

# Citizens of the World Charter School

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

**KPM**  
CPAS & ADVISORS

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## Independent Auditors' Report

To the Board of Directors  
Citizens of the World Charter School - Kansas City  
Kansas City, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of Citizens of the World Charter School - Kansas City (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses 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 accounting principles generally accepted in the United States of America. 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 Citizens of the World Charter School - Kansas City'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 above present fairly, in all material respects, the financial position of Citizens of the World Charter School - Kansas City, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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. 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 December 3, 2020, on our consideration of Citizens of the World Charter School – Kansas City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Citizens of the World Charter School – Kansas City’s internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 3, 2020

# Citizens Of The World Charter School – Kansas City

## Statement of Financial Position

June 30, 2020

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### Assets

Cash and cash equivalents	\$	726,602
Accounts receivable		103,645
<b>Total Assets</b>	<b>\$</b>	<b>830,247</b>

### Liabilities

Accounts payable	\$	17,054
Accrued expenses		143,930
Loan payable - short-term		504,512
Loan payable - long-term		319,866
<b>Total Liabilities</b>		<b>985,362</b>

### Net Assets

Without donor restrictions		(155,115)
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>830,247</b>

See accompanying notes to the financial statements.

# Citizens Of The World Charter School – Kansas City

## Statement of Activities

Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>
<b>Revenues and Other Support</b>	
Contributions and local grants	\$ 766,106
Government grants and contracts	4,269,665
Fees and services	83,705
Miscellaneous	256,867
<b>Total Revenues and Other Support</b>	<b>5,376,343</b>
<b>Expenses</b>	
Program	
Instruction	2,556,051
Student services	227,190
Instructional staff support	20,886
Building level administration	418,555
General administration and central services	133,609
Operation of plant	891,965
Transportation	92,573
Food services	188,811
Community services	171,512
Debt service	500
Management and general	
General administration and central services	661,774
<b>Total Expenses</b>	<b>5,363,426</b>
<i>Change in Net Assets</i>	12,917
Net Assets, beginning of year	(168,032)
<b>Net Assets, end of year</b>	<b>\$ (155,115)</b>

See accompanying notes to the financial statements.

# Citizens Of The World Charter School – Kansas City

## Statement of Cash Flows

Year Ended June 30, 2020

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### Cash Flows from Operating Activities

Change in net assets	\$ 12,917
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in	
Accounts receivable	(103,645)
Contributions receivable, net	172,308
Accounts payable	(2,536)
Accrued expenses	40,316
<b>Net Cash Provided by Operating Activities</b>	<u>119,360</u>

### Cash Flows from Financing Activities

Loan proceeds	574,378
Payment on long-term debt	<u>(250,000)</u>
<b>Net Cash Provided by Financing Activities</b>	324,378

*Net Increase in Cash* 443,738

Cash and Cash Equivalents, beginning of year	282,864
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 726,602</u></u>

See accompanying notes to the financial statements.

# Citizens Of The World Charter School – Kansas City

## Statement of Functional Expenses

Year Ended June 30, 2020

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	<b>Program Services Charter School</b>	<b>Support Services Management and General</b>	<b>Total</b>
Salaries	\$ 2,315,934	\$ 254,367	\$ 2,570,301
Employee Benefits	558,447	88,053	646,500
Purchased Services	1,537,440	309,440	1,846,880
Supplies	289,331	9,914	299,245
Debt service	500	-	500
<b>Total Functional Expenses</b>	<b>\$ 4,701,652</b>	<b>\$ 661,774</b>	<b>\$ 5,363,426</b>

See accompanying notes to the financial statements.



# Citizens Of The World Charter School – Kansas City

## Notes to the Financial Statements

June 30, 2020

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### 1. Organization

Citizens of the World Charter School - Kansas City (the "School") is a Missouri not-for-profit corporation. Their purpose is to operate a Charter School established within the boundaries of the Kansas City, Missouri School District. The School is legally separate from the Kansas City, Missouri School District and is not financially accountable to it.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The School is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

*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 School. These net assets may be used at the discretion of the School'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 reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Cash and Cash Equivalents

The School considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

#### 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 School to capitalize expenditures for equipment, furniture and fixtures in excess of \$5,000 per item. No property and equipment has met the above requirements to be recorded in the financial statements.

