-	88,009
Conferences, meetings and travel	-	4,800	-	4,800
Contract and professional fees	591,466	571,691	-	1,163,157
Depreciation	426,607	39,786	-	466,393
Student transportation	51,663	-	-	51,663
Food supplies	-	205,194	-	205,194
Office supplies	-	-	-	-
Other supplies	113,993	96,002	-	209,995
Insurance	-	62,506	-	62,506
Interest	334,943	37,216	-	372,159
Occupancy	138,524	15,392	-	153,916
Utilities	108,839	12,093	-	120,932
Program and support services	-	-	-	-
Printing and publications	-	-	-	-
Textbooks and educational materials	109,461	-	-	109,461
Telephone and communications	35,923	3,991	-	39,914
Rent expense	-	13,500	-	13,500
Postage and shipping	-	-	-	-
Special event expense	-	-	-	-
Bad debt expense	-	-	-	-
Other	-	-	-	-
<b>Total expenses</b>	<b>\$ 8,023,276</b>	<b>\$ 1,934,925</b>	<b>\$ -</b>	<b>\$ 9,958,201</b>

See accompanying notes.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Increase in net assets	\$ 2,600,097
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	466,393
(Gain) loss on investments	692,401
(Increase) decrease in:	
Accounts receivable	(366,023)
Federal and state funds receivable	215,074
Prepaid Costs	(105,005)
Prepaid insurance	41,257
Increase (decrease) in:	
Accounts payable	(41,354)
Deferred revenue	70,000
Accrued personnel costs	(33,021)
Capital lease principal	<u>(8,701)</u>
Net cash provided by operating activities	3,531,118
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	(7,929)
Loan Costs	<u>(271,933)</u>
Net cash used by investing activities	<u>(279,862)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Net Change in Note Payable	(3,418,295)
Loss from Equity Transfer	<u>-</u>
Net cash provided from financing activities	<u>(3,418,295)</u>
NET INCREASE (DECREASE) IN CASH	(167,039)
CASH, beginning	<u>2,561,114</u>
CASH, ending	<u>\$ 2,394,075</u>
 <b>SUPPLEMENTAL DISCLOSURES:</b>	
Interest paid	<u>\$ 372,159</u>

See accompanying notes.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE A – MISSION AND NATURE OF BUSINESS**

The mission of Brookside Charter School is to believe in their students and be committed to providing them with unlimited opportunities.

Brookside Charter School is a Leader in Me School that teaches and implements the 7 Habits to ensure students feel empowered in their daily lives. Students are critical thinkers that are not afraid of failure, because they learn from their strengths and weaknesses. The caring staff creates a safe environment where learning is student centered. Educators collaborate to deliver quality instruction that drives academic excellence. Families work side by side with staff to prepare leaders for today's society.

They are a Leader in Me School:

- Instruction is student centered: Students are actively involved in constructing their own knowledge.
- Instruction is data driven.
- Instruction is literacy based.
- Curriculum is based on standards.
- Leadership is shared within a collaborative culture.
- Families are valued as integral partners.
- Self-discipline is fostered through non-punitive, student-centered strategies.

During October 2012, BSDS, Inc. formed one new entity, BSDS RE Holdings, Inc., a 501(c)2 real estate holding company, which is operated exclusively for the benefit of its sole member, BSDS, Inc. The entity was formed in conjunction with a New Market Tax Credit transaction (See Note L). On June 30, 2020, BSDS RE Holdings, Inc. was officially dissolved.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principals of Consolidation: The consolidated financial statements included the accounts of BSDS, Inc. and BSDS Re Holdings, Inc. All significant intercompany accounts have been eliminated in consolidation.

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

Investments: Investments are valued at cost, if purchased, or at fair value at the date of contribution, if donated, in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the Consolidated Statement of Activities.

