



CARONDELET

LEADERSHIP ACADEMY

CARONDELET LEADERSHIP ACADEMY

FINANCIAL STATEMENTS

June 30, 2018 and 2017

CARONDELET LEADERSHIP ACADEMY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Statements of Support, Revenues, Expenses and Changes in Net Assets – Modified Cash Basis	4
Notes to the Financial Statements	5
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Governmental Funds – Unaudited	11
Schedule of Revenues Collected by Source – Modified Cash Basis – Governmental Funds – Unaudited	12
Schedule of Expenditures Paid by Object – Modified Cash Basis – Governmental Funds – Unaudited	13
MISSOURI COMPLIANCE SECTION	
Independent Accountants' Report on Management's Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations	14
Schedule of Selected Statistics - Unaudited	16



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Independent Auditors' Report

To the Board of Directors
Carondelet Leadership Academy
St. Louis, Missouri

Report on Financial Statements

We have audited the accompanying financial statements of Carondelet Leadership Academy (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2018 and June 30, 2017, and the related statements of support, revenues, expenses and changes in net assets – modified cash basis for the years 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 as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 assets, liabilities and net assets – modified cash basis of Carondelet Leadership Academy as of June 30, 2018 and June 30, 2017, and its support, revenues, expenses and changes in net assets – modified cash basis for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 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 that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 11 through 13 and the schedule of selected statistics on pages 16 and 17 is presented for purposes of additional analysis 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. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



St. Louis, Missouri
November 26, 2018

CARONDELET LEADERSHIP ACADEMY

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS

June 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 863,245	\$ 1,082,434
Due from other organizations	-	3,620
Land, buildings and equipment, net	<u>4,761,995</u>	<u>4,898,180</u>
Total assets	<u>\$ 5,625,240</u>	<u>\$ 5,984,234</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ -	\$ 1,065
Accrued expenses	16,753	16,926
Long-term debt	<u>3,356,088</u>	<u>3,429,800</u>
Total liabilities	3,372,841	3,447,791
Net Assets		
Unrestricted	<u>2,252,399</u>	<u>2,536,443</u>
Total liabilities and net assets	<u>\$ 5,625,240</u>	<u>\$ 5,984,234</u>

See notes to financial statements.

CARONDELET LEADERSHIP ACADEMY

STATEMENTS OF SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS

Years Ended June 30,

	<u>2018</u>	<u>2017</u>
UNRESTRICTED SUPPORT AND REVENUES		
Local revenues	\$ 426,024	\$ 1,572,898
State revenues	3,684,257	3,334,494
Federal revenues	736,073	774,996
Interest income	<u>1,895</u>	<u>1,501</u>
Total revenues	4,848,249	5,683,889
EXPENSES		
Program services	4,390,459	3,945,436
Management and general	<u>741,834</u>	<u>672,020</u>
Total expenses	<u>5,132,293</u>	<u>4,617,456</u>
CHANGE IN UNRESTRICTED NET ASSETS	(284,044)	1,066,433
Unrestricted net assets at July 1, 2017	<u>2,536,443</u>	<u>1,470,010</u>
Unrestricted net assets at June 30, 2018	<u>\$ 2,252,399</u>	<u>\$ 2,536,443</u>

See notes to financial statements.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1-NATURE OF ORGANIZATION

Carondelet Leadership Academy (Academy), a not-for-profit corporation, is an independent publicly supported school located in the metropolitan area of the St. Louis Missouri Public School District. The Academy was organized in December 2009 under Chapter 355 Revised Statutes of Missouri (RSMo) and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature.

Under the RSMo, the Academy is sponsored by University of Missouri – Columbia (Sponsor). The original Sponsorship agreement term was in effect through June 30, 2015, and was renewed by mutual agreement until June 30, 2020. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown.

The Academy is a neighborhood-based K-8 charter school in the historic Carondelet area of St. Louis City. The Academy provided education at the K-8 grade levels for the 2017-2018 school year.