#### 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 net assets with donor restrictions that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the School reports the support as net assets without donor restrictions.

# Citizens Of The World Charter School – Kansas City

## Notes to the Financial Statements

June 30, 2020

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### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

### **Income Taxes**

The School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The School complies with the provisions of FASB ASC 740-10-25. Under FASB 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 FASB ASC 740-10-25 had no impact on the School's financial statements. The School does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2020, there were no interest or penalties recorded in its financial statements.

### **Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

### **Subsequent Events**

Management has evaluated subsequent events through December 3, 2020, the date the financial statements were available to be issued.

### **Revenue and Other Support**

The School 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 restriction ends 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.

Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are accounted for in accordance with the terms of those agreements.

# Citizens Of The World Charter School – Kansas City

## Notes to the Financial Statements

June 30, 2020

### Expense Allocation

The cost of providing the program and supporting services have been summarized on the statement of activities on a functional basis. Most expenses can be directly allocated to the program and 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:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Purchased services	Direct cost
Supplies	Direct cost
Capital outlay	Direct cost
Debt service	Direct cost

### 3. Cash & Cash Equivalents

The School maintains cash and cash equivalents at one financial institution. At June 30, 2020, the cash held with Country Club Bank was in excess of FDIC insurance limits by \$511,706. This is considered a concentration of credit risk.

### 4. Accounts & Contributions Receivable

There were no contributions receivable as of June 30, 2020. Accounts receivable at June 30, 2020, consists of agreed-upon payments from the Kansas City Public School system.

### 5. 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 School 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 the financial statements.

### 6. Paycheck Protection Program

During April 2020, the School obtained \$574,378 in additional financing under The Paycheck Protection Program provided by the Small Business Administration to businesses affected 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 School estimates all of the funds will be forgiven under the program. However, if any funds are not forgiven, the School 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 School as a result of COVID-19.

# Citizens Of The World Charter School – Kansas City

## Notes to the Financial Statements

June 30, 2020

### 7. Loans Payable

#### CWC National

On March 11, 2015, the School entered into a loan agreement with the Citizens of the World national network (a related party) for an interest-free loan to support the launch of the school in the amount of \$800,000. The outstanding payments at June 30, 2020, are due as follows:

Year Ending June 30,	Principal
2021	\$ 250,000

#### PPP Loan

On April 21, 2020, the School applied and qualified for the Paycheck Protection Program (PPP) Loan. The loan was administered through Country Club Bank and totaled \$574,378.

	Principal
1%; Country Club Bank pursuant to the Paycheck Protection Program (PPP); unsecured; matures April 2022 unless forgiveness under requirements of PPP, see note 6 for additional discussion of the PPP loan.	\$ 574,378

Under the current assessment, the future loan requirements (assuming forgiveness in not granted) are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 254,512	\$ 3,088	\$ 257,600
2022	319,866	1,465	321,331
	\$ 574,378	\$ 4,553	\$ 578,931

Balance - Loans, June 30, 2019	\$ 500,000
Loan proceeds	574,378
Principal payments	(250,000)
<b>Balance - Loans, June 30, 2020</b>	<b>\$ 824,378</b>

### 8. Operating Leases

On June 13, 2016, the School entered into a triple net lease with an option to buy at book value with IFF Quality Seats - Broadway, LLC for the property and improvements in the total cost of \$5,244,227. As part of the lease, the School pays a base rent each month plus operating expense of the leased facility, including all costs associated with the use, maintenance, financing, or repair of the property and all utilities, and insurance. The lease also required creation of a cash collateral account in the amount of \$585,000. The lease provides that the School will pay the reduced rent amount of \$13,670 per month for the first two years with the payment supplemented with the cash collateral account. From years 3 to 6, the base rent amount will be payable in the amount of \$36,845 per month. For years 7 to 10, the adjusted rent

# Citizens Of The World Charter School – Kansas City

## Notes to the Financial Statements

June 30, 2020

amount will be payable based on the greater of the School's net operating income divided by 1.2 or the annual funding cost to IFF. The School has the option to extend the lease for 2 to 5 years.