Accounts Receivable: Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The amount considered uncollectible for the year ending June 30, 2020 is \$39,009.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Property and Equipment: All property and equipment are valued at historical cost. A capitalization threshold of \$1,000 is used to report capital assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings	15-40 years
Furniture, fixtures and equipment	7 years
Computers	5 years
Software	3 years

Estimates: The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Balances: Employees accrue seven (7) days (56 hours) of paid time off ("PTO") each year. PTO is earned as of the first day of each school year. In the event accrued PTO is not used by the end of the school year, employees may carry over unused PTO to the next school year, up to maximum of 40 days (320 hours).

Tax Exempt Status: The School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to federal income tax. The School currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The School has adopted provisions of FASB standard on Accounting for Uncertainty in Income Taxes (ASV 740-10-25). The School does not believe there are any material uncertain tax provisions and, accordingly, they will not recognize any liability for unrecorded tax benefits. For the year ended June 30, 2020, there were no interest or penalties recorded in the financial statements. The School's Forms 990, Return for Organization Exempt from Income Taxes, for the years ended June 30, 2019, 2018, and 2017 are subject to examination by the IRS, generally three years after they were filed.

Subsequent Events: Management has evaluated subsequent events through January 18, 2021, the date the financial statements were available to be issued.

Recognition of Donor Restrictions: Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses: Expenses consist of costs related to Organization activities and administrative functions. These costs have been summarized on a functional basis in the statements of activities without donor restrictions. Costs are directly charged to the functions they benefit.

Principles of Consolidation: The consolidated financial statements include the accounts of BSDS Inc. and BSDS RE Holdings Inc.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE C - CASH AND CASH EQUIVALENTS**

At June 30, 2020, the bank balances of the School's deposits totaled \$2,903,128. Of this amount, \$450,903 was covered by FDIC insurance, \$450,097 by Government Backed Securities, \$1,994,209 by Country Club Bank Federated Treasury Obligation money market funds secured 60% by repurchase agreements and 40% by U.S. Treasury notes, and \$7,919 was unsecured.

**NOTE D – INVESTMENTS**

The School carries Level 1 measurements for investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The School initially records Level 2 financial investments at the fair value as of the date the investments are donated to the School and thereafter carries such investments primarily at current appraised values. The School uses the income approach to record Level 3 investments. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques.

At June 30, 2020, Level 1 investments consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificate of Deposits	\$ 247,000	\$ 249,447
Agency Bonds	<u>200,000</u>	<u>200,650</u>
Total	<u>\$ 447,000</u>	<u>\$ 450,097</u>

**NOTE E - INSURANCE**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect itself from such risks.

**NOTE F - RETIREMENT PLAN**

The School contributes to The Kansas City Public School Retirement System (the Retirement System), a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri School District; the Kansas City Public Library; the charter schools within the boundaries of the Kansas City Missouri School District; and the 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 Kansas City Public School Retirement System, 3100 Broadway Street, Suite 1211, Kansas City, Missouri, 64111 or by calling 1-816-472-5800.

Effective January 1, 2016, employees were required to contribute 9.0% of their annual covered salary. Employers also make contributions to the plan. Effective January 1, 2020, the employer contribution rate increased from 10.5% to 12%. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's contributions to the System for the year ended June 30, 2020, was \$570,751, equal to the required contributions.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE G - PROPERTY, PLANT AND EQUIPMENT**

Building and Improvements	\$ 12,999,362
Equipment	843,508
Land	442,145
Loan fees	271,933
	14,556,948
Accumulated depreciation	(3,710,624)
	\$ 10,846,324

Depreciation expense for the year ended June 30, 2020, was \$466,393. The depreciation expense was allocated to the related functions: instruction \$55,040, instructional staff support \$10,993, general administration \$1,139, building improvements \$56,558, food service \$1,362, and operation of plant \$341,301.

**NOTE H - NOTES PAYABLE**

On October 29, 2012, a note payable was entered into with a liability company in the amount of \$5,280,440 to pay off existing debt and develop property for the use as a public charter facility. Beginning November 1, 2012, the note requires monthly interest payments until maturity with interest at 3.58%. The principal amount and all unpaid interest were paid off on June 30, 2020.

