



Hogan Preparatory Academy

Hogan Preparatory Academy Board Special Meeting

Date and Time

Tuesday December 27, 2022 at 5:30 PM CST

Location

Notice is hereby given that the Hogan Preparatory Academy Board will conduct a virtual Board Meeting at 5:30 PM on Tuesday, December 27, 2022 at Hogan Preparatory Academy District Office, at 1331 E Meyer Boulevard, Kansas City, MO.

Join Zoom Meeting

<https://us02web.zoom.us/j/88459561291?pwd=aS95UG14enhmU2QrT2xpaC9Xa2U4Zz09>

Meeting ID: 884 5956 1291 Passcode: Un2j1R

One tap mobile +19292056099,,88459561291#,,,,*801419# US (New York) +13017158592,,88459561291#,,,,*801419# US (Washington DC)

Dial by your location

+1 312 626 6799 US (Chicago)

Agenda

	Purpose	Presenter	Time
I. Opening Items			5:30 PM
Opening Items			
A. Record Attendance and Guests		Dr. Mary Viveros	1 m
Quorum Established			
B. Call the Meeting to Order		Dr. Mary Viveros	1 m
C. Adoption of Agenda	Vote	Dr. Mary Viveros	1 m

	Purpose	Presenter	Time
D. Comments from Public		Dr. Mary Viveros	2 m
E. Comments from the Board President		Dr. Mary Viveros	5 m
F. Comments from the Superintendent		Dr. Jayson Strickland	5 m
II. Old Business			5:45 PM
A. HPA Audit	Vote	Dr. Tamara Burns	5 m
B. Owner's Rep Contract	Vote	Dr. Jayson Strickland	5 m
III. New Business			5:55 PM
A. Letter of Concern	Discuss	Dr. Jayson Strickland	10 m
IV. Calendar			6:05 PM
A. Upcoming Dates	Discuss	Dr. Jayson Strickland	1 m
<ul style="list-style-type: none"> • December 19th-30th • January 2nd-3rd • January 4th • January 9th • January 16th • January 17th • January 20th • January 23rd 	<ul style="list-style-type: none"> Winter Break-Schools/Offices Closed Teacher Work Day, No School Students Return Plan due MLK Jr. Day-Schools/Offices Closed HPA BOD Finance Committee Meeting, 12pm HPA BOD Governance Committee Meeting, 2pm HPA BOD Meeting, 5:30pm 		
V. Closing Items			6:06 PM
A. Motion to Go into Closed Session	Discuss	Dr. Mary Viveros	10 m

	Purpose	Presenter	Time
<p>RSMo § 610.021. Closed meetings and closed records authorized when, exceptions, sunset dates for certain exceptions (1) Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys.... 3) Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded.....(13) Individually identifiable personnel records, performance ratings or records pertaining to employees or applicants for employment...</p>			

- | | | | |
|--|------|---------------------|-----|
| B. Adjourn Meeting | Vote | Dr. Mary
Viveros | 1 m |
| C. Motion to Go into Closed Session | Vote | Mary
Viveros | 5 m |

RSMo § 610.021. Closed meetings and closed records authorized when, exceptions, sunset dates for certain exceptions (1) Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys.... 3) Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded.....(13) Individually identifiable personnel records, performance ratings or records pertaining to employees or

- | | | | |
|---------------------------|------|---------------------|-----|
| D. Adjourn Meeting | Vote | Dr. Mary
Viveros | 1 m |
|---------------------------|------|---------------------|-----|

Coversheet

HPA Audit

Section:	II. Old Business
Item:	A. HPA Audit
Purpose:	Vote
Submitted by:	
Related Material:	12-23-22 Draft Hogan Report.pdf

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**HOGAN PREPARATORY ACADEMY, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the modified cash basis financial statements of Hogan Preparatory Academy, Inc. (a nonprofit corporation) (School), which comprise the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2022, and the related Statements of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis, Functional Expenses – Modified Cash Basis, and Cash Flows – Modified Cash Basis for the year then ended, and the related Notes to the Financial Statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets and the revenues, expenses and net assets of Hogan Preparatory Academy, Inc. as of June 30, 2022, and the respective changes in s cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter-Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for determining that the modified cash basis of accounting is an acceptable basis for the presentation 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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Auditor's 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 *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis – Governmental Funds, the Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds, Schedule of Revenues Collected by Source – Modified Cash Basis, Schedule of Expenditures Paid by Object – Modified Cash Basis 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* (supplementary information) are presented for purposes of additional analysis and are not a required part of the financial statements.

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Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note B.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2022, 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

December 23, 2022

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FINANCIAL STATEMENTS

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**HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2022**

ASSETS

Cash	\$ 9,527,638
Other assets	71,967
Property and equipment, net	10,822,847
Total Assets	20,422,452

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll withholdings	-
Notes payable	7,058,027
Total liabilities	7,058,027

NET ASSETS

Without donor restrictions	13,364,425
Total Net Assets	13,364,425

Total Liabilities and Net Assets	\$ 20,422,452
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See accompanying notes to the financial statements.

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**HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

REVENUES WITHOUT DONOR RESTRICTIONS:

Government funding, grants and contracts	\$ 17,635,621
Contributions	39,466
Fees and services	62,414
Other revenue	97,873
Earnings on investments	2,510
Total Revenues Without Donor Restrictions	17,837,884

EXPENSES:

Program Services:	
Charter School	9,211,007
Management and General	3,937,406
Total Expenses	13,148,413

Change in Net Assets without restrictions	4,689,471
Net Assets without restrictions, beginning of year, restated	8,674,954
Net Assets without restrictions, end of year	\$ 13,364,425

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

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	Charter School	Management and General	Fundraising	Total
Salaries	\$ 5,472,767	\$ 998,448	\$ -	\$ 6,471,215
Payroll taxes and benefits	1,453,843	300,940	-	1,754,783
Amortization	-	888	-	888
Building and equipment maintenance	112,592	28,148	-	140,740
Conferences, meetings and travel	86,102	32,487	-	118,589
Contract and professional fees	623,403	1,362,324	-	1,985,727
Depreciation	-	118,742	-	118,742
Student transportation	-	792,855	-	792,855
Office supplies	28,115	65,562	-	93,677
Other supplies	18,454	5,208	-	23,662
Insurance	-	9,367	-	9,367
Interest	-	9,323	-	9,323
Occupancy	436,842	109,210	-	546,052
Utilities	161,260	40,315	-	201,575
Printing and publications	-	14,358	-	14,358
Textbooks and educational materials	633,968	-	-	633,968
Telephone and communications	14,199	6,865	-	21,064
Rent expense	169,462	42,366	-	211,828
Total expenses	\$ 9,211,007	\$ 3,937,406	\$ -	\$ 13,148,413

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 4,689,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	888
Depreciation	118,742
(Increase) decrease in:	
Other assets	7,286
Net cash provided by operating activities	4,816,387
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(8,093,883)
Net Cash used by investing activities	(8,093,883)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on Notes Payable	(74,911)
Proceeds of Notes Payable	6,935,043
Net cash provided by financing activities	6,860,132
NET INCREASE IN CASH	3,582,636
CASH AND CASH EQUIVALENTS, beginning	5,945,002
CASH AND CASH EQUIVALENTS, ending	\$ 9,527,638
SUPPLEMENTAL DISCLOSURES:	
Interest paid	\$ 9,323

See accompanying notes to the financial statements.

