

Gateway Science Academy of St. Louis

Financial Statements Together with Auditors' Report
Year Ended June 30, 2020



Table of Contents

Independent Auditors' Report	3
Financial Statements	
Statement of Financial Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis	6
Statement of Cash Flows – Modified Cash Basis	7
Statement of Functional Expenses – Modified Cash Basis	8
Notes to the Financial Statements	9
Supplementary Information	
Balance Sheet – Governmental Funds – Modified Cash Basis	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Financial Position – Modified Cash Basis.....	19
Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	20
Reconciliation of the Statement of Receipts, Disbursements, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis.....	21
Schedule of Receipts Collected by Source.....	22
Schedule of Disbursements Paid by Object.....	23
Schedule of Selected Statistics	24
Schedule of Expenditures of Federal Awards.....	29
Notes to the Schedule of Expenditures of Federal Awards.....	30
Internal Control and Compliance	
Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations.....	32
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	35
Summary Schedule of Findings and Questioned Costs	37
Schedule of Prior Audit Findings	39



Independent Auditors' Report

To the Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Gateway Science Academy of Saint Louis (a non-profit organization), which comprise the modified cash basis statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses – modified cash basis for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of Gateway Science Academy of Saint Louis, as of June 30, 2020, and the results of its operations and its cash flows – modified cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The data contained under Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of Gateway Science Academy of Saint Louis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Gateway Science Academy of Saint Louis' internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
October 30, 2020

Gateway Science Academy of St. Louis

Statement of Financial Position – Modified Cash Basis

June 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 3,654,518
---------------------------	--------------

Property and Equipment

Non-depreciable

Construction in progress	3,372,075
--------------------------	-----------

Depreciable

Capital assets, net	4,775,092
---------------------	-----------

Total Assets	11,801,685
---------------------	-------------------

Liabilities

Current Liabilities

Accrued payroll taxes	522,601
-----------------------	---------

Current portion of notes payable

(includes PPP Loan principal of \$803,288, see Note 12)	1,445,394
---	-----------

Total Current Liabilities	1,967,995
----------------------------------	------------------

Long-Term Liabilities

Notes payable, less current portion

(includes PPP Loan principal of \$1,277,012, see Note 12)	5,309,698
---	-----------

Total Liabilities	7,277,693
--------------------------	------------------

Net Assets

Without donor restrictions	\$ 4,523,992
----------------------------	--------------

See accompanying notes to the financial statements.

Gateway Science Academy of St. Louis

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2020

	Without Donor Restrictions
Support and Revenue	
Local	\$ 1,982,565
State	14,192,098
Federal	1,346,960
Total Support and Revenues	<u>17,521,623</u>
Expenses	
Instruction	11,837,729
Student services	138,690
Instructional staff support	312,108
Building level administration	1,125,518
General administration and central services	638,938
Operation of plant	1,550,273
Transportation	41,017
Food service	533,579
Community service	194,882
Interest	183,565
Depreciation	939,054
Total Expenses	<u>17,495,353</u>
<i>Increase in Net Assets</i>	26,270
Net Assets, beginning of year	4,497,722
Net Assets, end of year	<u><u>\$ 4,523,992</u></u>

See accompanying notes to the financial statements.

Gateway Science Academy of St. Louis

Statement of Cash Flows – Modified Cash Basis

Year Ended June 30, 2020

Cash Flows from Operating Activities

Increase in net assets	\$ 26,270
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	939,054
Changes in	
Accrued expenses	199,981
Net Cash Provided by Operating Activities	<u>1,165,305</u>

Cash Flows from Investing Activities

Acquisition of property and equipment	(4,660,307)
Net Cash (Used) by Investing Activities	<u>(4,660,307)</u>

Cash Flows from Financing Activities

Note proceeds	4,097,800
Principal payments on notes payable	(395,208)
Net Cash Provided by Financing Activities	<u>3,702,592</u>

<i>Net Increase in Cash</i>	207,590
-----------------------------	---------

Cash and Cash Equivalents, Beginning of year	3,446,928
Cash and Cash Equivalents, End of year	<u><u>\$ 3,654,518</u></u>

Supplemental Disclosure of Cash Flow Information

Interest paid	<u><u>\$ 183,565</u></u>
---------------	--------------------------

See accompanying notes to the financial statements.