On October 29, 2012, another note payable was entered into with a limited liability company in the amount of \$2,703,360 to pay off existing debt and develop property for the use as a public charter school facility. Beginning November 1, 2012, the note requires monthly interest payments until maturity with interest at 3.58%. The principal amount and all unpaid interest were paid off on June 30, 2020.

On October 29, 2012, another note payable was entered into with a limited liability company in the amount of \$2,246,200 to pay off existing debt and develop property for the use as a public charter school facility. Beginning November 1, 2012, the note requires monthly interest payments until maturity with interest at 3.58%. The principal amount was forgiven, and all unpaid interest was paid off on June 30, 2020.

On April 13, 2020, the School entered into a Payroll Protection Program loan agreement. This note was made available through the U.S. Small Business Administration. The loan was for \$1,156,000, with interest rate at 1.0% payable over a two-year period with the first payment due on October 13, 2020 with 18 payments of \$65,002. At June 30, 2020, the outstanding balance was \$1,156,000.

On June 30, 2020, a note payable was entered into with Equitable Facilities Fund in the amount of \$5,655,705 to pay off existing debt. Beginning August 1, 2020, the note requires 360 monthly principal and interest payments of \$25,716 until maturity in July 2050, with interest at 3.6%.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE H - NOTES PAYABLE (concluded)**

The annual requirements to amortize all notes payable outstanding as of June 30, 2020, including interest payments are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 670,523	\$ 197,371	\$ 867,894
2022	692,878	200,731	893,609
2023	114,327	194,265	308,592
2024	118,511	190,080	308,591
2025	122,849	185,743	308,592
2026-2030	685,070	857,888	1,542,958
2031-2035	819,957	723,001	1,542,958
2036-2040	981,402	561,556	1,542,958
2041-2045	1,174,635	368,323	1,542,958
2046-2050	1,405,914	137,043	1,542,957
2051	25,639	77	25,716
Total	<u>\$ 6,811,705</u>	<u>\$ 3,616,078</u>	<u>\$ 10,427,783</u>

**NOTE I – CAPITAL LEASE OBLIGATION**

In July 2016, the School entered into a capital lease to finance the acquisition of computer equipment. The lease requires monthly installments of \$3,348, including interest at 7.766%. The balance of the capital lease was paid off during the fiscal year.

In March 2017, the School entered into a capital lease to finance the acquisition of computer equipment. The lease requires monthly installments of \$280, including interest at 7.634%. The balance of the capital lease was paid off during the fiscal year.

**NOTE J – FEDERAL AND STATE FUNDS RECEIVABLE**

Federal and State Funds Receivable at June 30, 2020, consist of the following:

State – Basic Formula	\$ 280,762
Other Receivables	<u>107,840</u>
	<u>\$ 388,602</u>

**NOTE K – LEASE COMMITMENTS**

On June 25, 2017, the School entered into a non-cancelable lease with a maintenance agreement for copier equipment. The base lease price is payable in monthly installments of \$3,931. Overage will be invoiced in addition to monthly base.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE L – NEW MARKET TAX CREDIT**

In October 2012, the school and its newly formed affiliate, BSDS RE HOLDINGS, INC., entered into a series of transactions which generated “New Market Tax Credits” under Section 45D of the Internal Revenue Code of 1986, as amended.

Chase NMTC IFF Charter School Investment Fund, LLC, (Investment Fund), an entity wholly owned by Chase Community Equity, LLC by virtue of a capital contribution of \$3,376,200 was awarded New Market Tax Credits of \$4,290,000 in consideration of its \$11,000,000 investment in its 99.99% owned subsidiary, IFF Capital V, LLC.

IFF Capital V, LLC made three loans totaling \$10,230,000 described in Note H to BSDS RE Holdings, LLC.