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE A - MISSION AND NATURE OF BUSINESS

The Hogan Preparatory Academy, Inc. (the School) is a not-for-profit public benefit corporation organized on June 8, 1998, under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. The corporation operates a charter school, which is sponsored by the Missouri Public Charter School Commission. The School is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. The School's charter allows for the provision of education for students in grades kindergarten through twelve.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenses when they result from cash transactions, with a provision for recording capital assets, depreciation and long-term liabilities, such as promissory notes. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents: For the purpose 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.

Estimates: The preparation of financial statements in conformity with the modified cash basis 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 School 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 School's Forms 990, Return for Organization Exempt from Income Taxes, for the years ended June 30, 2021, 2020, and 2019 are subject to examination by the IRS, generally three years after they were filed.

Personal Leave: Personal days are considered as expenditures in the year paid. Full-time and Part-time employees accumulate personal days based on length of service and number of months of employment during the fiscal year. A maximum of 40 unused personal hours for 10-month employees and 80 unused personal hours for 12-month employees may be carried over to the next fiscal year. Unused personal days, except as specified above, are forfeited.

Property and Equipment: All property and equipment are valued at historical cost, if acquired, or fair value, if donated. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets.

Equipment 5 years to 15 years
Buildings and improvements 15 years to 50 years

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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.

Subsequent Events

In preparing these financial statements, the School has evaluated subsequent events through December 23, 2022 the date which the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2022, the bank balances of the School deposits totaled \$9,527,164. None of the School's deposits were exposed to custodial credit risk.

NOTE D - RETIREMENT PLAN

The School 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 of Missouri are also covered by Social Security. The Retirement System is administered by a 12-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.

Retirement System members were required to contribute 9.0% of their annual covered salary and the School is required to contribute a 12% match. The contribution requirements of members and the School are established, and may be amended, by the KCPSRS Board of Trustees. The School's required contributions to the System for the year ended June 30, 2022, was \$728,367 equal to the required contributions.

NOTE E - PROPERTY AND EQUIPMENT

Construction in Progress	\$8,060,043
Building and improvements	3,039,099
Land	200,433
Equipment	<u>956,590</u>
	12,256,165
Accumulated depreciation	<u>(1,433,318)</u>
	<u>\$10,822,847</u>

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE E - PROPERTY AND EQUIPMENT (concluded)

Depreciation expense for the year ended June 30, 2022, was \$118,742. The depreciation expense was allocated to building and improvements in the amount of \$71,961, instruction and related equipment in the amount of \$9,808, and non-instruction related equipment in the amount of \$36,973.

NOTE F - 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 G – OPERATING LEASES

On January 13, 2015, the School entered into two 120 month lease agreements with Brightergy Leasing, LLC for the installation of two Solar Panel Systems for the schools. Each lease calls for one \$37,500 initial payment. The initial payment is a rebate payment received from Missouri Kansas City Power and Light for the installation of solar panels. The lease requires monthly payments of \$200 per lease.

On February 28, 2017, the School entered into an operating lease for a Digital Mailing system with Pitney Bowes. The term is for 60 months for an amount of \$180 billed quarterly. The school added a new lease to the agreement on April 10, 2019 which runs for 60 months at an amount of \$182 billed quarterly.

On July 9, 2021, the school entered into a two-year lease agreement with SSKC Educational Support, Inc. 2803 E. 51st Street, Kansas City, MO 64130. The lease calls for monthly payments of \$16,667.

On April 29, 2020, the school entered into an operating lease for copiers with Sumner One. The lease provides 7 copiers for 60 months at a monthly amount of \$1,240.

The future minimum lease payments under these leases are as follows:

YEAR ENDED	COPIERS	POSTAGE MACHINE	SOLAR PANELS	2803 E. 51st ST	TOTAL
2023	\$ 14,876	\$ 726	\$ 4,800	\$ 200,000	\$ 220,402
2024	14,876	726	4,800	-	20,402
2025-26	14,876	726	4,800	-	20,402
TOTAL	\$ 44,628	\$ 2,178	\$ 14,400	\$ 200,000	\$ 261,206

NOTE H - CLAIMS AND ADJUSTMENTS

The School 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, 2022, significant amounts of grants disbursements have not been audited by grantor governments, but the School believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE I - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

The following table reflects the Organization’s financial assets as of June 30, 2022, reduced by amounts not available to meet general expenditures within one year of the statement of assets, liabilities and net assets – modified cash basis date because of donor restrictions.

Cash	\$	9,527,638
Donor restricted Assets		-
Financial assets available to meet cash needs for general expenditure within one year		\$ 9,527,638

NOTE J – COMMITMENTS AND CONTINGENCIES

At June 30, 2022, the School has entered into contracts for the construction of new facilities in the amount of \$16,593,024 of which \$8,060,043 has been paid as of June 30, 2022.

The School is involved in pending litigation. 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 litigation and claims will ultimately be resolved without material financial liability, if any, to the School.

The School receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The School is not aware of any noncompliance with federal or state provisions that might require the School to provide reimbursement.

The continued operation of the Hogan Preparatory Academy, Inc. is dependent upon the guidelines set forth by sections 160.400 to 160.425 and 167.349, RSMo 2012, 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 K – NOTES PAYABLE

On January 15, 2013, the School executed a secured promissory note to a bank for \$520,000. Proceeds from this note were used to purchase a new facility. The note was restructured on September 15, 2018 with a new maturity date of December 12, 2023, bearing interest rate of 6.75%. The balance on the note at June 30, 2022 was \$80,258.

On December 31, 2013, the School executed a secured promissory note to a bank for \$234,100. Proceeds from this note were used to purchase air conditioner system upgrades. The note has a maturity date of January 1, 2024, bearing interest at 3.5%. The balance on the note at June 30, 2022, was \$42,726.

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE K – NOTES PAYABLE (concluded)

Future obligations on these notes payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 79,297	\$ 4,936	\$ 84,233
2024	43,687	744	44,431
Total	\$ 122,984	\$ 5,680	\$ 128,664

During the fiscal year ended June 30, 2022, the School entered into a credit facility agreement with KLS Leasing II, LLC (“KLS”), known as a Hybrid Loan (“Agreement”). The Agreement is defined as a short-term loan with zero percent interest until the maturity date of June 30, 2027. After the loan maturity date, zero percent interest will cease, and any loan repayments will be applied first to interest and then to principal. KLS loans are meant to be interim financing with the expectation that the School will obtain long-term financing by the maturity date. The Agreement allows for funds up to \$16,250,000 with the School making quarterly equity contributions in the amount of \$281,250 each, commencing in July 2021 with final contribution in April 2023. The proceeds of the loan and the equity contributions will be used to construct a new permanent high school and middle school facilities at 1221 E. Meyer Blvd., Kansas City, MO 64131.