On March 8, 2019, the School entered into a lease for building space with Académie Lafayette that will end in June 2022. July 1, 2020 through June 30, 2021 requires monthly payments of \$7,500. July 1, 2021 through June 30, 2022 requires monthly payments of \$10,000.

Under the current agreement payments of \$478,965 were due during the year ended June 30, 2020, the future lease requirements are as follows:

<u>Year Ending June 30</u>	<u>Building Lease</u>	<u>Office Space Lease</u>
2021	\$ 418,965	\$ 90,000
2022	418,965	120,000
2023	397,426	-
2024	397,426	-
2025	397,426	-
2026	397,426	-
	<u>\$ 2,427,634</u>	<u>\$ 210,000</u>

## 9. Claims & Adjustments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. As of June 30, 2020, 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.

## 10. Functional Expenses

The School has only one program of service, which is the operation of a charter school district. For the year ended June 30, 2020, program service expenses were \$4,701,652 and management and general expenses were \$661,774.

## 11. Retirement Plan

The School contributes to The Public School Retirement System of the School District of Kansas City, Missouri, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library, and the Public School Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by The Retirement System 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 Public School Retirement System of the School District of Kansas City, Missouri, 324 E. 11<sup>th</sup> St., Kansas City, Missouri, 64106, or by calling 1-816-472-5800.

# Citizens Of The World Charter School – Kansas City

## Notes to the Financial Statements

June 30, 2020

The Retirement System members are required to contribute 9% of their annual covered salary and the school is required to contribute 12% of annual covered salary. The contribution requirements of members and the school are established, and may be amended, by the Board of Trustees. The School's contributions to the system for the year ended June 30, 2020, were \$251,268, equal to the required contributions.

### 12. Open Tax Years

The School's informational and tax returns are subject to examination by taxing authorities for a period of 3 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>Return to be Filed in 2020</u>
Federal	2016-2018	2019
Missouri	2016-2018	2019

### 13. Liquidity & Availability

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

	<u>2020</u>
Financial assets at year end	
Cash and cash equivalents	\$ 726,602
Accounts receivable	<u>103,645</u>
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<u><u>\$ 830,247</u></u>

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

### 14. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

### 15. Deficit Net Assets

The School has a deficit that is the result of an operating loan and receiving a PPP Loan during 2020. The School anticipates that the PPP Loan will be forgiven during the 2020-2021 school year and remedy this situation.

## Supplementary Information

## Citizens Of The World Charter School – Kansas City

### Statement of Assets and Fund Balances – Cash Basis – Governmental Funds

June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Assets</b>				
Cash and cash equivalents, net of payroll liability	\$ 682,853	\$ 25,546	\$ -	\$ 708,399
<b>Total Assets</b>	<b>\$ 682,853</b>	<b>\$ 25,546</b>	<b>\$ -</b>	<b>\$ 708,399</b>
<b>Fund Balances</b>				
Assigned for certified salaries	\$ -	\$ 25,546	\$ -	\$ 25,546
Unassigned	682,853	-	-	682,853
<b>Total Fund Balances</b>	<b>\$ 682,853</b>	<b>\$ 25,546</b>	<b>\$ -</b>	<b>\$ 708,399</b>
Total fund balance				\$ 708,399
Accounts receivable				103,645
Change in Liabilities on the Statement of Financial Position				(967,159)
<b>Net Assets on the Statement of Financial Position</b>				<b>\$ (155,115)</b>

The supplementary 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.