The school transferred all its real estate to BSDS RE Holdings, Inc, and has leased the buildings for \$35,850 per month since January 1, 2016.

On June 30, 2020, the school refinanced the loans with Equitable Facilities Fund in the amount of \$5,655,705. The school used reserves totaling \$2,130,386 to pay off remaining loan balances, following forgiveness of \$2,796,200 in principal.

Once the refinance was completed, the real estate assets were transferred back to the school, and BSDS RE Holdings was dissolved.

**NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The School strives to maintain liquid financial assets sufficient to cover general expenditures and maintain financial stability.

The following table reflects the School’s financial assets as of June 30, 2020, reduced by amounts not available to meet general expenditures within one year of the Consolidated Statement of Financial Position date because of donor restrictions.

Cash	\$ 2,394,075
Investments	<u>450,097</u>
Total financial assets	2,844,172
Donor restricted assets	<u>(306)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,843,866</u>

**NOTE N - CONTINGENCIES**

The School is involved in some asserted claims that are pending as of the audit report date. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. School management believes that such matters and claims will ultimately be resolved without material financial liability, if any, to the School.



**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE N – CONTINGENCIES (concluded)**

The continued operation of BSDS, Inc. is dependent upon the guidelines set forth by RSMo, Department of Elementary and Secondary Education, and the continued support of the School's sponsor. The School may cease to exist upon infringement of the aforementioned agreements.

**NOTE O - SUBSEQUENT EVENTS**

There are no subsequent events to report as of the audit report date.

## **SUPPLEMENTARY INFORMATION**

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

	<u>BSDS</u>	<u>BSDS RE Holdings, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,394,075	\$ -	\$ -	\$ 2,394,075
Investments	450,097	-	-	450,097
Accounts receivable, net	388,602	-	-	388,602
Prepaid Expenses	105,005	-	-	105,005
Property and equipment, net	<u>10,846,324</u>	<u>-</u>	<u>-</u>	<u>10,846,324</u>
 Total Assets	 <u>\$ 14,184,103</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 14,184,103</u>

**LIABILITIES AND NET ASSETS**

Liabilities:				
Accounts payable	\$ 189,147	\$ -	\$ -	\$ 189,147
Deferred revenue	71,632	-	-	71,632
Accrued personnel costs	7,132	-	-	7,132
Notes payable	<u>6,811,705</u>	<u>-</u>	<u>-</u>	<u>6,811,705</u>
 Total Liabilities	 <u>7,079,616</u>	 <u>-</u>	 <u>-</u>	 <u>7,079,616</u>
 Net Assets				
Without donor restrictions	7,104,181	-	-	7,104,181
With donor restrictions	<u>306</u>	<u>-</u>	<u>-</u>	<u>306</u>
 Total Net Assets	 <u>7,104,487</u>	 <u>-</u>	 <u>-</u>	 <u>7,104,487</u>
 Total Liabilities and Net Assets	 <u>\$ 14,184,103</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 14,184,103</u>