Loan Repayments will commence upon student occupancy in school year 2022-2023 and will be based on an amount equal to 7% of the Per Pupil Allocation aid received by the School from the Missouri State Board of Education multiplied, and updated annually, by the School’s student Weighted Average Daily Attendance, across the School’s three campuses (elementary, middle and high schools). Loan repayments, in school year 2023-2024 and thereafter for a total of no more than 4 years, will be based on an amount equal to 14% of the Per Pupil Allocation aid received by the School from the Missouri State Board of Education, multiplied, and updated annually, by the School’s student Weighted Average Daily Attendance, across the School’s three campuses (elementary, middle and high schools).

Collateral for the loan is a deed of trust on the real estate being constructed under the Agreement. The Agreement also requires annual reporting by the School to KLS with information on the School’s performance related to certain goals set forth in the Agreement.

On June 30, 2022, the amount of the loan balance due to KLS was \$6,935,043.

NOTE L – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2021, the School sold the building at 2803 East 51st Street to SSKC Educational Support, Inc for \$975,000. The sales price was recognized as revenue. However, the cost of the building was not removed from the books and recorded. Accordingly, the property and equipment were overstated by \$1,000,587.

During the year ended June 30, 2022, it was determined that the beginning balance of the notes payable were understated by \$14,647.

As a result of these items, the beginning net assets have been adjusted as follows:

Net Assets, beginning of the year as previously reported	\$ 9,690,188
Prior period adjustments	<u>(1,015,234)</u>
Net assets, beginnings of year, restated	<u>\$ 8,674,954</u>

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SUPPLEMENTARY INFORMATION

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HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and cash equivalents	\$ 9,527,638	\$ -	\$ -	\$ 9,527,638
Other assets	71,967	-	-	71,967
Total assets	9,599,605	-	-	9,599,605
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll liabilities	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Unassigned	9,599,605	-	-	9,599,605
Total liabilities and fund balances	\$ 9,599,605	\$ -	\$ -	\$ 9,599,605

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 2,897,744	\$ 559,557	\$ -	\$ 3,457,301
State	3,513,581	6,021,588	-	9,535,169
Federal	4,790,796	-	-	4,790,796
Other	54,619	-	-	54,619
Total Revenues	<u>11,256,740</u>	<u>6,581,145</u>	<u>-</u>	<u>17,837,885</u>
EXPENDITURES:				
Instruction	1,585,568	4,535,871	33,842	6,155,281
Student services	213,661	384,277	-	597,937
Instructional staff support	187,075	497,476	-	684,551
General administration & central services	1,707,725	484,853	-	2,192,578
Building level administration	316,640	678,668	-	995,308
Operation of plant	1,246,121	-	-	1,246,121
Transportation	792,855	-	-	792,855
Food service	388,670	-	-	388,670
Community service	-	-	-	-
Facility construction and acquisition	-	-	1,125,000	1,125,000
Amortization				
Debt service:				
Principal payments	-	-	74,911	74,911
Interest and fees	-	-	9,322	9,322
Total Expenditures	<u>6,438,315</u>	<u>6,581,145</u>	<u>1,243,075</u>	<u>14,262,535</u>
Revenues Over (Under) Expenditures	<u>4,818,425</u>	<u>-</u>	<u>(1,243,075)</u>	<u>3,575,350</u>
Other Financing Sources (Uses):				
Sale of Property Proceeds	-	-	-	-
Transfers	<u>(1,243,075)</u>	<u>-</u>	<u>1,243,075</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,243,075)</u>	<u>-</u>	<u>1,243,075</u>	<u>-</u>
Net change in fund balances	3,575,350	-	-	3,575,350
Fund balance, beginning	<u>6,024,255</u>	<u>-</u>	<u>-</u>	<u>6,024,255</u>
Fund balance, ending	<u>\$ 9,599,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,599,605</u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF REVENUES COLLECTED BY SOURCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
LOCAL:				
Sales tax	\$ 900,365	\$ 540,219	\$ -	\$ 1,440,584
Food Service	-	-	-	-
Student activities	7,795	-	-	7,795
Interest income	2,510	-	-	2,510
Donations	986,966	-	-	986,966
Other local revenue	1,000,108	19,338	-	1,019,446
	<u>2,897,744</u>	<u>559,557</u>	<u>-</u>	<u>3,457,301</u>
STATE:				
Basic formula	2,997,549	6,021,588	-	9,019,137
Transportation	32,889	-	-	32,889
Basic formula - classroom trust fund	451,705	-	-	451,705
Food service	4,278	-	-	4,278
Other state revenue	27,160	-	-	27,160
Total State	<u>3,513,581</u>	<u>6,021,588</u>	<u>-</u>	<u>9,535,169</u>
FEDERAL:				
Medicaid	129,465	-	-	129,465
Title I	932,341	-	-	932,341
IDEA grants	314,532	-	-	314,532
Child Nutrition Cluster	683,842	-	-	683,842
CARES Cluster	2,555,906	-	-	2,555,906
Title II, Part A	77,581	-	-	77,581
Title IV.A	46,281	-	-	46,281
Other - Federal	50,848	-	-	50,848
Total Federal	<u>4,790,796</u>	<u>-</u>	<u>-</u>	<u>4,790,796</u>
OTHER:				
Sale of Vehicle				
Sale of Property	-	-	-	-
Transportation from other LEA's	54,619	-	-	54,619
Loan Proceeds	-	-	-	-
Total Other	<u>54,619</u>	<u>-</u>	<u>-</u>	<u>54,619</u>
Total Revenues	<u>\$ 11,256,740</u>	<u>\$ 6,581,145</u>	<u>\$ -</u>	<u>\$ 17,837,885</u>

See accompanying notes to the financial statements.

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**HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF EXPENDITURES PAID BY OBJECT - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Salaries	\$1,240,875	\$5,230,340	-	\$6,471,215
Employee Benefits	403,978	1,350,805	-	1,754,783
Purchased Services	3,860,534	-	-	3,860,534
Supplies	932,928	-	-	932,928
Capital Outlay	-	-	1,158,842	1,158,842
Principal	-	-	74,911	74,911
Interest and fees	-	-	9,322	9,322
 Total Expenditures	 <u>\$6,438,315</u>	 <u>\$6,581,145</u>	 <u>\$1,243,075</u>	 <u>\$14,262,535</u>

See accompanying notes to the financial statements.

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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
Hogan Preparatory Academy, Inc.

Report on Compliance with State Requirements

We have examined management’s assertions that Hogan Preparatory Academy, 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, 2022.

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 Hogan Preparatory Academy, Inc. complied with the aforementioned requirements for the year ended June 30, 2022, are fairly stated, in all material respects.

