

**ACADEMY FOR INTEGRATED ARTS  
KANSAS CITY, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**

**ACADEMY FOR INTEGRATED ARTS  
TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT</b> .....	1
<b>FINANCIAL STATEMENTS:</b>	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis .....	3
Statement of Support, Revenues and Expenses - Modified Cash Basis.....	4
Statement of Functional Expenses - Modified Cash Basis.....	5
Statement of Cash Flows - Modified Cash Basis.....	6
Notes to Financial Statements.....	7
<b>SUPPLEMENTARY INFORMATION:</b>	
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis - Governmental Funds .....	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds .....	13
Schedule of Revenues by Source .....	14
Schedule of Selected Statistics.....	15
<b>INTERNAL CONTROL AND COMPLIANCE:</b>	
Independent Auditors' Report on the Administration's Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations .....	20
Schedule of State Findings.....	21
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> .....	22

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Academy for Integrated Arts

### Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Academy for Integrated Arts (the School), a not-for-profit corporation, as of June 30, 2019 and the related statements of support, revenues and expenses, functional expenses, and cash flows - 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 B. 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 the 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 School'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 School'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 in the first paragraph present fairly, in all material respects, the financial position of Academy for Integrated Arts as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with the modified cash basis of accounting described in Note B.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the School's basic financial statements. The supplementary information presented on pages 12 through 18, is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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 listed is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note B.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is solely to describe the scope of our testing of the School's 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 the School's internal control over financial reporting and compliance.

## ***Basis of Accounting***

We draw attention to Note B of the financial statements that 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.

*Westbrook & Co., P.C.*

Richmond, Missouri  
September 20, 2019

**ACADEMY FOR INTEGRATED ARTS**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2019**

---

**ASSETS**

Cash	\$ 508,863
Property and equipment, net	<u>3,756</u>
 Total Assets	 <u><u>\$ 512,619</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities	<u>\$ -</u>
 Net Assets:	
Without donor restrictions	413,869
With donor restrictions	<u>98,750</u>
 Total Net Assets	 <u>512,619</u>
 Total Liabilities and Net Assets	 <u><u>\$ 512,619</u></u>

See accompanying notes.

**ACADEMY FOR INTEGRATED ARTS**  
**STATEMENT OF SUPPORT, REVENUES AND EXPENSES -**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES:</b>			
Governmental grants and contracts	\$ 2,704,052	\$ -	\$ 2,704,052
Contributions	174,360	160,876	335,236
Fees and services	6,079	-	6,079
Other revenue	27,596	-	27,596
 Total support and revenues	 2,912,087	 160,876	 3,072,963
Net assets released from restrictions	77,758	(77,758)	-
 Total support, revenues and reclassifications	 2,989,845	 83,118	 3,072,963
<b>EXPENSES:</b>			
Program services:			
Charter school	2,363,609	-	2,363,609
Management and general	416,677	-	416,677
 Total expenses	 2,780,286	 -	 2,780,286
 Change in Net Assets	 209,559	 83,118	 292,677
Net assets, beginning of year	204,310	15,632	219,942
Net assets, end of year	\$ 413,869	\$ 98,750	\$ 512,619

See accompanying notes.

**ACADEMY FOR INTEGRATED ARTS**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

	<u>Program Services</u>	<u>Support Services</u>	
	Charter School	Management and General	Total
Salaries	\$ 912,381	\$ 199,284	\$ 1,111,665
Rent expense	300,000	-	300,000
Student transportation	280,068	-	280,068
Payroll taxes and benefits	206,685	51,947	258,632
Contract and professional fees	185,958	162,260	348,218
Food service	173,285	-	173,285
Building and equipment maintenance	92,647	-	92,647
Other supplies and equipment	76,531	-	76,531
Utilities	66,957	-	66,957
Insurance	49,696	-	49,696
Depreciation	10,674	-	10,674
Textbooks and educational materials	8,727	-	8,727
Office supplies	-	3,186	3,186
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 2,363,609</u>	<u>\$ 416,677</u>	<u>\$ 2,780,286</u>

See accompanying notes.