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>BSDS</u>			<u>BSDS RE Holding, Inc.</u>		<u>Total</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT, REVENUE AND GAIN:</b>								
Government grants and contracts	\$ 8,314,613	\$ -	\$ 8,314,613	\$ -	\$ -	\$ 8,314,613	\$ -	\$ 8,314,613
Tuition	200,100	-	200,100	-	-	200,100	-	200,100
Investment income	38,050	-	38,050	-	-	38,050	-	38,050
Fees and services	117,710	-	117,710	-	-	117,710	-	117,710
Contributions	617,088	3,200	620,288	-	-	617,088	3,200	620,288
Fundraising	-	-	-	-	-	-	-	-
Other	3,404,758	-	3,404,758	430,200	(430,200)	3,404,758	-	3,404,758
	<u>12,692,319</u>	<u>3,200</u>	<u>12,695,519</u>	<u>430,200</u>	<u>(430,200)</u>	<u>12,692,319</u>	<u>3,200</u>	<u>12,695,519</u>
Total support, revenue and gain								
<b>EXPENSES:</b>								
Instruction	5,197,198	-	5,197,198	-	-	5,197,198	-	5,197,198
Student services	300,204	-	300,204	-	-	300,204	-	300,204
Instructional staff support	405,036	-	405,036	-	-	405,036	-	405,036
Building level administration	393,280	-	393,280	-	-	393,280	-	393,280
General administration and central services	1,516,320	-	1,516,320	15	-	1,516,335	-	1,516,335
Operation of plant	1,297,713	-	1,297,713	341,301	(430,200)	1,208,814	-	1,208,814
Food service	388,158	-	388,158	-	-	388,158	-	388,158
Community services	122,853	2,500	125,353	-	-	122,853	2,500	125,353
Transportation	51,269	394	51,663	-	-	51,269	394	51,663
Debt service:								
Interest and fees	122	-	122	372,038	-	372,160	-	372,160
	<u>9,672,153</u>	<u>2,894</u>	<u>9,675,047</u>	<u>713,354</u>	<u>(430,200)</u>	<u>9,955,307</u>	<u>2,894</u>	<u>9,958,201</u>
Total expenses								
Change in unrestricted net assets	3,020,166	306	3,020,472	(283,154)	-	2,737,012	306	2,737,318
Distribution (to) from affiliate	-	-	-	(137,222)	-	(137,222)	-	(137,222)
Net assets, beginning of year	4,366,027	-	4,366,027	420,376	-	4,504,391	-	4,504,391
Net assets, end of year	<u>\$ 7,386,193</u>	<u>\$ 306</u>	<u>\$ 7,386,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,104,181</u>	<u>\$ 306</u>	<u>\$ 7,104,487</u>

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,339,173	\$ 54,902	\$ -	\$ 2,394,075
Investments	450,097	-	-	450,097
Prepaid expenses	31,773	-	73,232	105,005
Accounts receivable, net	388,602	-	-	388,602
 Total assets	 \$ 3,209,645	 \$ 54,902	 \$ 73,232	 \$ 3,337,779
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 134,245	\$ 54,902	\$ -	\$ 189,147
Deferred revenue	71,632	-	-	71,632
Accrued personnel costs	7,132	-	-	7,132
Note Payable - PPP Loan	1,156,000	-	-	1,156,000
 Total liabilities	 1,369,009	 54,902	 -	 1,423,911
 Fund Balances:				
Unreserved	1,840,636	-	73,232	1,913,868
 Total liabilities and fund balances	 \$ 3,209,645	 \$ 54,902	 \$ 73,232	 \$ 3,337,779

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 2,174,726	\$ 288,733	\$ 8,343,105	\$ 10,806,564
State	2,581,886	3,887,171	-	6,469,057
Federal	<u>1,068,065</u>	<u>-</u>	<u>7,537</u>	<u>1,075,602</u>
Total Revenues	<u>5,824,677</u>	<u>4,175,904</u>	<u>8,350,642</u>	<u>18,351,223</u>
EXPENDITURES:				
Instruction	1,626,924	3,515,234	-	5,142,158
Student services	300,204	-	-	300,204
Instructional staff support	322,434	71,609	1,015	395,058
Building level administration	-	393,280	-	393,280
General administration and central services	1,319,400	195,781	-	1,515,181
Operation of plant	1,241,155	-	6,913	1,248,068
Food service	386,796	-	-	386,796
Community services	125,353	-	-	125,353
Building acquisition and construction	-	-	10,121,200	10,121,200
Transportation	51,663	-	-	51,663
Debt service:				
Principal	-	-	8,701	8,701
Interest and fees	<u>-</u>	<u>-</u>	<u>272,055</u>	<u>272,055</u>
Total Expenditures	<u>5,373,929</u>	<u>4,175,904</u>	<u>10,409,884</u>	<u>19,959,717</u>
Revenues Over (Under) Expenditures	450,748	-	(2,059,242)	(1,608,494)
Other Financing Sources (Uses):				
Transfers	<u>(2,132,474)</u>	<u>-</u>	<u>2,132,474</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,681,726)	-	73,232	(1,608,494)
Fund balance, beginning	<u>3,522,362</u>	<u>-</u>	<u>-</u>	<u>3,522,362</u>
Fund balance, ending	<u>\$ 1,840,636</u>	<u>\$ -</u>	<u>\$ 73,232</u>	<u>\$ 1,913,868</u>