This report is intended solely for the information and use of the Governing Board, administration, University of Missouri – Kansas City 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, P.C.
Certified Public Accountants
Arnold, Missouri

December 23, 2022

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

Type of audit performed: Yellow Book Single Audit

1. CALENDAR (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
6910	PK	PK	-	6.8300	189	1291.5000
6910	K	5	-	6.6667	161	1049.3400
3945	6	8	-	6.7000	161	1046.7400
1935	9	12	-	6.6800	161	1049.5000

2. ATTENDANCE HOURS

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedia l Hours	Other Hours	Summer School Hours	Total
6910	PK	27,993.5006	-	-	-	-	27,993.5006
6910	K-5	318,460.6106	-	-	-	9,144.0000	327,604.6106
3945	6-8	198,332.6599	-	-	-	6,222.0000	204,554.6599
1935	9-12	296,361.1904	-	-	-	6,186.0000	302,547.1904
Grand Total		841,147.9615	-	-	-	21,555.0000	862,673.9615

3. SEPTEMBER MEMBERSHIP

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6910	PK-5	346.00	-	-	345.00
3945	6-8	203.00	-	-	203.00
1935	9-12	358.00	-	-	358.00
Grand Total		907.00	-	-	907.00

**HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2022**

DRAFT

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6910	335.00	-	-	-	335.00
3945	215.00	-	-	-	215.00
1935	355.00	-	-	-	355.00
Grand Total	905.00	-	-	-	905.00

5. FINANCE

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	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)	True
	Work Experience for Students with Disabilities	N/A

**HOGAN PREPARATORY ACADEMY, INC.
 CHARTER NUMBER 048-904
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2022**

DRAFT

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 162.405, RSMo, an insurance policy was purchased for the district's/charter school's employee theft coverage in the total amount of:	\$250,000
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.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The 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. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	N/A

**HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2022**

DRAFT

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
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6. TRANSPORTATION (SECTION 163.161, RSMO)

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:	True
	Eligible ADT	838.00
	Ineligible ADT	0.00
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:	229,254
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	220,195
	Ineligible Miles (Non-Route/Disapproved)	9,059
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	161

**HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

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I. Chapter 67 RSMO (Budget Statute)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

There were no budget findings.

II. Other Findings

There were no other state findings for the year ended June 30, 2022.

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FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of the Board of Directors
Hogan Preparatory Academy, 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 the Hogan Preparatory Academy, Inc. (a nonprofit organization) (School), which comprise the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2022, and the related Statements of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis, Functional Expenses – Modified Cash Basis and Cash Flows – Modified Cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **December 23, 2022**. Our report on the basic financial statements disclosed that, as described in Note B to the financial statements, the School prepares its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

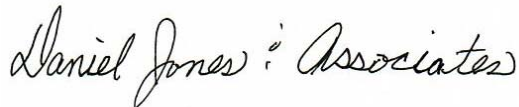
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



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

December 23, 2022



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hogan Preparatory Academy, Inc.'s (School) 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 the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the 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, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

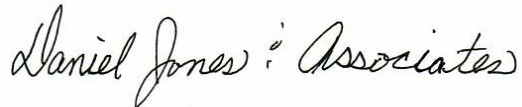
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



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

December 23, 2022

HOGAN PREPARATORY ACADEMY, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2022

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Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Passed-through Missouri Department of Elementary and Secondary Education				
Special Education Cluster				
Special Education Grants to States	84.027	048-904	\$ -	\$ 274,508
Special Education - Preschool Grants Special Education Cluster	84.173	048-904	-	2,981
			-	277,489
Title I Grants to Local Education Agencies				
Supporting Effective Instruction State Grants	84.010	048-904	-	669,402
Student Support and Academic Enrichment Program	84.367	048-904	-	75,654
School Improvement Grant	84.424	048-904	-	44,669
	84.377	048-904	-	233,746
COVID-19: Education Stabilization Fund:				
Covid 19 - CARES Transportation Supplement	84.425C	048-904	-	25,630
Covid 19 - CARES Student Connectivity	84.425D	048-904	-	33,776
Covid 19 - ESSER I	84.425D	048-904	-	13,432
Covid 19 - ESSER II	84.425D	048-904	-	2,097,307
Covid 19 - ESSER III	84.425U	048-904	-	621,313
Subtotal Assistance Listing #84.425			-	2,791,458
Total U.S. Department of Education			-	4,092,418
U.S. Department of Agriculture				
Passed-through Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Breakfast Program	10.553	048-904	-	152,947
National School Lunch Program	10.555	048-904	-	479,563
Food & Nutrition Services CNEOC	10.555	048-904	-	51,331
Subtotal Assistance Listing #10.555			-	530,895
Total U.S. Department of Agriculture and Child Nutrition Cluster			-	683,842
Total Federal Expenditures			\$ -	\$ 4,776,259

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

HOGAN PREPARATORY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Hogan Preparatory Academy, Inc. under programs of the federal government for the year ended June 30, 2022. 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 Hogan Preparatory Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hogan Preparatory Academy, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, 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 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	\$ 4,790,796
Total	<u>\$ 4,790,796</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 – SUBRECIPIENTS

The School provided no federal awards to subrecipients during the year ended June 30, 2022.

Note 8 – DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

The School received no donated personal protective equipment for the year ended June 30, 2022.

**HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

DRAFT

I. SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

- 1. Type of auditor’s report issued: Unmodified
- 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 are in accordance with 2 CFR 200.516(a)? Yes No
- 4. Identification of major federal programs:

Assistance Listing Number(s):	Name of Federal Program or Cluster:
84.425	COVID-19:Education Stabilization Fund
- 5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- 6. Auditee qualified as low-risk auditee? Yes No

**HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

DRAFT

II. FINANCIAL STATEMENT FINDINGS – CURRENT YEAR

Reference

2022-001 Finding Type: Material Weakness

Criteria: The School is responsible for the design, implementation and monitoring of internal control over financial reporting which includes the accurate preparation of financial statements.

Condition: During our audit, we noted that the beginning net assets were overstated because of error in a previous year. In addition, the financial statements prepared by management for the current year overstated the cash balance, understated expenditures, fixed assets and notes payable, causing the financial statements to be materially misstated.

Cause: Current procedures either do not require the review of internally prepared financial statements or the review, if performed, was ineffective.

Effect: Errors or irregularities in the preparation of financial statements could occur and go undetected.

Recommendation: We recommend the School implement internal controls over financial reporting including the preparation and review of the financial statements. Implementation of effective internal controls will allow for the accurate preparation of financial statements.

Management's Response: The School will implement the auditor's recommendation.

III. FINDINGS – FEDERAL AWARDS – CURRENT YEAR

There were no findings and questioned costs related to federal awards for the year ended June 30, 2022.

**HOGAN PREPARTORY ACADEMY, INC.
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

DRAFT

I. FINDINGS – FINANCIAL STATEMENTS AUDIT – 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, 2021.

II. FINDINGS – FEDERAL AWARDS – PRIOR YEAR

There were no findings and questioned costs related to federal awards for the year ended June 30, 2021.

Coversheet

Owner's Rep Contract

Section: II. Old Business
Item: B. Owner's Rep Contract
Purpose: Vote
Submitted by:
Related Material:
Eskie and Associates LLC Project Management Consulting Services Agreement.pdf

OWNER'S REPRESENTATIVE CONSULTING SERVICES AGREEMENT

This Owner's Representative Consulting Services Agreement is entered into as of the _____ day of _____ 20____ ("Effective Date"), by and between Eskie and Associates, LLC, 121114 State Line Road, Leawood, KS 66209 ("EAA"), [Client Name], a [Type of Business Entity and State of Formation], [Client Address] ("Client") (collectively, "Parties"). The following terms and conditions, together with the project management consulting services (collectively, "Services") described in each Work Order that may be executed by the Parties and attached hereto ("Work Order"), comprise and are referred to collectively as the "Agreement."