Gateway Science Academy of St. Louis

Statement of Functional Expenses – Modified Cash Basis

Year Ended June 30, 2020

	Program Services	Support Services	
	Charter School	Management and General	Total
Salaries	\$ 7,996,741	\$ 404,067	\$ 8,400,808
Employee Benefits	2,953,965	147,193	3,101,158
Purchased Services	2,705,961	937,793	3,643,754
Supplies	1,099,178	127,836	1,227,014
Depreciation	849,862	89,192	939,054
Interest and fees	183,565	-	183,565
Total Functional Expenses	\$ 15,789,272	\$ 1,706,081	\$ 17,495,353

See accompanying notes to the financial statements.

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

Gateway Science Academy of Saint Louis (the “Academy”) is a Missouri not-for-profit corporation. The purpose of the Academy is to operate a Charter School established within the boundaries of the Saint Louis, Missouri School District. The Academy is legally separate from the Saint Louis, Missouri School District and is not financially accountable to it.

Basis of Accounting

The Academy has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as timing of recognizing receipts, disbursements, and their related assets and liabilities. Under the modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to cash basis relates to the presentation of capital assets and related depreciation, payroll liabilities, and long-term debt.

Basis of Presentation

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

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Academy. These net assets may be used at the discretion of the Academy’s management and the board of directors.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Academy pursuant to those stipulations, that expire by the passage of time, or that include funds of perpetual donation.

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

Property and Equipment

Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. These assets have been recorded at historical cost. It is the policy of the Academy to capitalize expenditures for equipment, furniture, and fixtures in excess of \$1,000 per item.

Asset Class	Useful Life
Building	10-30 years
Building improvements	10-30 years
Improvements other than building	10 years
Classroom instructional apparatus	3-10 years
Equipment	3-10 years
Equipment Electronics	3-10 years
Vehicles	5 years

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenses in the year paid.

Recognition of Donor Restrictions

Contributions are recognized when they are unconditionally received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support that increases those net assets. If a restriction is fulfilled in the same time period in which the contribution is received, the Academy reports the support as without donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Academy defines its cash and equivalents to include only cash in demand deposits.

Revenue and Other Support

The Academy reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restrictions end or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation

The cost of providing the program and support services have been summarized on the statements of activities on a functional basis. Most expenses can be directly allocated to the program or supporting functions. Certain categories of expenses are attributed to both program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied and determined by management.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Employee benefits	Time and effort
Purchased services	Time and effort
Supplies	Time and effort
Depreciation	Direct
Interest and fees	Direct

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

Income Taxes

On June 11, 2012, the Academy was notified by the Internal Revenue Service (IRS) that their exempt status had been revoked due to the failure to file IRS Form 990s for three years. The revocation was retroactive to November 15, 2011. On June 25, 2012, the Academy submitted a request for retroactive reinstatement of exempt status and was granted reinstatement as of that date. As of October 30, 2020, the Academy has not received IRS approval of the retroactive portion of the reinstatement request. Effective June 26, 2012, the Academy was exempted 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)(1).

Accounting for Uncertainty in Income Taxes

The Academy adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income taxes* ["FIN 48"]) on July 1, 2013. Under ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Academy's financial statements. The Academy does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of June 30, 2020, as a result of the adoption of ASC 740-10-25.