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**SCHEDULE OF REVENUES BY SOURCE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>LOCAL:</b>				
Sales tax	\$ 481,221	\$ 288,733	\$ -	\$ 769,954
Tuition	200,100	-	-	200,100
Earnings on investments	38,050	-	-	38,050
Food service	430	-	-	430
Student activities	8,823	-	-	8,823
Community service	108,457	-	-	108,457
Donations	620,288	-	-	620,288
Other	717,357	-	8,343,105	9,060,462
Total Local	<u>2,174,726</u>	<u>288,733</u>	<u>8,343,105</u>	<u>10,806,564</u>
<b>STATE:</b>				
Basic formula	2,330,119	3,887,171	-	6,217,290
Basic formula - classroom trust fund	216,013	-	-	216,013
Transportation	7,873	-	-	7,873
Food service	3,682	-	-	3,682
Other state revenue	24,199	-	-	24,199
Total State	<u>2,581,886</u>	<u>3,887,171</u>	<u>-</u>	<u>6,469,057</u>
<b>FEDERAL:</b>				
Medicaid	155,761	-	-	155,761
Title I	371,914	-	-	371,914
Title II.A	25,562	-	-	25,562
Title IV A	39,202	-	-	39,202
Food Service	353,776	-	7,537	361,313
Individuals with Disabilities - Part B	121,850	-	-	121,850
Total Federal	<u>1,068,065</u>	<u>-</u>	<u>7,537</u>	<u>1,075,602</u>
 Total Revenues	 <u>\$ 5,824,677</u>	 <u>\$ 4,175,904</u>	 <u>\$ 8,350,642</u>	 <u>\$ 18,351,223</u>

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES PAID BY OBJECT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Salaries	\$ 2,176,295	\$ 3,305,402	\$ -	\$ 5,481,696
Employee benefits	544,403	870,502	-	1,414,905
Purchased services	2,023,451	-	-	2,023,451
Supplies	629,780	-	-	629,780
Capital			10,129,128	10,129,128
Debt Service	-	-	280,756	280,756
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<u>\$ 5,373,929</u>	<u>\$ 4,175,904</u>	<u>\$ 10,409,884</u>	<u>\$ 19,959,717</u>



## **STATE COMPLIANCE SECTION**



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

To the Members of the Board of Directors  
BSDS, Inc.

**Report on Compliance with State Requirements**

We have examined management's assertions that BSDS, Inc. ("School") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by 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, 2020.

**Management's Responsibility**

Management is responsible for the School's compliance with the aforementioned requirements.

**Auditor's Responsibility**

Our responsibility is to express an opinion on management's assertions about the School's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

**Opinion on Compliance with State Requirements**

In our opinion, management's assertions that BSDS, Inc. complied with the aforementioned requirements for the year ended June 30, 2020, are fairly stated, in all material respects. However, we noted one instance of noncompliance as noted on page 26 relating to secured deposits.