TERMS AND CONDITIONS

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Term. Client hereby engages EAA as a project management consultant to perform the Services on the terms and conditions set forth in this Agreement, and EAA hereby accepts the engagement. The term of this Agreement will commence on the Effective Date and continue until terminated as provided in this Section or, for any Work Order with a specific termination or completion date, the term expires under the Work Order. Either of the Parties may terminate this Agreement or any Work Order (a) for a material breach that is not cured within thirty (14) days following written notice, or (b) for convenience upon ninety (7) days' written notice to the other Party. In the event of a termination for convenience, Work Orders shall continue in full force and effect for the duration of any specific term set forth therein, except for Work Orders that are expressly terminated. Despite the reason for any early termination, Client agrees to pay EAA full compensation for the Services rendered through the effective date of the termination.
2. Compensation. The fees and reimbursement amounts payable to EAA for the Services will be set forth in each Work Order. The initial Work Order is attached hereto as Appendix "A" and, along with future Work Orders, is incorporated herein by reference. EAA will invoice Client for the fees owed for the Services provided, and Client will pay the total amount due to EAA, without deduction or setoff, within thirty (30) days following the date of the invoice. Any invoices not paid within this time shall be subject to a late payment fee of 1.5% per month, beginning on the date payment is due to EAA. All withholdings, taxes, or other contributions required by federal, state, or local law, if any, resulting from the payments made to EAA pursuant to this Agreement will be the sole responsibility of EAA, except that Client will be responsible for paying any sales, use, excise, and other taxes relating to its receipt of the Services and any work product or materials delivered to Client under this Agreement.
3. Intellectual Property. EAA shall retain ownership and all rights to its intellectual property, including, without limitation, EAA's methodologies, systems, procedures, management tools, workshops, software, concepts, ideas, inventions, and know-how.
4. Non-Exclusive Services. EAA shall perform the Services for Client on a non-exclusive basis and may provide the same or similar services to other persons, firms, or entities at any time.
5. Independent Contractor Relationship. The Parties acknowledge and agree that EAA is an independent contractor and not an employee of Client, and nothing contained herein shall be construed by the Parties or any third person to create the relationship of partners, principal and agent, employer and employee or any association other than contracting parties to this Agreement. EAA shall have the right to operate its business as it chooses, and Client does not have the right or ability to control EAA as to the specific means or manner in which it provides the Services.
6. EAA's Liability. EAA will only have liability for its gross negligence or willful misconduct in providing the Services, and it will not be liable for any loss, damage, or claim arising out of (i) Client's negligence, or (ii) any erroneous or incomplete data obtained from Client or any third party. Client acknowledges and agrees that it has sole discretion to decide whether to implement any recommendations or advice given as part of the Services. EAA will not be liable for Client's decisions with regard to EAA's recommendations or advice. Notwithstanding any provision to the contrary, neither Party will be liable to the other for any lost or prospective profits or any other indirect, consequential, special, incidental, punitive, or other exemplary losses or damages, however pleaded or claimed, regardless of the foreseeability or the cause thereof. EAA shall have no responsibility or control whatsoever over the means

and methods used by other consultants, contractors, subcontractors, or agents hired by Client.

Client, individually and for its owners, directors, officers, members, partners, employees, agents, independent contractors, and their respective assigns, expressly agrees that EAA's liability for any reason and upon any cause of action related to the performance of the Services under this Agreement, whether in tort, contract, or otherwise, shall be limited to the total aggregate sum of \$10,000.

7. Duty to Defend and Indemnify.

EAA agrees to indemnify, defend, and hold the Client, its officers, directors, employees, contractors, and agents harmless from and against any and all claims, liability, judgments, fines, and expenses, including all attorneys' fees and amounts paid in settlement actually and reasonably incurred by the Client in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (Proceeding), to which the Client is, was, or at any time becomes a party or is threatened to be made a party due to or attributable to the acts or omissions of the EAA, its officers, directors, employees, subcontractors, or agents. Nothing in this section shall be deemed or construed to be a waiver of sovereign immunity by the Client. EAA's indemnification and hold harmless obligations under this section shall not apply the extent any loss, damages, suits, penalties, costs, liabilities and expenses arise from or are caused by the willful misconduct of the Client or its employees, its agents or its Board of Directors.

8.

9. If a claim for damages related to or arising from the Services is asserted by any third party against EAA or its employees, affiliates, or subcontractors (collectively, "Indemnified Parties"), Client will indemnify and hold harmless the Indemnified Parties and will defend them with attorneys and other professionals retained by Client and approved by the Indemnified Parties. The Indemnified Parties may elect to engage their own attorneys and other professionals, at Client's expense, to defend or to assist in the defense of any such claim. In all events, case strategy will be determined by the Indemnified Parties, if they so elect, and no claim or legal proceeding will be settled without their prior approval, which may be withheld in their sole discretion.

10. No Tax, Accounting or Legal Advice. Client acknowledges and agrees that EAA has no duty to provide, and it is not providing, any tax, accounting, or legal advice in connection with the Services. Client will seek any such advice it deems necessary from its own tax, accounting, and legal advisors.

11. Assignment. This Agreement is a contract for Services and may not be assigned by either Party without the prior written consent of the other, except that the Services may be performed by EAA's employees or its affiliates or subcontractors approved by Client.

12. Entire Agreement. This Agreement constitutes the full, complete, and entire agreement between the Parties. There are no representations, promises, or agreements, whether expressed or implied, oral or written, that are not set forth herein. The terms of this Agreement are contractual, and not a mere recital.

13. Amendments. No modifications to or amendments of this Agreement shall be effective unless made in writing and signed by each of the Parties.

14. Jury Trial Waiver. The Parties agree to cooperate in good faith in all actions relating to the Agreement, to communicate openly and honestly, and generally to attempt to avoid disputes in connection with the Agreement. If a dispute should arise, the Parties agree to use their best efforts to resolve such dispute in a fair and equitable manner and without the need for expensive and time-consuming litigation. Specifically, the parties will attempt in good faith to resolve any issue, dispute, or controversy arising out of or relating to this Agreement, including but not limited to, any section of this Agreement that requires mutual agreement of the Parties, by promptly initiating negotiations between the Parties' representatives who have authority to settle any issue, dispute, or controversy. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within ten (10) days after delivery of such notice, representatives of both Parties will meet at a mutually acceptable time and place. If the offending party has not corrected the issue within twenty (20) days of the meeting of both Parties, written notice of termination may follow EACH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO A TRIAL BY JURY IN THE EVENT OF LITIGATION RELATING TO THE SERVICES OR THE PERFORMANCE OF THIS AGREEMENT. THE PARTIES AGREE TO VENUE, SUBJECT MATTER AND PERSONAL JURISDICTION IN THE

CIRCUIT COURT OF JACKSON COUNTY, MISSOURI AT KANSAS CITY.