The Academy under current Missouri statutes is considered to be a local education agency (LEA). The Academy's financial statements include the basic financial statements and certain other supplemental information. A summary of the more significant accounting policies is listed below.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets (such as accounts receivable and revenue for billed or provided services not yet collected) have been recognized when received rather than when earned and certain expenses and related liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued liabilities) have been recognized when paid rather than when the obligations were incurred.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

Net Assets

The Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired. Temporarily restricted net assets contain donor-imposed restrictions that permit the Academy to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the Academy. Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the Academy to use or expend part or all of the income derived from the restricted assets for either specified or unspecified purposes. The Academy does not hold any temporarily or permanently restricted net assets at June 30, 2018 and 2017.

Cash

Cash includes cash on hand and checking accounts.

Contributions

The statement of support, revenues, expenses and changes in net assets – modified cash basis reflects in local revenue any contributions received from the public and other organizations. The Academy reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated cash. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of support, revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions. Amounts received with donor stipulations that limit the use of the cash for certain purposes are reported as unrestricted support if the stipulated purpose restriction is accomplished in the same year.

School Funding

Entitlements and grants are recognized as revenue in the fiscal year in which received.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require special skills and are provided by individuals possessing such skills. A number of volunteers have made a contribution of their time to the Academy to develop academic and other programs and to serve on the board of directors. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Functional Expenses

Directly identifiable expenses are charged to program services in the statement of support, revenues, expenses and changes in net assets – modified cash basis. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Academy. Development expenses represent marketing and other promotional expenses of the Academy. Expenses related to more than one function are charged to program services, management and general, and development on the basis of the Academy's allocation.

Due from Other Organizations

Due from other organizations is accrued state revenue in the amount of \$0 as of June 30, 2018 and \$3,620 as of June 30, 2017.

Property and Equipment

Property and equipment are recorded at cost. The Academy capitalizes purchases of equipment in excess of \$1,000 or items which are considered attractive or easily pilfered. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 5 to 40 years.

Donated Assets

Donated assets and other noncash donations are recorded as contributions at their fair values at the date of donation.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

In preparation of financial statements in conformity with modified cash basis of accounting, management is required to make certain estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Academy is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income under Section 501(a) of the Code. The Academy files federal informational returns. The statutes of limitation for informational returns filed for the years ended June 30, 2015 through 2018 have not expired and therefore are subject to examination.

Subsequent Events

The Academy evaluates the events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was November 26, 2018 for these financial statements.

NOTE 3-PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 247,717	\$ 247,717
Buildings and improvements	5,321,099	5,231,490
Computer equipment	409,955	390,378
Furniture and equipment	<u>637,519</u>	<u>627,116</u>
	6,616,290	6,496,700
Less accumulated depreciation	<u>(1,854,295)</u>	<u>(1,598,520)</u>
	<u>\$ 4,761,995</u>	<u>\$ 4,898,180</u>

Depreciation expense was \$255,775 and \$287,514 for the years ended June 30, 2018 and 2017, respectively.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 4-RISK MANAGEMENT

The Academy is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy maintains commercial insurance, with limitation, to protect the Academy from certain of such risks.

NOTE 5-RETIREMENT PLAN

The Academy contributes to the Public School Retirement System of the City of St. Louis, a cost-sharing, multiple-employer defined benefit pension plan. Participation is mandatory under Missouri Revised Statutes, Chapter 105 and 169.

The Retirement System members hired before January 1, 2018 are required to contribute 5.00% of their annual covered salary from July 1, 2016 through December 31, 2017 and 5.50% of their annual covered salary from January 1, 2018 through June 30, 2018. Members hired on or after January 1, 2018 are required to contribute 9.00% of their annual covered salary. The Academy was required to contribute 15.14% of covered school compensation for July 1, 2016 to December 31, 2016, 15.73% of covered school compensation for January 1, 2017 to December 31, 2017 and 16.00% for the remainder of the school year ended June 30, 2018. The employer rates are determined annually as part of the Annual Valuation Report made by the Plan's actuary and the employee contribution rate is determined by the statute.