This report is intended solely for the information and use of the Governing Board, administration, Missouri Charter School Commission, and the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

Daniel Jones & Associates, P.C.  
Certified Public Accountants  
Arnold, Missouri

January 18, 2021

**BSDS, Inc.**  
**CHARTER NUMBER 048-916**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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
6950	PK	5	-	6.92	121	836.9200
3950	6	8	-	6.92	121	836.9200

**2. AVERAGE 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
6950	PK	18,221.5172	-	-	-	-	18,221.5172
6950	K	62,030.2183	-	-	-	4,061.6167	66,091.8350
6950	1	67,367.8522	-	-	-	2,917.8667	70,285.7189
6950	2	65,655.6684	-	-	-	3,250.3534	68,906.0218
6950	3	64,446.9851	-	-	-	4,164.1167	68,611.1018
6950	4	68,057.6854	-	-	-	4,470.3834	72,528.0688
6950	5	51,720.0849	-	-	-	4,758.0666	56,478.1515
3950	6	56,827.5019	-	-	-	3,393.0134	60,220.5153
3950	7	59,642.8013	-	-	-	2,584.2000	62,227.0013
3950	8	48,047.2852	-	-	-	3,278.2333	51,325.5185
<b>Grand Total</b>		<b>562,017.5999</b>	-	-	-	<b>32,877.8502</b>	<b>594,895.4501</b>

**BSDS, Inc.**  
**CHARTER NUMBER 048-916**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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
6950	PK	24	-	-	24
6950	K	80	-	-	80
6950	1	90	-	-	90
6950	2	86	-	-	86
6950	3	81	-	-	81
6950	4	86	-	-	86
6950	5	70	-	-	70
3950	6	77	-	-	77
3950	7	79	-	-	79
3950	8	60	-	-	60
<b>Grand Total</b>		<b>733</b>	-	-	<b>733</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
6950	482	-	-	-	482
3950	206	-	-	-	206
<b>Grand Total</b>	<b>688</b>	-	-	-	<b>688</b>

**BSDS, Inc.**  
**CHARTER NUMBER 048-916**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**5. FINANCE**

<b>Section</b>	<b>Question</b>	<b>Answer</b>
<b>5.1</b>	The charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
<b>5.2</b>	The charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
<b>5.3</b>	The charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
<b>5.4</b>	The charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True

**BSDS, Inc.**  
**CHARTER NUMBER 048-916**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>5.5</b>	As required by Section 162.405, RSMo, an insurance policy was purchased for the charter school's employee theft coverage in the total amount of:	\$1,000,000
<b>5.6</b>	The charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	False
<b>5.7</b>	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
<b>5.8</b>	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
<b>5.9</b>	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
<b>5.10</b>	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
<b>5.11</b>	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
<b>5.12</b>	The amount spent for approved professional development committee plan activities was:	N/A
<b>5.13</b>	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

**BSDS, Inc.**  
**CHARTER NUMBER 048-916**  
**SCHEDULE OF SELECTED STATISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**6. TRANSPORTATION (SECTION 163.161, RSMO)**

<b>Section</b>	<b>Question</b>	<b>Answer</b>
<b>6.1</b>	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<b>True</b>
<b>6.2</b>	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>
<b>6.3</b>	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	<b>5.5</b>
	Ineligible ADT	<b>0</b>
<b>6.4</b>	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>
<b>6.5</b>	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	<b>7912</b>
<b>6.6</b>	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	<b>5543</b>
	Ineligible Miles (Non-Route/Disapproved)	<b>2369</b>
<b>6.7</b>	Number of days the charter school operated the school transportation system during the regular school year:	<b>122</b>

**BSDS, Inc.**  
**SCHEDULE OF STATE FINDINGS**  
**JUNE 30, 2020**

**I. Chapter 67 RSMO (Budget Statute)**

There were no budget findings.

**II. Other Findings**

1. The School's deposits were not secured during the year as required by Sections 110.010 and 110.020, RSMo.

The School utilizes sweep accounts to protect their funds in excess of FDIC coverage. The accounts included in the sweep contain funds that have additional deposits during certain times of the year, which exceeded the sweep from the operating account. In addition, remaining loan funds were included in the accounts that were intended to be fully expended by June 30th. The banks have been notified to increase the secured sweep accounts to capture the total of any/all accounts at each institution.