15. THE PREVAILING PARTY IN ANY DISPUTE ARISING FROM THIS AGREEMENT SHALL BE ENTITLED TO ALL COSTS, FEES AND ATTORNEYS' FEES FROM THE NON-PREVAILING PARTY.

16. Survival. Any provisions of this Agreement that contemplate performance or observance subsequent to its termination, including, but not limited to, Sections 2-3, 6-7, and 12, shall survive the termination and continue in full force and effect, unless otherwise mutually agreed by the Parties in writing.

17. Notices. All notices, waivers, approvals, consents, demands, or other communications required or permitted under this Agreement shall be in writing and deemed properly given, served, and received (a) if delivered by messenger, when personally delivered, (b) if mailed, on the second business day after deposit in the U.S. mail, certified or registered, postage prepaid, return receipt requested, or (c) if delivered by reputable overnight express courier, freight prepaid, the next business day after delivery to such courier. All such communications shall be directed to the Parties at the addresses set forth in this Agreement.

18. Governing Law. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of **Missouri**.

19. Authority and Capacity to Execute. Each of the persons signing this Agreement represents, warrants, and guarantees that he or she has the full and complete authority and capacity to execute the Agreement and bind the Party for which the person is signing.

20. Insurance. EAA's failure to provide proof of insurance as requested under the Agreement will not relieve EAA of any contractual obligation or responsibility. Further, failure on the part of EAA to maintain insurance in full force during the term of the Agreement may be considered a material breach. EAA shall provide evidence of Insurance, with Hogan Preparatory Academy as an additional insured, within ten (10) days of the execution of this Agreement.

Workers' Compensation. EAA agrees to maintain and pay for Workers' Compensation insurance for its employees as required under any Workers' Compensation or similar law in the jurisdiction where the above-referenced services are performed.

Liability. EAA agrees to maintain and pay for general liability insurance throughout the Term of this Agreement with the following minimum limits of liability: \$1,000,000 Public Liability and \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Hogan Preparatory Academy shall be named as an Additional Insured.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

[Client Name]

By: _____
Name: _____
Title: _____

Eskie and Associates, LLC

By: _____
Name: _____
Title: _____

APPENDIX “A”

WORK ORDER TEMPLATE

**Work Order #1
To
Owner’s Representative Consulting Services Agreement
Dated [Insert Date, 201]**

This Work Order is attached to and forms part of the Owner’s Representative Consulting Services Agreement, dated as of , 201 , by and between (“Client”) and Eskie and Associates, LLC (EAA) (as it may be amended, the “Agreement”). Capitalized terms used in this Work Order without definition that are defined in the Agreement shall have the meanings set forth therein.

This Work Order shall be governed by and construed in accordance with the laws described in the Agreement unless amended for this Work Order.

This Work Order shall be governed by and construed in accordance with the laws of the State of Missouri without regard to conflicts of laws principles.

1. Project Description. For purposes of this Work Order, the Project shall be as described below, which shall be the Project for purposes of this Work Order:

Hogan Preparatory Academy Phase III which shall generally consist of demolition of existing building adjacent to Hogan Prep High School to prepare site and utilities for construction of a new gymnasium. This phase will also include coordinated de-commissioning, abatement, and demolition of the old high school building. The anticipated total project cost is \$12,000,000. This phase specifically excludes parking improvements and athletic field and facilities which may be part of a future phase.

2. Term and Schedule. The term of this Work Order #1 shall commence on the date set forth above and shall expire May 31, 2025. The target completion date for the Project is December 31, 2024, and the Schedule is as described below:

Project Planning and Pre-Design:	January 2023 – March 2023
Schematic / Design Development:	April 2023 - July 2023
Construction Documents / Bidding /Permitting:	August 2023 – October 2023
Construction:	November 2023 – October 2024
Closeout / Occupancy:	November 2024 – December 2024

3. Specific Duties. In providing the Services, EAA shall have the duties as defined in Exhibit 1 – Scope of Services attached hereto with respect to the Project.

4. Owner’s Representative Services Fees. As compensation for the performance of the Services in connection with the Project, Client shall make the reimbursements provided for in Section 7 below and shall pay to EAA a fee as set forth in Exhibit 2 – Compensation for Services attached hereto. The owner’s representative fee shall be equitably adjusted if the Services extend beyond the scheduled completion date of each phase of the Project, or if the originally contemplated scope of Services is increased.

5. Variable Services and Fees. Client and EAA may agree that EAA will provide additional variable services and resources and will compensate EAA based on actual hours spent by EAA personnel on such services utilizing the hourly rate schedule below:

Title	Rate per Hour
Managing Director	\$ 165
Senior Project Manager	\$ 110
Project Manager	\$ 100
Project Coordinator	\$ 45

6. Reimbursable Items. Client shall reimburse EAA for all costs, expenses and charges of EAA in connection with the Services, as approved by Client individually or as included in an approved reimbursable budget, and will include the following expenses: reproduction of drawings; messenger service; overnight delivery, long distance travel, lodging and meals when pre-approved by Client; subcontractor fees and expenses with 5% mark-up; parking; sales and use taxes and, if applicable, value added taxes paid on behalf of Client; freight and shipping costs paid on behalf of Client; and any specific non-recurring charges directly attributable to the Project and approved by Client.

7. Third Party Payments. If the parties agree EAA will act as payment agent to Client for any third party payables, EAA shall not be liable for making payments late or failing to make payments (i) if so directed by Client, (ii) if Client fails to provide sufficient funds and in a timely manner, or (iii) if Client is in default of its payment obligations under this Agreement, and Client shall indemnify, defend and hold harmless EAA against any and all claims that EAA may incur as a result thereof.

IN WITNESS WHEREOF, the Parties have executed this Work Order effective as of the date first above written.

[CLIENT]

By: _____
Name:
Title:

Eskie and Associates, LLC

By: _____
Name:
Title:

EXHIBIT 1

SCOPE OF SERVICES

Scope/Task	Comments:
Pre-Design	
Review Owner’s master plan and the project. Review scope/ program and costs and understand the Owner’s goals for the project. Note allowances, owner soft costs, escalation, and any other specific line items as they relate to the entire project and budget.	
Assist the Owner on the formation of committees for the selection of all project consultants.	
Assist the Owner on the formation of a committee of committed stakeholders for the purposes of design review, finish review, and mechanical systems, material, and equipment decisions.	
If requested, be prepared to chair each committee and display skills in meeting management in order to streamline commentary and decision making process. The Owner’s Representative should be guiding the committee with appropriate recommendations consistent with outlined goals for the project.	
Assist the Owner with selection of a delivery method most appropriate to the schedule and the outlined goals for the project.	
Determine what consultants and services will be necessary to deliver the project in compliance with all applicable Federal/State/Local regulations, and oversee the permitting, procurement, contracting, monitoring, and management of all project consultants, design professionals, contractors and vendors and their associated scope on behalf of the Owner.	
Assist the Owner with the selection of consultants/contractors through a qualifying and selection process. Provide detailed analysis and advice to the Owner in the evaluation of proposals.	
Assist with selection of consultants through a qualifying and selection process that are not part of the architect’s consultant team but will have contracts with Owner, such as environmental, geotechnical, third party testing and inspections, FF&E, technology, etc.	
Assist the Owner with the development and review of contracts with consultants and assist in the negotiation of fees and contracts with consultants. Contracts will be reviewed by the Owner’s attorney; however, consultant will assist with understanding the sublease language signed by the Owner for financing and the coordination of all contracts.	
Identify all State and Local agencies that will be utilized during the review process and oversee the submittal process. This will include coordination of all road improvements/ site development requirements with State and Local agencies.	
Assist the Owner in procuring and managing environmental, geotechnical, and other consultants in order to identify the project existing conditions in preparation for construction or demolition work.	
Coordinate with the design team throughout the design phases and create progress reports to be delivered to the Owner’s board of directors as design proceeds.	