If the Academy does not receive approval of its request for retroactive reinstatement, it will be responsible for taxes at the normal corporate rates. At the due date for filing a corporate tax return for a June 30, 2012, year end, the Academy chose to not file a Form 1120 return as a for-profit corporation and pay estimated taxes and no extension request was filed. The Academy has not been notified officially regarding retroactive reinstatement as of October 30, 2020. The Academy has continued efforts to engage with the Internal Revenue Service in an effort to bring closure to this matter.

Subsequent Events

Management has evaluated subsequent events through October 30, 2020, the date the financial statements were available to be issued.

2. Risks & Uncertainties

During 2020, a strain of Coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable, but will likely continue to be significant for both the Academy and the overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in financial statements.

3. Retirement Plan

The Academy contributes to The Public School Retirement System of the School District of Saint Louis, Missouri a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Saint Louis, Missouri Public School District, the Saint Louis Public Library, and the Public School Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by The Retirement System are also covered by Social Security. The Retirement System is administered by a twelve-member Board of Trustees. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

writing to: The Public School Retirement System of the School District of Saint Louis, Missouri, 3641 Olive Street, Suite 300, Saint Louis, Missouri, 63108, or by calling 1-314-534-7444.

The Retirement System members are required to contribute 6.00% of their annual covered salary for members with start dates prior to December 31, 2017 and 9.00% for members with start dates on or after January 1, 2018, and the Academy is required to contribute an amount of 16.0%. After January 1, 2019, the Academy is required to contribute 15.5%. The contribution requirements of members and the school are established, and may be amended, by the Board of Trustees. The Academy's contributions to the system for the year ended June 30, 2020, were \$1,873,594, equal to the required contributions.

4. Operating Leases

On June 1, 2010, the Academy entered into an original extendable five-year lease with the St. Louis City Catholic Church Real Estate Corporation, a Missouri nonprofit corporation. As part of the original lease agreement, the Academy payed a base rent of \$11,000 to \$13,000 each month plus operating expenses of the leased facility, including all costs associated with the use, maintenance, financing, or repair of the property and all utilities, insurance, periodic capital replacement reserve amounts and management fees through July 31, 2019. A renewal option for August 1, 2019 through June 30, 2030 was exercised on August 1, 2019. The renewal set rates varying from \$12,500 to \$17,500 per month. The amount the Academy recognized in rent expense for the fiscal year ended June 30, 2020, was \$161,000.

On May 14, 2013, the Academy entered into a fifteen-year lease with 6651 Gravois, LLC, and New Plan Learning, Inc. As part of the lease agreement, the Academy pays a base rent each month plus tax, insurance, and operating expenses of the leased facility, including all costs associated with the use, maintenance, financing, or repair of the property and all utilities, insurance, periodic capital replacement reserve amounts and management fees. There is a renewal option for two successive extension periods of five additional years each. The first period base rent is \$32,800 per month with increases annually equaling 103% of the base rent of the immediately preceding lease year, rounded to the nearest whole dollar. This agreement is for the period of August 1, 2013 to July 31, 2027. The amount the Academy recognized in rent expense for this lease for the fiscal year ended June 30, 2020, was \$459,192.

Future base rent commitments for these leases at June 30, 2020, are as follows:

Year Ending June 30,	St. Louis City	
	New Plan Learning	Catholic Church Real Estate Corp.
2021	\$ 482,903	\$ 156,000
2022	497,391	162,000
2023	512,312	168,000
2024	527,682	174,000
2025	543,512	180,000
2026	559,817	186,000
2027	576,612	192,000
2028	48,168	198,000
2029	-	204,000
2030	-	210,000
	<u>\$ 3,748,397</u>	<u>\$ 1,830,000</u>

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

5. Education Management Agreement

Effective July 1, 2015, the Academy entered into an agreement with Concept Schools, an Illinois non-profit corporation to provide management and operating services to the Academy at a rate of 10% of School's total annual revenue, including grant funding, to the extent that such grants do not prohibit the transfer of grant funds to a third party in the form of a management fee.