# Citizens Of The World Charter School – Kansas City

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

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Receipts</b>				
Local	\$ 1,939,862	\$ 114,086	\$ -	\$ 2,053,948
State	1,571,607	1,917,075	-	3,488,682
Federal	476,754	-	-	476,754
<b>Total Receipts</b>	3,988,223	2,031,161	-	6,019,384
<b>Disbursements</b>				
Instruction	885,990	1,626,684	-	2,512,674
Student services	227,190	-	-	227,190
Instructional staff support	20,886	-	-	20,886
Building level administration	28,528	404,477	-	433,005
General administration and central services	795,383	-	-	795,383
Operation of plant	897,105	-	-	897,105
Pupil transportation	92,573	-	-	92,573
Food services	188,811	-	-	188,811
Community services	171,511	-	-	171,511
Debt service	500	-	250,000	250,500
<b>Total Disbursements</b>	3,308,477	2,031,161	250,000	5,589,638
<i>Excess (Deficit) of Receipts Over Disbursements</i>	679,746	-	(250,000)	429,746
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	(250,000)	-	250,000	-
<b>Total Other Financing Sources (Uses)</b>	(250,000)	-	250,000	-
<i>Excess of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	429,746	-	-	429,746
Fund Balance, beginning	253,107	25,546	-	278,653
<b>Fund Balance, ending</b>	\$ 682,853	\$ 25,546	\$ -	\$ 708,399
<i>Net change in fund balance per ASBR</i>				\$ 429,746
Changes in				
Accounts receivable				103,645
Contributions receivable, net				(172,308)
Accounts payable				2,536
Accrued expenses				(26,324)
Debt				250,000
Loan proceeds				(574,378)
<b>Change in net assets per Statement of Activities</b>				\$ 12,917

The supplementary 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.

# Citizens Of The World Charter School – Kansas City

## Schedule of Receipts by Source

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Local</b>				
School district trust fund (Prop C)	\$ 190,143	\$ 114,086	\$ -	\$ 304,229
Food service - sales to pupils	13,636	-	-	13,636
Admissions - student activities	34,474	-	-	34,474
Community services	35,595	-	-	35,595
Gifts	938,414	-	-	938,414
Miscellaneous local revenue	727,600	-	-	727,600
<b>Total Local</b>	1,939,862	114,086	-	2,053,948
<b>State</b>				
Basic formula - state monies	1,458,424	1,917,075	-	3,375,499
Basic formula - classroom trust fund	89,070	-	-	89,070
Food service - state	1,010	-	-	1,010
High need fund - special education	13,541	-	-	13,541
Other - state	9,562	-	-	9,562
<b>Total State</b>	1,571,607	1,917,075	-	3,488,682
<b>Federal</b>				
Medicaid	53,094	-	-	53,094
IDEA Grants	844	-	-	844
IDEA entitlement funds, part B IDEA	123,079	-	-	123,079
School lunch program	70,867	-	-	70,867
School breakfast program	14,499	-	-	14,499
Title I - ESEA	106,052	-	-	106,052
Title IV.A student support and academic enrichment	10,360	-	-	10,360
Title II, part A&B, ESEA - teacher and principal training	17,019	-	-	17,019
CARES - school lunch program	19,540	-	-	19,540
CARES - school breakfast program	12,283	-	-	12,283
Dept of health food service program	49,117	-	-	49,117
<b>Total Federal</b>	476,754	-	-	476,754
<b>Total Receipts</b>	\$ 3,988,223	\$ 2,031,161	\$ -	\$ 6,019,384
Changes in				
Accounts receivable				103,645
Contributions receivable, net				(172,308)
Loan proceeds				(574,378)
<b>Revenues and other sources per Statement of Activities</b>				<b>\$ 5,376,343</b>

The above presentation agrees to the Annual Secretary of the Board Report.

# Citizens Of The World Charter School – Kansas City

## Schedule of Disbursements by Object

Year Ended June 30, 2020

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
Salaries	\$ 928,705	\$ 1,609,001	\$ -	\$ 2,537,706
Employee benefits	230,611	422,160	-	652,771
Purchased services	1,834,966	-	-	1,834,966
Supplies	313,695	-	-	313,695
Debt service	500	-	250,000	250,500
	<b>\$ 3,308,477</b>	<b>\$ 2,031,161</b>	<b>\$ 250,000</b>	<b>\$ 5,589,638</b>
Disbursements per ASBR				\$ 5,589,638
Changes in				
Accounts payable				(2,536)
Accrued expenses				26,324
Short-term debt				(250,000)
<b>Expenses per Statement of Activities</b>				<b>\$ 5,363,426</b>

The above presentation agrees to the Annual Secretary of the Board Report.