Develop and update a Master Budget, as defined in the grant application, to be tracked from start to completion of the project. Maintain accountability to the budget, assist the Owner with monitoring, identify cost savings and design options/products, maintain and review project costs to confirm that the project is designed within the budget and to avoid value engineering at the end of the design process. Owner's Representative is to maintain, track and coordinate use of the projects reserve account.	
Compile and update Master Schedule milestones for all design phases, design review, bidding activities, purchase of major equipment, lead times for fixtures and equipment, coordination of activities outside construction, and coordination of key points with Owner's staff.	
Establish Owner's Representative as the central point of contact for coordinating all project activities including process for approvals, maintenance of project records, responses to inquiries from consultants, suppliers and contractors, transfer of information to decision makers, coordination of project information flow and progress reports to the Owner and general public as required.	
Assist with Schematic Design	
Orchestrate initial reviews with the State and Local agencies with jurisdiction over the project and understand the process that must be followed for final approvals. Include in master schedule.	
Assist the Owner with developing/ implementing and coordinating technology needs. Assist with the selection of consultants and vendors.	
Initiate a project review process to review, at a minimum, design options for interior and exterior, high performance design, student and staff safety, code compliance, adherence to school program.	
Review product selections and specifications for ease of maintenance/warranties/environmentally responsible products and solicit input from maintenance personnel to standardize equipment and construction materials. Verify that selected materials are consistent with the goals set forth for the project.	
Assist with the outline of a capital reserve budget program that addresses the life cycle of equipment and systems of the project.	Included as budgeted cost option for additional services and final fee will be based on mutually agreed upon scope
Facilitate the review of the interior design by the Owner's committee, document decisions and verify that final design and installation is consistent with the finish selections made. Take necessary action such that Architect / Interior designer provides finish board upon approval of the interior design.	
Maintain design team accountability to the design intent as described in the project scope.	
Provide weekly status reports to the Owner summarizing progress, schedule and cost status, major decisions, changes and other key project information.	
Oversee the establishment of a schematic design estimate and take necessary action such that project is within budget prior to proceeding to Design Development.	
Assist the Owner in their review and approval of schematic design.	
Assist with Design Development	

Assist the Owner in developing FF&E requirements including inventory of all existing FF&E. Monitor FF&E budget for compliance. Assist the Owner with the selection of an FF&E vendor or if included in the design team’s scope, review all decisions with the Owner.	
Assist in continued development of the capital reserve budget accounts as system and equipment selection is refined and life cycles are more specific.	Included in budgeted cost option for additional services
Initiate project review of drawings/specs and cost estimate with Owner and CDE Capital Construction staff for review prior to proceeding to Construction Documents.	
Provide weekly status reports to the Owner and CDE Capital Construction Assistance staff summarizing progress, schedule and cost status, major decisions, changes and other key project information.	
Assist with Construction Documents	
Assist in continued development of building renewal program/strategies.	
Orchestrate and assist the Owner in the review of construction documents/specifications and cost estimates for approval of construction documents.	
Coordinate acceptance of the Construction Documents and finalize pricing.	
Assist the Owner with development of a maintenance plan based on the approved design specifications.	
Provide monthly status reports to the Owner summarizing progress, schedule and cost status, major decisions, changes and other key project information	
Assist with the Bidding Process	
Confirm that the permit process is completed prior to start of construction, that an early start permit has been obtained if necessary, and coordinate with agencies affected.	
Coordinate and review any modifications to pricing with the Owner.	
Review insurance and bonding requirements. Ensure general contractor insurance certificates meet the requirements of the sublease. Once insurance and bonding certificates have been received and approved by the OR. As the general contractor's insurance is renewed the OR is to provide updates to the Owner's staff until the general contractor no longer holds the project insurance.	
Review subcontractor bids and process and confirm that a competitive process has been followed in obtaining bids from subcontractors, assist in the review of bids and subcontractor selection, and take necessary action such that subcontractors are properly insured.	
Oversee Construction Process	
Assist with the development of a safety plan for the construction site.	
Take necessary action such that terms of the contract are enforced.	
Monitor safety compliance with all Federal/State/Local requirements (not limited to OSHA, EPA, and EEO) thru the General Contractor.	
Coordinate moving and storage of equipment and furnishings as necessary.	
Assist with placement of construction trailers, fences, signage, staging areas, and construction traffic zones.	
Attend Construction Meetings as established (weekly or bi-weekly).	

Review construction progress as provided in construction management programs and take necessary action such that weekly minutes are accurate (including but not limited to construction progress, cost concerns, schedule, and outstanding issues). Serve as distributor of progress reports.	
Advise the Owner on issues including construction costs, schedule, coordination, and owner occupancy.	
Verify and document that inspections and testing reports take place as required. Review reports to take necessary action such that deficiencies are addressed.	
Photograph construction progress. Provide observations regarding quality of workmanship, conformity to plans and specs. Address corrective measures to mitigate and correct non-conforming workmanship per the Contract Documents as identified by the Architect or Contractor. Notify the Owner of non-conforming work with the Contract Documents. OR to coordinate with all consultants/ vendors responsible for the non-conforming work to implement a corrective solution.	
Participate as part of the communications and distribution of construction directives including, but not limited to RFI, PCO, ASI actions.	
Assist the Owner in the review of pending Change Orders. The OR should review with the design team the proposed scope and costs assigned with the pending change order.	
Resolve any disputes or claims prior to final approval or denial of a Change Order.	
Review appropriateness of each pay application with the design team and take necessary action such that lien/claim releases are executed and included with all pay applications and all disputes or claims are resolved prior to approval of a pay application. Owner’s Representative will submit fund requests to the funder. The Owner’s Representative will be responsible for accuracy of the request and will coordinate with Owner staff any comments or questions. Accurate and appropriate backup will result in quicker payment to all vendors.	
Solicit and receive bids, coordinate delivery and installation for Owner purchased items which are contracted through the Owner including but not limited to FF&E.	
Assist with coordinating environmental and abatement work with demolition and construction activities as it applies to the project	
Assist with scheduling and implementation of technology and security as it applies to the project.	
Assist the Owner with any concerns and/or complaints by staff, community members, and parents during construction.	
Provide weekly status reports to the Owner summarizing progress, schedule and cost status, major decisions, changes and other key project information.	
Assist with third party high performance building certification requirements from the Owner’s Perspective	
Coordinate with Design Team and assist in understanding the value of each criteria outlined by the third party certification process chosen by the project team. Have knowledge of the various certification agencies and their requirements and help the Owner select the most appropriate process/agency for achieving goals outlined for the project.	This has not currently been identified as part of the project and is excluded but may be added as additional services.
Assist With the Close-Out of the Project	
Coordinate the moving of new/old/stored furnishings and equipment into the completed facility.	
Take necessary action such that there is a seamless handover to the Owner.	