The agreement will continue until the end of the charter agreement and automatically renew for additional, successive terms commensurately with the charter agreement unless one party notifies the other party on or before April 1, prior to the expiration of the then-current term, of its intention not to renew the agreement. During the year, the Academy disbursed \$1,755,687 to Concept Schools.

6. Claims & Adjustments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. As of June 30, 2020, significant amounts of grant disbursements have not been audited by grantor governments, but the Academy believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

7. Notes Payable

On September 10, 2018, the Academy entered into a ten-year note agreement with Fifth Third Bank in the amount of \$3,300,000 to refinance debt and fund various capital improvements. As part of the note agreement, the Academy pays a monthly principal payment of \$27,500 and an interest rate of LIBOR rate plus 2.25%.

Future base payments for this agreement at June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 330,000	\$ 80,146	\$ 410,146
2022	330,000	69,860	399,860
2023	330,000	59,574	389,574
2024	330,000	49,288	379,288
2025	330,000	39,001	369,001
2026	330,000	28,715	358,715
2027	330,000	18,429	348,429
2028	330,000	8,143	338,143
2029	82,500	428	82,928
	<u>\$ 2,722,500</u>	<u>\$ 353,584</u>	<u>\$ 3,076,084</u>

On January 10, 2020, the Academy expanded its promissory note with Fifth Third Bank by an additional \$787,500 in order finance the purchase of a new building. As part of the note agreement, the Academy pays a monthly payment of \$4,375 plus interest at LIBOR plus 2%. The remaining principal outstanding will be due and payable on September 9, 2023.

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

Future base payments for this agreement at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 52,500	\$ 23,350	\$ 75,850
2022	52,500	21,716	74,216
2023	52,500	20,082	72,582
2024	616,875	4,765	621,640
	<u>\$ 774,375</u>	<u>\$ 69,913</u>	<u>\$ 844,288</u>

On January 10, 2020, the Academy expanded its promissory note with Fifth Third Bank by an additional \$500,000 in order finance the purchase and improvement of a new building. As part of the note agreement, the Academy pays a monthly payment of \$10,417 plus interest at LIBOR plus 2%. The remaining principal outstanding will be due and payable on September 9, 2023.

Future base payments for this agreement at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 125,000	\$ 12,156	\$ 137,156
2022	125,000	8,266	133,266
2023	125,000	4,376	129,376
2024	72,917	486	73,403
	<u>\$ 447,917</u>	<u>\$ 25,284</u>	<u>\$ 473,201</u>

On December 3, 2019, the Academy entered into a note payable with Gershman Commercial Real Estate in the amount of \$730,000 in order finance the purchase and improvement of a new building at 5007 Fyler & 5050 Connecticut. As part of the financing agreement, beginning July 20, 2020, the Academy pays a monthly payment of \$13,441, which includes interest at 3.99%.

Future base payments for this agreement at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 134,606	\$ 26,683	\$ 161,289
2022	140,076	21,213	161,289
2023	145,769	15,521	161,290
2024	151,692	9,597	161,289
2025	157,857	3,432	161,289
	<u>\$ 730,000</u>	<u>\$ 76,446</u>	<u>\$ 806,446</u>

On May 5, 2020, the Academy entered into a \$2,080,300 note payable with Fifth Third Bank, N.A. under the Paycheck Protection Program (PPP) enacted in response to the COVID-19 pandemic. This program provided operational assistance to ensure that employers could allow personnel to remain employed by promising to forgive the debt if certain conditions have been met. While the Academy expects to have met the requirements for loan forgiveness, as of June 30, 2020, this

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

amount has not been forgiven. In the event the loan is not forgiven, the loan agreement calls for monthly principal and interest payments of \$116,489 beginning December 1, 2020, with interest at 1%.