**ACADEMY FOR INTEGRATED ARTS**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 292,677
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	<u>10,674</u>
Net cash provided by operating activities	<u>303,351</u>
<b>CASH, beginning</b>	<u>205,512</u>
<b>CASH, ending</b>	<u><u>\$ 508,863</u></u>

See accompanying notes.



**ACADEMY FOR INTEGRATED ARTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**NOTE A - ORGANIZATION**

Academy for Integrated Arts (the School) is a not-for-profit corporation organized on August 21, 2009 under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89<sup>th</sup> General Assembly of the Missouri legislature. The corporation operates a charter school which is sponsored by the Missouri Charter Public School Commission. The School is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. The School's mission is to use the arts to prepare students for an admission-based college preparatory secondary school. During the year ended June 30, 2019, the School provided educational instruction for students in pre-kindergarten through sixth grade.

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

Basis of Accounting: The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, revenues and expenditures when they result from cash transactions with a provision for recording capital assets and related depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Leasehold improvements	5 years
Furniture and fixtures	7 years
Computer equipment	5 years

Recognition of Donor Restrictions: Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

Personal and Sick Leave: The School has established personal leave for its eligible employees. All full-time regular employees who have completed three months of continuous employment are provided twelve paid leave days per school year, which includes leave for illness and personal days. Sick and personal days are considered as expenditures in the year paid. Unused personal days are forfeited.

Tax Exempt Status: Academy for Integrated Arts is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(2) of the Code is subject to federal income tax. The School currently has no unrelated business income.

**ACADEMY FOR INTEGRATED ARTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

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

New Accounting Pronouncement: Effective July 1, 2018, the School adopted the requirements of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

Functional Allocation of Expenses: Expenses consist of costs related to program service and support service functions. These costs have been summarized on a functional basis in the statement of functional expenses. Directly identifiable expenses are charged to program and support services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

Subsequent Events: The School has evaluated subsequent events through September 30, 2019, the date which the financial statements were available to be issued.

**NOTE C - CASH AND CASH EQUIVALENTS**

At June 30, 2019, the bank balances of the School deposits totaled \$521,753, of which \$250,000 was covered by FDIC insurance and \$271,753 was uninsured.

**NOTE D - INSURANCE**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect itself from such risks. Additionally, the School carries reinsurance in the amount of \$3,000,000 to cover claims exceeding the commercial liability limit of \$1,000,000.

**NOTE E - RETIREMENT PLAN**

The School contributes to The Kansas City Public School Retirement System (the Retirement System), a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri School District; the Kansas City Public Library; the charter schools within the boundaries of the Kansas City Missouri School District; and the Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by the Retirement System are also covered by Social Security. The Retirement System is administered by a twelve-member Board of Trustees. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Kansas City Public School Retirement System, 3100 Broadway Street, Suite 1211, Kansas City, Missouri, 64111 or by calling 1-816-472-5800.

Effective January 1, 2016, employees were required to contribute 9.0% of their annual covered salary. Employers also make contributions to the plan. Effective January 1, 2019, the employer contribution rate increased from 9.0% to 10.5%. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's required contributions to the Retirement System for the year ended June 30, 2019 were \$98,925.

**NOTE F - CLAIMS AND ADJUSTMENTS**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government.

**ACADEMY FOR INTEGRATED ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

---

**NOTE F - CLAIMS AND ADJUSTMENTS** (continued)

As of June 30, 2019, significant amounts of grant disbursements have not been audited by grantor governments, but the School believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**NOTE G - PROPERTY AND EQUIPMENT**

Leashold improvements	\$	151,796
Furniture and fixtures		43,621
Computer equipment		<u>53,616</u>
		249,033
Accumulated depreciation		<u>(245,277)</u>
	\$	<u><u>3,756</u></u>

Depreciation expense for the year ended June 30, 2019 was \$10,674. The depreciation expense was allocated to the related program services; instruction \$4,155 and operation of plant \$6,519.

**NOTE H - RELATED ENTITIES**

On November 30, 2015, Academy for Integrated Arts Supporting Foundation (“Supporting Foundation”), a 509(a)(3)(i) not-for-profit corporation, was formed to solicit donations and acquire a loan to purchase a building for the School, with any additional funds to be used and applied for the benefit of the School’s operations as determined by the Board of Directors. The Supporting Foundation has a five-member Board of Directors, three of which are appointed by the School.

