

Draft
1/16/23

**KANSAS CITY GIRLS PREPARATORY ACADEMY
AND AFFILIATED ORGANIZATION**

KANSAS CITY, MISSOURI

COMMUNICATIONS WITH THE BOARD

June 30, 2022

COMMUNICATIONS WITH THE BOARD

To the Board of Directors of
Kansas City Girls Preparatory Academy and Affiliated Organization
Kansas City, Missouri

We have audited the consolidated financial statements of Kansas City Girls Preparatory Academy and Affiliated Organization (collectively the “Organization”) for the year ended June 30, 2022, and have issued our report thereon dated January 11, 2023. Professional standards require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated July 13, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

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

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

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

Planned Scope and Timing of the Audit

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

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

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

Significant Audit Findings*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 2 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

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

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

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

Difficulties Encountered in Performing the Audit

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

Significant Audit Matters (continued)*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule of misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 11, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the use of the Board of Directors charged with governance and management of Kansas City Girls Preparatory Academy and Affiliated Organization and is not intended to be and should not be used by anyone other than those specified parties.

Marr and Company
Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
January 11, 2023

KCGPA and Affiliate Consolidated (Academy + Foundation)

Year End: June 30, 2022

Audit adjusting journal entries

Draft
1/16/23

Num	Date	Account No	Name	Debit	Credit
AJE 01	6/30/2022	20010 FOUNDATION	Building	155,483.56	
AJE 01	6/30/2022	20030 FOUNDATION	Middle School Building Improvements	81,627.67	
AJE 01	6/30/2022	20030 FOUNDATION	Middle School Building Improvements		(143,725.00)
AJE 01	6/30/2022	20031 FOUNDATION	High School Building Construction	33,992.85	
AJE 01	6/30/2022	20041 FOUNDATION	Middle School Construction in Progress	143,725.00	
AJE 01	6/30/2022	20110 FOUNDATION	A/D Building		(271,104.08)
AJE 01	6/30/2022	20110 FOUNDATION	A/D Building	156,833.40	
AJE 01	6/30/2022	50200 FOUNDATION	Depreciation Expense		(156,833.40)

To reclassify posting errors for depreciation expense and accumulated depreciation for Foundation's assets in FY 2022

AJE 02	6/30/2022	2111 GENERAL	ACCOUNTS PAYABLE-GENERAL	70,890.50	
AJE 02	6/30/2022	2551 6341 1000 3 00000 000 GENERAL	CONTRACTED PUPIL TRANSPORTATION		(66,433.80)
AJE 02	6/30/2022	2563 6471 1000 3 00000 000 GENERAL	FOOD SERVICE		(4,456.70)

Client provided entry - to remove duplicate accrual entry posted to AC 2111 payables in June 2022

AJE 03	6/30/2022	1411 GENERAL	PREPAID EXPENDITURES	10,476.00	
AJE 03	6/30/2022	2111 GENERAL	ACCOUNTS PAYABLE-GENERAL		(10,476.00)

Correction for posting error to liability account and was considered prepaid as of 6/30

AJE 04	6/30/2022	1111 GENERAL	UMB		(110,000.00)
AJE 04	6/30/2022	1111 GENERAL	UMB		(48,020.44)
AJE 04	6/30/2022	1111 TEACHERS	UMB	48,020.44	
AJE 04	6/30/2022	1111 CAPITAL	UMB	110,000.00	
AJE 04	6/30/2022	3700 TEACHERS	TRANSFER OUT		(48,020.44)
AJE 04	6/30/2022	3700 CAPITAL	TRANSFER OUT		(110,000.00)
AJE 04	6/30/2022	3800 GENERAL	TRANSFER IN	110,000.00	
AJE 04	6/30/2022	3800 GENERAL	TRANSFER IN	48,020.44	

Client provided entry - to balance funds 20 and 40

AJE 05	6/30/2022	25000 FOUNDATION	Accounts Receivable (A/R)		(230,000.00)
AJE 05	6/30/2022	25003 FOUNDATION	Accounts Receivable (A/R): Due to Foundation	250,000.00	
AJE 05	6/30/2022	25099 FOUNDATION	Allowance for Uncollectible	2,000.00	
AJE 05	6/30/2022	32000 FOUNDATION	Retained Earnings		(21,308.70)
AJE 05	6/30/2022	50208 001 FOUNDATION	Payroll Expenses: Health Insurance		(691.30)

To adjust fund balance and equity accounts within Foundation to rollforward from the prior year audit

KCGPA and Affiliate Consolidated (Academy + Foundation)