Future base payments for this agreement at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 803,288	\$ 12,135	\$ 815,423
2022	1,277,012	12,770	1,289,782
	<u>\$ 2,080,300</u>	<u>\$ 24,905</u>	<u>\$ 2,105,205</u>

The following represents the changes in notes payable for the year ended June 30, 2020:

Notes Payable, June 30, 2019	\$ 3,052,500
Additions	4,097,800
Deletions	(395,208)
Notes Payable, June 30, 2020	<u><u>\$ 6,755,092</u></u>

8. Property & Equipment

The cost and accumulated depreciation of building improvements and equipment were as follows as of June 30, 2020:

Depreciable

Building	\$ 1,773,715
Building improvements	5,315,137
Improvements other than building	164,773
Classroom instructional apparatus	607,387
Equipment	1,862,355
Equipment Electronics	384,007
Vehicles	113,983

Non-depreciable

Construction in progress	3,372,075
	<u>13,593,432</u>
Accumulated depreciation	(5,446,265)
	<u><u>\$ 8,147,167</u></u>

Depreciation charged to expense for the year ended June 30, 2020, was \$939,054. Depreciation is allocated to management and administration in the amount of \$89,192 and to program costs in the amount of \$849,862.

Gateway Science Academy of St. Louis

Notes to the Financial Statements

June 30, 2020

9. Significant Concentration of Credit Risk

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates on current vulnerabilities due to certain concentrations. Those matters include the disclosure that the Academy maintains its cash deposits in local banks. From time to time, the balances of the accounts may exceed FDIC insurance limits. Fifth Third Bank has pledged additional security for deposits over FDIC insurance coverage amounts in the form of pledged U.S. Government Securities.

10. Liquidity & Availability

The Academy Financial assets available for general expenditures, that is, without donor restrictions or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following:

Financial assets at year end

Cash and cash equivalents

\$ 3,654,518

Total financial assets

\$ 3,654,518

Financial assets available to meet general expenditures over the next twelve months

\$ 3,654,518

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

11. Open Tax Years

The Academy's informational and tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2020, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Returns to be Filed in 2020</u>
Federal	2016-2018	2019
Missouri	2016-2018	2019

12. Paycheck Protection Program

On May 5, 2020, the Academy approved a loan of \$2,080,300 under the Paycheck Protection Program provided by the Small Business Administration to provide additional funding for businesses impacted by COVID-19. The loan amount and accrued interest will be forgiven as long as (1) the loan proceeds are used to cover payroll costs and certain other eligible costs over the 24-week period after the loan is made; and (2) employees and compensation levels are maintained. The Academy estimates all of the funds will be forgiven under the program. However, if any funds are not forgiven, the Academy has two years to repay the remaining amount at a fixed rate of 1%. See Note 7 for further discussion of the transaction entered into by the Academy as a result of COVID-19.

Supplementary Information

Gateway Science Academy of St. Louis

Balance Sheet – Governmental Funds – Modified Cash Basis

June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 3,654,518	\$ -	\$ -	\$ 3,654,518
Total Current Assets	<u>\$ 3,654,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,654,518</u>
Liabilities and Fund Balance				
Current Liabilities				
Accrued payroll taxes	\$ 522,601	\$ -	\$ -	\$ 522,601
Fund Balance				
Unassigned	3,131,917	-	-	3,131,917
Total Liabilities and Fund Balance	<u>\$ 3,654,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,654,518</u>

The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report. The modification to cash basis relates only to the presentation of deposits and payroll liabilities.