Schedule and assist the Owner in developing punch lists for the project completion and attend all walk-throughs.	
Coordinate and attend the training of staff on <u>all</u> systems including but not limited to mechanical, lighting, new equipment, etc. Verify that the Owner has been adequately trained in systems. Consider training that occurs over a period of time in lieu of too much information in too short of time.	
Coordinate transfer of stock supplies of materials to the Owner as indicated in the specs or construction agreement.	
Assist the Owner in the collection of all close-out documents and the acceptance of punch lists, Operational /Maintenance Manuals/Warranties, copies of construction drawings (including any as-builts or mark-ups by contractor during construction), specifications, shop drawings, construction directives, photos, and videos.	
Provide description of final budget with record of expenditures.	
Assist the Owner in acceptance and issuance of the final pay application and verify that the advertising for final payment has been completed.	
Oversee that all Third Party inspections are complete and all violations are corrected to allow for the issuance of a final certificate of occupancy (CO). If inspections are not complete and a building requires immediate occupancy and appropriate inspections indicate there are not life safety issues and a temporary certificate of occupancy (TCO) is issued, that prior to 90 days of issuance all inspections are complete to obtain a CO or a renewal of the TCO.	
Initiate a team evaluation of the process and final product and include lessons learned for all participants.	
Take necessary action such that proper inspections have been conducted, documented, and all permits are in place.	
Assist the Owner During the Warranty Period	
Assist the Owner with determining the warranty period. If an extended warranty is considered, assist the Owner with understanding the cost and value associated with extended warranties to evaluate if the Owner wants to consider for additional cost.	
Schedule the 11 month warranty walk through with the design team if the warranty is minimum of 1 year.	
Schedule the additional warranty walk throughs as required (e.g., 23 month walk through).	
Assist the Owner with building issues/complaints and determine necessary steps to take to address these items. Address warranty items to confirm the requirements of the warranty are met.	
Provide status reports to the Owner staff summarizing progress, schedule and cost status, major decisions, changes and other key project information affected through the warranty period.	
Assist with School Operations	
Identify interim storage needs and locations if necessary.	
Review with the Owner the options for the remaining existing facilities. If the Owner would like to engage the OR with options etc.... provide a separate fee proposal for the extended assistance.	This has not currently been identified as part of the project scope but can be added as additional service
Coordinate School and Community Involvement	

Promote that staff and students are engaged in the progress of the project, identify key educational learning opportunities in the design and construction process, and cooperate and facilitate with the Owner’s staff, the creation of learning packages for students of all ages.	Included as hourly budgeted allowance cost option
Coordinate and facilitate presentations to students, parents, staff and the community at large throughout the process. Make presentations at SD, DD and CD phases of the project.	Included but limited to once monthly presentations of project progress
Consult with Owner's web site administrator to post presentations, schedules and important messages about the project.	Included as hourly budgeted allowance cost option
Assist with Post Occupancy	
Execute monitoring and building performance evaluations at the 11th and 23rd months if provided after completion. Assist the Owner with defining and soliciting extended services of the commissioning agent or others to monitor energy usage until just prior to expiration of the relevant warranties and to assist the Owner with operations as needed during the first 24 months.	
Be available to assist with curriculum development/demonstration projects related to the building.	Included with above hourly budgeted allowance cost option
Coordination of Stakeholders	
Identify stakeholders to the project.	
Coordinate stakeholder input and communication throughout process.	
Additional Services Proposed by Candidate	
Coordinate with utility companies and City for gym site preparations.	Included in design phase
Owner FF&E decommissioning coordination of existing high school prior to demolition.	Future fee provided when scope is better defined
Develop and update scope responsibility matrix	Included in each phase base fee
Conceptual future planning for future athletic field to coordinate with design and construction of this phase	Included as hourly budgeted allowance cost option

EXHIBIT 2

COMPENSATION FOR SERVICES

1. Owner’s Representative [Services Fees: As compensation for the performance of Services as defined in this Work Order and Appendix “A-1”, Client shall make the reimbursements provided for below and shall pay to EAA a fee equal to One Hundred Seventy-Four Thousand Dollars \(\\$174,000\)](#) which will be divided into the following phases:

a. Project Planning / Pre-Design	\$27,000
b. Schematic / Design Development	\$37,000
c. Construction Documents / Bidding / Permitting	\$22,000
d. Construction	\$80,500
e. Closeout / Occupancy	\$7,500

2. In addition to the Owner’s Representative Service Fees, the following cost options budgets are offered at Client’s option to include in the total compensation:

a. Capital reserve budget coordination (12 hours)	\$1,980
b. Project educational integration and demonstrations (32 hours)	\$5,280

3. [Progress Payments: EAA will invoice Client monthly, in a format that is agreeable to Client, based on progress of the Services towards the Target Completion Date and Schedule defined in this Work Order. The EAA Owner’s Representative Compensation Schedule sets forth the distribution of the Fees.](#)

4.

EAA Owner’s Representative Compensation Schedule

Month #	Month/Year	Monthly Fee	Cumulative Totals	% of Total
1	Jan-23	\$9,000.00	\$9,000.00	5%
2	Feb-23	\$9,000.00	\$18,000.00	10%
3	Mar-23	\$9,000.00	\$27,000.00	16%
4	Apr-23	\$9,250.00	\$36,250.00	21%
5	May-23	\$9,250.00	\$45,500.00	26%
6	Jun-23	\$9,250.00	\$54,750.00	31%
7	Jul-23	\$9,250.00	\$64,000.00	37%
8	Aug-23	\$7,334.00	\$71,334.00	41%
9	Sep-23	\$7,333.00	\$78,667.00	45%
10	Oct-23	\$7,333.00	\$86,000.00	49%
11	Nov-23	\$6,712.00	\$92,712.00	53%
12	Dec-23	\$6,708.00	\$99,420.00	57%
13	Jan-24	\$6,708.00	\$106,128.00	61%
14	Feb-24	\$6,708.00	\$112,836.00	65%
15	Mar-24	\$6,708.00	\$119,544.00	69%
16	Apr-24	\$6,708.00	\$126,252.00	73%
17	May-24	\$6,708.00	\$132,960.00	76%
18	Jun-24	\$6,708.00	\$139,668.00	80%
19	Jul-24	\$6,708.00	\$146,376.00	84%
20	Aug-24	\$6,708.00	\$153,084.00	88%
21	Sep-24	\$6,708.00	\$159,792.00	92%
22	Oct-24	\$6,708.00	\$166,500.00	96%
23	Nov-24	\$3,750.00	\$170,250.00	98%
24	Dec-24	\$3,750.00	\$174,000.00	100%
		Total Fee	\$ 174,000	