## **Internal Control and Compliance**

# Citizens Of The World Charter School – Kansas City

## 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
3905	6	6	-	6.75	126	850.50
6905	K	4	-	6.75	126	850.50
6905	PK	PK	-	6.5	101	653.25

### 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
6905	PK	4,650.75	-	-	-	-	4,650.75
	K	72,126.77	-	-	-	3,011.77	75,138.54
	1	52,434.93	-	-	-	3,021.02	55,455.95
	2	57,855.90	-	-	-	3,161.20	61,017.10
	3	51,757.85	-	-	-	2,703.10	54,460.95
	4	54,843.46	-	-	-	2,739.98	57,583.44
3905	6	36,264.00	-	-	-	-	36,264.00
<b>Grand Total</b>	<b>PK-6</b>	<b>329,933.66</b>	-	-	-	<b>14,637.07</b>	<b>344,570.73</b>

### 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
6905	K	92.00	-	-	92.00
	1	71.00	-	-	71.00
	2	75.00	-	-	75.00
	3	68.00	-	-	68.00
	4	70.00	-	-	70.00
3905	6	45.00	-	-	45.00
<b>Grand Total</b>	<b>K-6</b>	<b>421.00</b>	-	-	<b>421.00</b>

# Citizens Of The World Charter School – Kansas City

## Schedule of Selected Statistics

Year Ended June 30, 2020

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
6905	185.00	22.00	-	-	207.00
3905	25.00	3.00	-	-	28.00
Grand Total	210.00	25.00	-	-	235.00

### 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	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

## Citizens Of The World Charter School – Kansas City

### Schedule of Selected Statistics

Year Ended June 30, 2020

	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:	\$25,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	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 the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	N/A
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	N/A
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

# Citizens Of The World Charter School – Kansas City

## Schedule of Selected Statistics

Year Ended June 30, 2020

Notes:	

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

Finding:	None
Management Letter Comment:	N/A

### 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:	
	Eligible ADT	7.0
	Ineligible ADT	0.0
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:	8,056
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:	



# Citizens Of The World Charter School – Kansas City

## Schedule of Selected Statistics

Year Ended June 30, 2020

	Eligible Miles (including food/instructional delivery miles 2019-20)	7,527
	Ineligible Miles (Non-Route/Disapproved)	529
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	126

Notes:	

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

Finding:	None
Management Letter Comment:	N/A



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

To the Board of Directors  
Citizens of the World Charter School - Kansas City  
Kansas City, Missouri

We have examined management's assertions that Citizens of the World Charter School - Kansas City complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the School'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. Citizens of the World Charter School - Kansas City's 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, School 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  
December 3, 2020

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**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  
Citizens of the World Charter School - Kansas City  
Kansas City, 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 Citizens of the World Charter School - Kansas City as of and for the year ended June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Citizens of the World Charter School - Kansas City's basic financial statements and have issued our report thereon dated December 3, 2020.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Citizens of the World Charter School - Kansas City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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  
December 3, 2020



Board of Directors  
Citizens of the World Charter School - Kansas City  
Kansas City, Missouri

In planning and performing our audit of the basic financial statements of Citizens of the World Charter School - Kansas City, for the year ended June 30, 2020, we considered the School's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

In addition to the 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*, we became aware of some additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters. This letter does not affect our report dated December 3, 2020, on the financial statements of Citizens of the World Charter School - Kansas City.

However, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments regarding these matters.

### **1. Cybersecurity**

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personal should follow once a cyber security breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

#### *We Recommend:*

The School continue to evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

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## **2. Periodic Internal Control Review**

As the School evolves, policies and procedures change, this upcoming year faces the new challenge of managing during the COVID-19 pandemic. The pandemic creates the risk of business and process disruptions that could alter the application of normal procedures and controls. The School should periodically conduct a review of its internal control procedures and monitor the ongoing impact of the pandemic on internal controls to determine if any changes are necessary in order to protect the School's assets.

### *We Recommend:*

The School conduct reviews of its internal control procedures to determine opportunities for strengthening safeguards over the School's assets throughout the year and periodically as processes are disrupted. The School may want to consider conducting reviews on cash management, computer information systems, mail distribution procedures, purchasing procedures, new vendor procedures, and other areas the School considers necessary.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the School's administrative personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations

We appreciate this opportunity to serve as Citizens of the World Charter School – Kansas City's' independent auditor and the courtesies and assistance extended to us by the School's employees.

### **Restriction on Use**

This communication is intended solely for the information and use of management, Board of Directors, and other within the School and is not intended and should not be used by anyone other than these specified parties.

Respectfully submitted,

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 3, 2020