The total employer contributions were \$436,204 and \$384,843 for the years ended June 30, 2018 and 2017, respectively.

The retirement system issues a publicly available financial report that includes financial statements and other required information. That report may be obtained by writing to: The Public School Retirement System of the City of St. Louis, 3641 Olive Street Suite 300, St. Louis, Missouri, 63108, or by calling 1-314-534-7444.

NOTE 6-CONTINGENCY

Certain federal grants and state funding may be subject to audit by the funding sources. Such audits might result in requests for reimbursement or withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The Academy is not aware of any noncompliance with federal or state provisions that might require the Academy to provide reimbursement. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

CARONDELET LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 7-LONG-TERM DEBT

Note Payable – IFF Building Purchase

During 2016, the Academy borrowed \$3,240,000 and \$281,260 for the purchase of the properties located at 7604 Michigan Avenue, 7620 Michigan Avenue, 7621 Minnesota Avenue and 3600 West Steins Street all in St. Louis, MO 63111, as well as the consolidation of previous notes outstanding. The notes bear interest at a rate of 6.16% and 6.375% and mature on February 1, 2041 and March 1, 2021, respectively. The notes are secured by a future advance deed of trust, assignment of leases and rents, security agreement and fixture filing in connection with the real estate. Principal payments of \$73,714 and \$69,295 were made on these notes for the years ended June 30, 2018 and 2017, respectively.

The future debt service requirements on all the above notes are as follows:

Year ending June 30,	
2019	\$ 78,413
2020	83,413
2021	298,822
2022	78,143
2023	83,095
2024-2028	501,461
2029-2033	681,801
2034-2038	926,997
2039-2041	623,941
Total	<u>\$ 3,356,088</u>

SUPPLEMENTARY INFORMATION

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS – UNAUDITED Year End June 30, 2018

	General	Special Revenue	Capital Projects	Total
REVENUES				
Local	\$ 274,718	\$ 153,746	\$ -	\$ 428,464
State	3,684,257	-	-	3,684,257
Federal	736,073	-	-	736,073
Total revenues	4,695,048	153,746	-	4,848,794
 EXPENSES				
Current:				
Instruction	627,322	2,012,913	-	2,640,235
Student services	236,613	169,381	-	405,995
Instructional staff support	28,720	72,078	-	100,798
Building level administration	1,950	329,534	-	331,483
General administration and central services	364,310	154,719	-	519,028
Operation of plant	377,340	-	-	377,340
Food service	277,405	-	-	277,405
Community services	42,523	-	-	42,523
Debt service:				
Principal payments	-	-	73,713	73,713
Interest payments	-	-	209,777	209,777
Capital outlay	-	-	80,024	80,024
Total expenses	1,956,183	2,738,625	363,514	5,058,322
Revenues over (under) expenditures	2,738,865	(2,584,879)	(363,514)	(209,528)
 Other financing sources and (uses)				
Transfers	(2,948,393)	2,584,879	363,514	-
Fund balance at July 1, 2017	1,070,206	-	-	1,070,206
Fund balance at June 30, 2018	\$ 860,678	\$ -	\$ -	\$ 860,678