Year End: June 30, 2022

Audit adjusting journal entries

Draft
1/16/23

Num	Date	Account No	Name	Debit	Credit
AJE 06	6/30/2022	3111 GENERAL	FUND BALANCE		(986.59)
AJE 06	6/30/2022	3111 GENERAL	FUND BALANCE		(387,063.00)
AJE 06	6/30/2022	3111 GENERAL	FUND BALANCE	45,858.81	
AJE 06	6/30/2022	5192 GENERAL	DONATIONS	387,063.00	
AJE 06	6/30/2022	5311 GENERAL	State Foundation Aid	986.59	
AJE 06	6/30/2022	1131 6319 3945 4 40001 000 GENERAL	OTHER PROF/TECHNICAL SERVICES		(8,985.00)
AJE 06	6/30/2022	1131 6411 3945 4 40001 000 GENERAL	General Supplies		(21.40)
AJE 06	6/30/2022	2134 6161 3945 3 00000 000 GENERAL	CLASSIFIED SALARIES-REGULAR		(1,225.00)
AJE 06	6/30/2022	2134 6231 3945 3 00000 000 GENERAL	CLASSIFIED SALARIES-REGULAR		(17.76)
AJE 06	6/30/2022	2134 6232 3945 3 00000 000 GENERAL	CLASSIFIED SALARIES-REGULAR		(75.95)
AJE 06	6/30/2022	2162 6319 3945 4 44100 000 GENERAL	OTHER PROF/TECHNICAL SERVICES		(260.00)
AJE 06	6/30/2022	2311 6315 1000 3 00000 000 GENERAL	WORKMEN'S COMPENSATION INSURANCE		(3,250.00)
AJE 06	6/30/2022	2321 6319 1000 3 00000 000 GENERAL	EXEC ADMIN PROF/TECHNICAL SERVICES		(7,131.00)
AJE 06	6/30/2022	2322 6161 1000 3 00000 000 GENERAL	CLASSIFIED SALARIES-PART TIME		(1,242.50)
AJE 06	6/30/2022	2322 6231 1000 3 00000 000 GENERAL	FICA AND MEDICARE INSURANCE		(18.01)
AJE 06	6/30/2022	2322 6232 1000 3 00000 000 GENERAL	MEDICARE		(77.04)
AJE 06	6/30/2022	2322 6319 1000 3 00000 000 GENERAL	OTHER PROF/TECHNICAL SERVICES		(2,850.00)
AJE 06	6/30/2022	2322 6319 1000 3 00000 915 GENERAL	OTHER PROF/TECHNICAL SERVICES		(152.95)
AJE 06	6/30/2022	2322 6411 1000 3 00000 915 GENERAL	GENERAL SUPPLIES		(100.39)
AJE 06	6/30/2022	2331 6316 1000 3 00000 000 GENERAL	COMMUNICATION		(9,654.25)
AJE 06	6/30/2022	2411 6491 3945 4 40001 000 GENERAL	OTHER SUPPLIES AND MATERIALS		(1,700.22)
AJE 06	6/30/2022	2511 6319 1000 3 00000 000 GENERAL	BUSINESS OFFICE PURCH SERVICES		(1,131.82)
AJE 06	6/30/2022	2511 6319 1000 4 42400 000 GENERAL	BUSINESS OFFICE PURCH SERVICES		(61.26)
AJE 06	6/30/2022	2511 6319 3945 4 42300 000 GENERAL	BUSINESS OFFICE PURCH SERVICES		(62.36)
AJE 06	6/30/2022	2511 6411 1000 3 00000 000 GENERAL	GENERAL SUPPLIES		(52.21)
AJE 06	6/30/2022	2542 6332 1000 3 00000 000 GENERAL	Repair & Maintenance Services		(631.19)
AJE 06	6/30/2022	2542 6339 1000 3 00000 000 GENERAL	OTHER PROPERTY SERVICES		(487.68)
AJE 06	6/30/2022	2542 6361 1000 4 42300 000 GENERAL	PHONE/INTERNET		(2,400.00)
AJE 06	6/30/2022	2542 6411 1000 3 00000 000 GENERAL	General Supplies		(45.68)
AJE 06	6/30/2022	2642 6319 1000 3 00000 000 GENERAL	RECRUITMENT PURCH SERVICES		(4,055.00)
AJE 06	6/30/2022	2642 6411 1000 3 00000 000 GENERAL	RECRUITMENT SUPPLIES		(170.14)

To adjust fund balance accounts within Academy to rollforward based on accrual basis

AJE 07	6/30/2022	25000 FOUNDATION	Accounts Receivable (A/R)		(672,500.00)
AJE 07	6/30/2022	25003 FOUNDATION	Accounts Receivable (A/R): Due to Foundation	10,000.00	
AJE 07	6/30/2022	40002 FOUNDATION	Grants and Contributions	672,500.00	
AJE 07	6/30/2022	40002 FOUNDATION	Grants and Contributions		(10,000.00)

Correction to Foundation receivable balance due to posting errors and amounts received by the Academy in FY 22

KCGPA and Affiliate Consolidated (Academy + Foundation)

Year End: June 30, 2022

Audit adjusting journal entries

Draft
1/16/23

Num	Date	Account No	Name	Debit	Credit
AJE 08	6/30/2022	25050 FOUNDATION	Pledges Unamortized Discount		(101,623.00)
AJE 08	6/30/2022	25099 FOUNDATION	Allowance for Uncollectible		(61,000.00)
AJE 08	6/30/2022	40002 FOUNDATION	Grants and Contributions	101,623.00	
AJE 08	6/30/2022	50300 FOUNDATION	Bad debt expense	61,000.00	
<i>Adjustment to allowance and discount for updated pledge balances as of 6/30 for the Foundation</i>					
				2,500,101.26	(2,500,101.26)