**FEDERAL COMPLIANCE SECTION**



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**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***

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors  
BSDS, Inc.

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 BSDS, Inc. (a nonprofit organization) (School), which comprise the Consolidated Statement of Financial Position as of June 30, 2020, and the related Consolidated Statements of Activities, Consolidated Statement of 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 January 18, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

### ***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.

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

January 18, 2021



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors  
BSDS, Inc.

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

We have audited BSDS, 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, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

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

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, 2020.

## Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Daniel Jones & Associates, P.C.  
Certified Public Accountants  
Arnold, Missouri

January 18, 2021

**BSDS, INC.**  
**d/b/a BROOKSIDE DAY SCHOOL**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

Cash Federal Expenditures

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided To Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Passed-through Missouri				
Department of Elementary and Secondary Education				
Special Education Cluster:				
Individuals With Disabilities IDEA	84.027	048-916	\$ -	\$ 118,194
ECSE-Federal(619)	84.173	048-916	-	<u>3,656</u>
Total Special Education Cluster				121,850
Title I	84.01	048-916	-	363,096
Title IIA, EASA, Teacher and Principal Quality	84.367	048-916	-	38,430
Title IV A	84.424	048-916	<u>-</u>	<u>25,015</u>
Total U.S. Department of Education			-	548,391
<u>U.S. Department of Agriculture</u>				
Passed-through Missouri				
Department of Elementary and Secondary Education				
Food & Nutrition Services Equipment Grant	10.579	048-916	-	7,537
Food & Nutrition Services Fruits & Vegetables	10.582	048-916	-	14,811
Child Nutrition Cluster:				
Food & Nutrition Services Breakfast Payment	10.553	048-916	-	84,936
National School Lunch Program - Commodities	10.555	048-916	-	30,417
National School Lunch Program	10.555	048-916	-	224,105
CARES Food & Nutrition Lunch Program	10.555	048-916	-	18,375
CARES Food & Nutrition Breakfast Program	10.555	048-916	<u>-</u>	<u>11,550</u>
Total Child Nutrition Cluster				369,383
Total U.S. Department of Agriculture			<u>-</u>	<u>391,731</u>
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 940,122</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of BSDS, Inc. under programs of the federal government for the year ended June 30, 2020. 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 BSDS, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of BSDS, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported in accordance with Generally Accepted Accounting Principles. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the School’s accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$1,068,065
Special Revenue Fund	-
Capital Projects Fund	<u>7,537</u>
Total	<u>\$1,075,602</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

NOTE 6 –MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – NON-CASH PROGRAMS

The commodities received, which are non-cash revenues, are valued using prices provided by the United States Department of Agriculture.

NOTE 8 – SUBRECIPIENTS

The School provided no federal awards to subrecipients during the year ended June 30, 2020.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**COMBINED SCHEDULE OF FINDINGS**  
**AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**I. SUMMARY OF AUDITOR'S RESULTS**

A. Financial Statements

1. Type of auditor's report issued: Unmodified accrual basis
2. Internal control over financial reporting:
  - a. Material weakness(es) identified?  Yes  No
  - b. Significant deficiency(ies) identified?  Yes  None Reported
3. Noncompliance material to financial statements noted?  Yes  No

B. Federal Awards

1. Internal control over major federal programs:
  - a. Material weakness(es) identified?  Yes  No
  - b. Significant deficiency(ies) identified?  Yes  None Reported
2. Type of auditor's report issued on compliance for major federal programs:  
Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?  Yes  No
4. Identification of major federal programs:
 

CFDA Number(s):	Name of Federal Program or Cluster:
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee?  Yes  No



**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the financial statements for the year ended June 30, 2020.

**III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2020.

**BSDS, INC.**  
**d/b/a BROOKSIDE CHARTER SCHOOL**  
**SUMMARY OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the financial statements for the year ended June 30, 2019.

**II. FEDERAL AWARD FINDINGS – PRIOR YEAR**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2019.