Also, on June 15, 2016, AFIA Holding Company, a 509(a)(3)(i) not-for-profit corporation, was formed to own and maintain the building in which the School currently operates. During the year ended June 30, 2019, the School paid rent expense of \$300,000 to AFIA Holding Company.

**NOTE I - OPERATING LEASE**

On September 16, 2016, the School entered into a new 20-year lease with AFIA Holding Company. The lease commences August 1, 2016 through July 31, 2036, with a base rent of \$140,000 for the first year and base rent of \$300,000 for the remaining years.

<u>Year ending June 30,</u>	
2020	\$ 300,000
2021	300,000
2022	300,000
2023	300,000
2024	300,000
2025 and thereafter	<u>3,600,000</u>
Total	<u><u>\$5,100,000</u></u>

Total rent expense paid to AFIA Holding Company for the year ended June 30, 2019 was \$300,000.

**ACADEMY FOR INTEGRATED ARTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**NOTE J - DONOR RESTRICTED NET ASSETS**

Donor restricted net assets are available for the following purposes:

Accelerating Literacy grant	\$ 1,622
Fine Arts & Music grant	4,252
Professional development grant	<u>92,876</u>
Total	<u>\$ 98,750</u>

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

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

The following table reflects the School's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. As of June 30, 2019, there was \$98,750 of net assets with donor restrictions.

Cash	\$ 508,863
Donor restricted assets	<u>(98,750)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 410,113</u>

**NOTE L - LITIGATION**

The School is a defendant in a pending lawsuit regarding a worker's compensation matter. At this time, outcomes cannot be predicted, however, the School plans to vigorously defend against the claim.

## **SUPPLEMENTARY INFORMATION**

**ACADEMY FOR INTEGRATED ARTS**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -**  
**MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

---

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS</b>				
Cash	\$ 508,863	\$ -	\$ -	\$ 508,863
<b>FUND BALANCES</b>				
Fund Balances:				
Unassigned	\$ 508,863	\$ -	\$ -	\$ 508,863

**ACADEMY FOR INTEGRATED ARTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Local	\$ 497,534	\$ 77,174	\$ -	\$ 574,708
State	1,130,263	895,247	-	2,025,510
Federal	<u>472,745</u>	<u>-</u>	<u>-</u>	<u>472,745</u>
Total Revenues	<u>2,100,542</u>	<u>972,421</u>	<u>-</u>	<u>3,072,963</u>
<b>EXPENDITURES:</b>				
Instruction	407,121	743,559	-	1,150,680
Student activities	6,110	-	-	6,110
Student services	38,594	18,117	-	56,711
Intructional staff support	38,302	-	-	38,302
General administration and central services	205,636	125,172	-	330,808
Building administration	987	85,573	-	86,560
Operation of plant	610,077	-	-	610,077
Transportation	297,220	-	-	297,220
Food service	173,285	-	-	173,285
Community services	<u>19,859</u>	<u>-</u>	<u>-</u>	<u>19,859</u>
Total Expenditures	<u>1,797,191</u>	<u>972,421</u>	<u>-</u>	<u>2,769,612</u>
Revenues Over (Under) Expenditures	303,351	-	-	303,351
<b>Other Financing Sources (Uses):</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	303,351	-	-	303,351
Fund balance, beginning	<u>205,512</u>	<u>-</u>	<u>-</u>	<u>205,512</u>
Fund balance, ending	<u>\$ 508,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,863</u>