Gateway Science Academy of St. Louis

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Financial Position – Modified Cash Basis

June 30, 2020

The following items reconcile the differences between the Governmental Funds Balance Sheet and the Statement of Financial Position - Modified Cash Basis:

Fund balance - total governmental funds	\$ 3,131,917
Assets on the Statement of Financial Position	
Governmental capital assets	13,593,432
Less accumulated depreciation	<u>(5,446,265)</u>
	8,147,167
Liabilities on the Statement of Financial Position	
Notes payable	<u>(6,755,092)</u>
Net Assets on the Statement of Financial Position	<u>\$ 4,523,992</u>

Gateway Science Academy of St. Louis

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

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Receipts				
Local	\$ 1,399,663	\$ 582,902	\$ -	\$ 1,982,565
State	14,192,098	-	-	14,192,098
Federal	322,879	1,024,081	-	1,346,960
Total Receipts	<u>15,914,640</u>	<u>1,606,983</u>	<u>-</u>	<u>17,521,623</u>
Disbursements				
Instruction	3,598,529	8,154,563	502,048	12,255,140
Student services	138,690	-	-	138,690
Instructional staff support	312,108	-	-	312,108
Building level administration	1,125,518	-	-	1,125,518
General administration and central services	638,938	-	-	638,938
Operation of plant	1,538,583	-	11,690	1,550,273
Transportation	41,017	-	-	41,017
Food service	533,579	-	-	533,579
Facilities acquisition and construction	-	-	4,242,896	4,242,896
Community service	192,882	2,000	-	194,882
Debt service - principal	-	-	395,208	395,208
Debt service - interest	-	-	183,565	183,565
Total Disbursements	<u>8,119,844</u>	<u>8,156,563</u>	<u>5,335,407</u>	<u>21,611,814</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	<i>7,794,796</i>	<i>(6,549,580)</i>	<i>(5,335,407)</i>	<i>(4,090,191)</i>
Other Financing Sources (Uses)				
Transfers in (out)	(9,867,487)	6,549,580	3,317,907	-
Loan and note proceeds	2,080,300	-	2,017,500	4,097,800
Total Other Financing Sources (Uses)	<u>(7,787,187)</u>	<u>6,549,580</u>	<u>5,335,407</u>	<u>4,097,800</u>
<i>Net Change in Fund Balance</i>	<i>7,609</i>	<i>-</i>	<i>-</i>	<i>7,609</i>
Fund Balance, Beginning of year	3,124,308	-	-	3,124,308
Fund Balance, End of year	<u><u>\$ 3,131,917</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,131,917</u></u>

The supplementary modified cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report. The modification to cash basis relates only to the presentation of deposits and payroll liabilities.

Gateway Science Academy of St. Louis

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

Year Ended June 30, 2020

The following items reconcile the differences between the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds and the Statement of Activities - Modified Cash Basis:

Net change in fund balances - total governmental funds	\$ 7,609
Changes in assets on the Statement of Financial Position	
Capital outlay	4,660,307
Depreciation	(939,054)
	<u>3,721,253</u>
Changes in liabilities on the Statement of Financial Position	
Notes payable	395,208
PPP Loan proceeds	(2,080,300)
Promissory note proceeds	(2,017,500)
	<u>(3,702,592)</u>
 Increase in Net Assets	 <u><u>\$ 26,270</u></u>

Gateway Science Academy of St. Louis

Schedule of Receipts Collected by Source

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Local				
Sales tax	\$ 971,503	\$ 582,902	\$ -	\$ 1,554,405
Earnings on investments	25,989	-	-	25,989
Food service	57,855	-	-	57,855
Student activities	46,871	-	-	46,871
Community services	130,969	-	-	130,969
Gifts	2,830	-	-	2,830
Other	2,243,946	-	2,017,500	4,261,446
Total Local	<u>3,479,963</u>	<u>582,902</u>	<u>2,017,500</u>	<u>6,080,365</u>
State				
Basic formula	13,728,556	-	-	13,728,556
Basic formula - classroom trust fund	459,147	-	-	459,147
Food service	4,395	-	-	4,395
Total State	<u>14,192,098</u>	<u>-</u>	<u>-</u>	<u>14,192,098</u>
Federal				
Medicaid	-	131,555	-	131,555
IDEA entitlement funds part B IDEA	-	229,856	-	229,856
School lunch program	258,591	-	-	258,591
School breakfast program	64,288	-	-	64,288
Title I	-	466,419	-	466,419
Title IV.A student support	-	31,746	-	31,746
Title III	-	18,675	-	18,675
Title II.A	-	46,755	-	46,755
E-rate	-	99,075	-	99,075
Total Federal	<u>322,879</u>	<u>1,024,081</u>	<u>-</u>	<u>1,346,960</u>
Total Receipts	<u><u>\$ 17,994,940</u></u>	<u><u>\$ 1,606,983</u></u>	<u><u>\$ 2,017,500</u></u>	<u><u>\$ 21,619,423</u></u>