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF REVENUES COLLECTED BY SOURCE MODIFIED CASH BASIS – GOVERNMENTAL FUNDS – UNAUDITED Year End June 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
LOCAL				
Prop C	\$ 256,245	\$ 153,746	\$ -	\$ 409,991
Other	16,578	-	-	16,578
Interest	1,895	-	-	1,895
	<u>274,718</u>	<u>153,746</u>	<u>-</u>	<u>428,464</u>
Total local				
STATE				
Basic formula	3,681,882	-	-	3,681,882
Food service	2,375	-	-	2,375
	<u>3,684,257</u>	<u>-</u>	<u>-</u>	<u>3,684,257</u>
Total state				
FEDERAL				
Title I	316,146	-	-	316,146
Title II	31,115	-	-	31,115
Food service	272,873	-	-	272,873
Medicaid	39,816	-	-	39,816
Part B special education	66,134	-	-	66,134
Title IV.A	9,989	-	-	9,989
	<u>736,073</u>	<u>-</u>	<u>-</u>	<u>736,073</u>
Total federal				
Total revenues	<u>\$ 4,695,048</u>	<u>\$ 153,746</u>	<u>\$ -</u>	<u>\$ 4,848,794</u>

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF EXPENDITURES PAID BY OBJECT MODIFIED CASH BASIS – GOVERNMENTAL FUNDS – UNAUDITED Year End June 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Salaries	\$ 546,163	\$ 2,023,769	\$ -	\$ 2,569,932
Employee benefits	204,711	681,582	-	886,293
Purchased services	758,755	33,274	-	792,029
Supplies and materials	446,553	-	-	446,553
Capital outlay	-	-	80,024	80,024
Principal	-	-	73,713	73,713
Interest	-	-	209,777	209,777
	<u>\$ 1,956,183</u>	<u>\$ 2,738,625</u>	<u>\$ 363,514</u>	<u>\$ 5,058,322</u>

MISSOURI COMPLIANCE SECTION



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

To the Board of Directors
Carondelet Leadership Academy
St. Louis, Missouri

Report on Compliance with State Requirements

We have examined Carondelet Leadership Academy's (Academy) compliance with the requirements of the Missouri laws and regulations regarding accurate disclosure by the Academy's records of average daily attendance and other statutory requirements as listed in the schedule of selected statistics for the years ended June 30, 2018.

Management's Responsibility

Management is responsible for the Academy's compliance with those requirements.

Accountants' Responsibility

Our responsibility is to express an opinion on management's assertions about the Academy's compliance 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 the Academy complied, in all material respects, with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Academy complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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. Our examination does not provide a legal determination on the Academy's compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that Carondelet Leadership Academy complied with the aforementioned requirements for the years ended June 30, 2018, are fairly stated in all material respects.

This report is intended solely for the information and use of management, Board of Directors, Missouri Department of Elementary and Secondary Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kerber, Eck & Brockel LLP

St. Louis, Missouri
November 26, 2018

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

Type of Audit performed: Yellow Book: N/A Single Audit: N/A

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard day length (SDL) - the total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

Grades: K-8 7.0000

B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was as follows:

Grades: K-8 1260

C. The number of days classes were in session and pupils were under the direction of teachers during this school year was as follows:

Grades: K-8 180

2. Average Daily Attendance (ADA)

Average Daily Attendance Full-Time & Part-Time

Grades: K-8 376.1266

3. September Membership

September Membership FTE Count Full-Time & Part-Time

September Membership FTE Count 416

4. Free and Reduced Priced Lunch FTE Count

Free and Reduced Price Eligible Students: Full-Time & Part-Time

Free 400

Reduced -

Total 400

CARONDELET LEADERSHIP ACADEMY

SCHEDULE OF SELECTED STATISTICS – UNAUDITED

5. Finance

- | | |
|--|-------------|
| A. As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of: | <u>N/A</u> |
| B. The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. | <u>N/A</u> |
| C. The district maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. | <u>N/A</u> |
| D. Salaries reported for educators in the October Core Data cycle are supported by the payroll and contract records. | <u>TRUE</u> |
| E. 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. | <u>N/A</u> |
| F. The district 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. | <u>TRUE</u> |
| G. 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. | <u>N/A</u> |
| H. The amount spent for approved professional development committee plan activities was: | <u>N/A</u> |
- There were no findings noted in the above responses.

6. Transportation

The School did not participate in the transportation program for the year ended June 30, 2018.