**ACADEMY FOR INTEGRATED ARTS  
SCHEDULE OF REVENUES BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2019**

---

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>LOCAL:</b>				
Prop C (sales tax)	\$ 128,623	\$ 77,174	\$ -	\$ 205,797
Community services	6,079	-	-	6,079
Contributions	335,236	-	-	335,236
Other local revenue	<u>27,596</u>	<u>-</u>	<u>-</u>	<u>27,596</u>
Total Local	<u>497,534</u>	<u>77,174</u>	<u>-</u>	<u>574,708</u>
<b>STATE:</b>				
Basic formula	1,005,157	895,247	-	1,900,404
Transportation	50,485	-	-	50,485
Classroom trust fund	73,639	-	-	73,639
Food service	<u>982</u>	<u>-</u>	<u>-</u>	<u>982</u>
Total State	<u>1,130,263</u>	<u>895,247</u>	<u>-</u>	<u>2,025,510</u>
<b>FEDERAL:</b>				
Medicaid	33,779	-	-	33,779
Food service	199,549	-	-	199,549
IDEA	39,601	-	-	39,601
Early Childhood Special Education	876	-	-	876
Title I	170,994	-	-	170,994
Title IV.A	11,671	-	-	11,671
Title II.A	<u>16,275</u>	<u>-</u>	<u>-</u>	<u>16,275</u>
Total Federal	<u>472,745</u>	<u>-</u>	<u>-</u>	<u>472,745</u>
Total Revenues	<u>\$ 2,100,542</u>	<u>\$ 972,421</u>	<u>\$ -</u>	<u>\$ 3,072,963</u>



**ACADEMY FOR INTEGRATED ARTS  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 048-927

**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
6995	PK	6		6.5000	172	1,067.00

**2. AVERAGE DAILY ATTENDANCE (ADA)**

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6995	PK – 6	202.45			.03		202.48

**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
6995	PK – 6	227.00	0.00		227.00

**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
6995	212.00	0.00			212.00

**ACADEMY FOR INTEGRATED ARTS  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 048-927

**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 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 charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
5.3	The charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	An insurance policy as required by Section 160.405, RSMo. has been purchased by the School for employee theft coverage in the amount of:	\$500,000
5.6	The charter school’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	False

**ACADEMY FOR INTEGRATED ARTS  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 048-927

5.7	The charter school maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The 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:	\$0

**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.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	163.00
	Ineligible ADT	5.00

**ACADEMY FOR INTEGRATED ARTS  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2019**

---

County District Number 048-927

6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	53,884
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	53,749
	Ineligible Miles (Non-Route/Disapproved)	135
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	172

## **INTERNAL CONTROL AND COMPLIANCE**

**INDEPENDENT AUDITORS' REPORT ON THE ADMINISTRATION'S  
ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED  
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Board of Directors  
Academy for Integrated Arts

We have audited the administration's assertions, included in its representation letter dated September 20, 2019, that Academy for Integrated Arts (the School) complied with the requirements of Missouri Laws and Regulations regarding accurate disclosure by the School's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2018 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2019; and accurate disclosure by the School's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2019. As discussed in that representation letter, the administration is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the School's compliance based on our audit.

Our audit was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining evidence supporting compliance with the specified laws and regulations and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the administration's assertions that the School complied with the aforementioned requirements for the year ended June 30, 2019, are fairly stated in all material respects.

We noted immaterial instances of noncompliance with the aforementioned requirements that we have reported to the administration of the School in the accompanying Schedule of State Findings.

This report is intended solely for the information and use of the Board of Directors, administration, Missouri Charter Public School Commission 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.

*Westbrook & Co., P.C.*

September 20, 2019

**ACADEMY FOR INTEGRATED ARTS  
SCHEDULE OF STATE FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

---

**TRANSPORTATION**

*Condition:* The School's contracted bus company estimates the number of eligible and ineligible miles by taking the actual readings for one day during the month and multiplying them by the number of days the students are transported for that month.

*Criteria:* State transportation regulations require that schools report the actual mileage driven based on odometer readings obtained during the year.

*Cause:* The School's contracted bus company did not keep actual odometer readings for the year.

*Effect:* Mileage is estimated rather than actual odometer readings.

*Recommendation:* Request actual odometer readings be used from contracted bus company.

*Auditee's Response:* The School has requested that the transportation company provide actual odometer readings every year.

**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***

To the Board of Directors  
Academy for Integrated Arts

We have audited, 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, the modified cash basis financial statements of Academy for Integrated Arts (the School) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.



## **Purpose of this Report**

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

*Westbrook & Co., P.C.*

Richmond, Missouri  
September 20, 2019