The Schedule of Receipts Collected by Source agrees to the Annual Secretary of the Board Report.

Gateway Science Academy of St. Louis

Schedule of Disbursements Paid by Object

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 2,232,876	\$ 6,167,931	\$ -	\$ 8,400,807
Employee benefits	1,255,888	1,845,270	-	3,101,158
Purchased services	3,500,391	143,362	-	3,643,753
Supplies	1,130,689	-	-	1,130,689
Capital outlay	-	-	4,756,634	4,756,634
Principal expense	-	-	395,208	395,208
Interest expense	-	-	183,565	183,565
	<u>\$ 8,119,844</u>	<u>\$ 8,156,563</u>	<u>\$ 5,335,407</u>	<u>\$ 21,611,814</u>

The Schedule of Disbursements Paid by Object agrees to the Annual Secretary of the Board Report.

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2020

1. Calendar (Sections 160.041, 171.029, 171.031, and 171.033 RSMo)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
6997	K	5	-	6.25	135	835.50
6980	K	5	-	6.25	136	841.75
3935	6	8	-	6.5	136	875.00
1940	9	12	-	6.5	136	875.00

2. Attendance Hours

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
6997/6980	K	104,373.75	-	-	-	5,125.86	109,499.61
6997/6980	1	107,494.75	-	-	-	6,295.06	113,789.81
6997/6980	2	117,760.50	-	-	-	7,560.66	125,321.16
6997/6890	3	117,334.37	-	-	-	4,717.40	122,051.77
6997/6890	4	123,686.00	-	-	-	4,855.94	128,541.94
6997/6890	5	109,912.88	-	-	-	6,654.06	116,566.94
3935	6	109,335.50	-	-	-	-	109,335.50
3935	7	85,688.75	-	-	-	-	85,688.75
3935	8	86,294.75	-	-	-	-	86,294.75
1940	9	69,688.50	-	-	-	-	69,688.50
1940	10	55,089.00	-	-	-	-	55,089.00
1940	11	55,167.75	-	-	-	-	55,167.75
1940	12	57,601.00	-	-	-	-	57,601.00
Grand Total		1,199,427.50	-	-	-	35,208.98	1,234,636.48

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2020

3. September Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6997/6980	K	135	-	-	135
	1	139	-	-	139
	2	151	-	-	151
	3	149	-	-	149
	4	155	-	-	155
	5	140	-	-	140
3935	6	134	-	-	134
	7	103	-	-	103
	8	106	-	-	106
1940	9	84	-	-	84
	10	69	-	-	69
	11	70	-	-	70
	12	67	-	-	67
Grand Total	-	1,502.00	-	-	1,502.00

Notes:	

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
6997	269	46	-	-	285
6980	115	39	-	-	178
3935	110	24	-	-	135
1940	88	17	-	-	110
Grand Total	574	134	-	-	708

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2020

5. Finance

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	N/A
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	N/A
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 approve a resolution to make the transfer, which identified	N/A

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2020

	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)	
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:	-
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

Notes:	

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

Finding:	None
Management Letter Comment:	N/A

Gateway Science Academy of St. Louis

Schedule of Selected Statistics

Year Ended June 30, 2020

6. Transportation (Section 163.161, RSMo)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	N/A
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.	N/A
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:	N/A
	Eligible ADT	-
	Ineligible ADT	-
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	N/A
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	-
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:	N/A
	Eligible Miles (including food/instructional delivery miles 2019-20)	-
	Ineligible Miles (Non-Route/Disapproved)	-
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	N/A

Notes:	

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

Finding:	None
Management Letter Comment:	N/A

Gateway Science Academy of St. Louis

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Federal Grantor/ Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number or Other Identifying Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20199N109943	\$ -	\$ 21,534
		20200N109943	-	42,754
			-	64,288
National School Lunch Program				
Cash	10.555	20199N109943	-	85,608
		20200N109943	-	172,983
			-	258,591
Total Child Nutrition Cluster			-	322,879
Total U.S. Department of Agriculture			-	322,879
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to LEAs	84.010	S010A180025	-	130,612
		S010A190025	-	325,936
		S424A180026	-	30,120
		S424A190026	-	964
		S367A180024	-	19,973
		S367A190024	-	25,673
			-	533,278
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A180040	-	130,681
		H027A190040	-	99,175
			-	229,856
English Language Acquisition State Grants	84.365	S365A180025	-	18,675
Total U.S. Department of Education			-	781,809
Total Expenditures of Federal Awards			\$ -	\$ 1,104,688

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

Gateway Science Academy of St. Louis

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

1. The accompanying Schedules of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Gateway Science Academy of St. Louis, Missouri, under programs of the federal government for the year ended June 30, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Gateway Science Academy, St. Louis, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.
2. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 of the Academy's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The Academy did not provide funds to subrecipients in the current year.
4. The Academy has not elected to use the 10% de minimis indirect cost rate.

Internal Control and Compliance



Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

We have examined management's assertions that Gateway Science Academy of Saint Louis complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the Academy's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2020. Gateway Science Academy of Saint Louis' Management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Education, Academy management, and the Missouri Department of Elementary and Secondary Education and is not intended to be, and should not be, used by anyone other than these specified parties.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
October 30, 2020

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gateway Science Academy of Saint Louis as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Gateway Science Academy of Saint Louis' basic financial statements and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
October 30, 2020



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Gateway Science Academy of Saint Louis
Saint Louis, Missouri

Report on Compliance for the Major Federal Program

We have audited Gateway Science Academy of Saint Louis' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Gateway Science Academy of Saint Louis' major federal program for the year ended June 30, 2020. Gateway Science Academy of Saint Louis' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Gateway Science Academy of Saint Louis' compliance.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343

Opinion on the Major Federal Program

In our opinion, Gateway Science Academy of Saint Louis complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
October 30, 2020

Gateway Science Academy of St. Louis

Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I: Summary Schedule of Audit Results

Financial Statements						
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified				
Internal Control over Financial Reporting:						
Material weakness(es) identified?		No				
Significant deficiency(ies) identified?		None Reported				
Noncompliance material to financial statements noted?		No				
Federal Awards						
Internal control over major federal programs:						
Material weakness(es) identified?		No				
Significant deficiency(ies) identified?		None Reported				
Type of auditor's report issued on compliance for major federal program:		Unmodified				
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No				
Identification of major federal program: <table style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 50%; text-align: center;">CFDA Number(s)</td> <td style="width: 50%; text-align: center;">Name of Federal Program or Cluster</td> </tr> <tr> <td style="text-align: center;">84.010</td> <td style="text-align: center;">Title I Grants to LEAs</td> </tr> </table>			CFDA Number(s)	Name of Federal Program or Cluster	84.010	Title I Grants to LEAs
CFDA Number(s)	Name of Federal Program or Cluster					
84.010	Title I Grants to LEAs					
Dollar threshold used to distinguish between type A and type B programs:		\$750,000				
Auditee qualified as low-risk auditee?		No				

Gateway Science Academy of St. Louis

Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

Gateway Science Academy of St. Louis

Schedule of Prior Audit Findings

Year Ended June 30, 2020

There were no prior year audit findings.