

**ALLEN VILLAGE SCHOOL
KANSAS CITY, MISSOURI**

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

FOR THE YEAR ENDED JUNE 30, 2020

**ALLEN VILLAGE SCHOOL
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Allen Village School

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Allen Village School (a nonprofit organization) as of June 30, 2020 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 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 Schools 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.

Member, American Institute of Certified Public Accountants; Missouri Society of Certified Public Accountants

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Allen Village School as of June 30, 2020 and the support, revenues, and expenses 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 that collectively comprise the School's basic financial statements. The supplementary information presented on pages 11 through 19, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements.

The supplementary 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 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 supplementary information listed in the table of contents is fairly stated in all material respects in relation to the 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 November 12, 2020 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 and other matters. The purpose of that report is solely 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 effectiveness of the School's 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, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Westbrook & Co., P.C.

Richmond, Missouri
November 12, 2020

ALLEN VILLAGE SCHOOL
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 2,591,399
Escrow funds	756,937
Property and equipment, net	<u>6,897,166</u>
Total Assets	<u>\$ 10,245,502</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Payroll withholding payable	\$ 44,566
Notes payable	<u>3,950,000</u>
Total Liabilities	3,994,566
Net Assets:	
Without donor restrictions	<u>6,250,936</u>
Total Liabilities and Net Assets	<u>\$ 10,245,502</u>

See accompanying notes to the financial statements.

ALLEN VILLAGE SCHOOL
STATEMENT OF SUPPORT, REVENUES, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Without donor restrictions:

SUPPORT AND REVENUES:

Government grants and contracts	\$ 7,703,397
Fees and services	17,425
Earnings on investments	11,807
Other revenue	<u>275,854</u>
Total support and revenues	<u>8,008,483</u>

EXPENSES:

Program expenses:	
Charter school	7,135,932
Management and general	<u>1,010,684</u>
Total expenses	<u>8,146,616</u>
Change in Net Assets	(138,133)
Net assets, beginning of year	<u>6,389,069</u>
Net assets, end of year	<u><u>\$ 6,250,936</u></u>

See accompanying notes to the financial statements.

ALLEN VILLAGE SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Support Services</u>	
	Charter School	Management and General	<u>Total</u>
Salaries	\$ 2,886,859	\$ 705,662	\$ 3,592,521
Student transportation	608,252	-	608,252
Building and equipment maintenance	660,216	-	660,216
Payroll taxes and benefits	707,765	150,845	858,610
Contract and professional fees	549,138	72,387	621,525
Food service	505,015	-	505,015
Depreciation expense	401,277	-	401,277
Other supplies and equipment	284,697	48,480	333,177
Utilities	135,084	-	135,084
Interest and fees	156,251	-	156,251
Textbooks and educational materials	73,053	-	73,053
Community services	91,391	-	91,391
Telephone and communications	39,824	506	40,330
Conferences, meetings and travel	13,858	1,024	14,882
Rent expense	15,616	3,823	19,439
Other	7,434	276	7,710
Printing and publications	202	27	229
Insurance	-	27,654	27,654
	<hr/>	<hr/>	<hr/>
Total expenses	\$ 7,135,932	\$ 1,010,684	\$ 8,146,616

See accompanying notes to the financial statements.

**ALLEN VILLAGE SCHOOL
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (138,133)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	401,277
Increase (decrease) in:	
Payroll withholding payable	(3,006)
Net cash provided by operating activities	260,138

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(235,738)
Change in escrow funds	20,490
Net cash used by investing activities	(215,248)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on notes payable	(200,000)
Payment on capital lease	(28,226)
Net cash used by financing activities	(228,226)

NET DECREASE IN CASH (183,336)

CASH AND CASH EQUIVALENTS, beginning 2,774,735

CASH AND CASH EQUIVALENTS, ending \$ 2,591,399

SUPPLEMENTAL DISCLOSURES:

Interest paid	\$ 156,251
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See accompanying notes to the financial statements.

ALLEN VILLAGE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - BUSINESS ACTIVITY

Allen Village School is a standalone Local Education Agency (LEA) and is a nonprofit corporation that is organized under the laws of the State of Missouri. The School was granted LEA status July 1, 2006. Prior to that time the School was a charter school that received its share of state revenue from the Kansas City Missouri School District. Since the School is an LEA, state revenues are paid to it by the Missouri Department of Secondary Education (DESE). The School has operated as a charter school since its inception in 1999 and is sponsored by Kansas City Public Schools. The School's charter provides for the education of students in kindergarten through twelfth 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, net assets, revenues and expenditures when they result from cash transactions with a provision for recording capital assets, related depreciation and debt. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents: 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. A capitalization threshold of \$1,000 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:

Buildings and improvements	15-40 years
Equipment	5 years

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

Recognition of Donor Restrictions: Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The School has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Income Taxes: Allen Village School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as charitable organizations where by 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. Accordingly, no provision for income taxes has been recorded.

Paid Leave Days: Personal days and sick leave are considered as expenditures in the year paid. Employees are awarded eight sick days and two personal days at the beginning of the school year. Paid leave days may not be carried over from one year to the next. Employees are paid, at the end of the school year, for unused leave days at a rate of 25% of the hourly rate.

ALLEN VILLAGE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE C - CASH AND CASH EQUIVALENTS

On June 30, 2020, the bank balances of the School's deposits totaled \$2,600,669. Of this amount, \$250,000 was covered by FDIC insurance and \$2,350,669 was covered by pledged securities.

NOTE D - ESCROW FUNDS

Under the loan and trust agreements discussed at Note I, certain funds are being held by the trustee for debt service, debt service reserve, and repairs and replacements. The balance of the escrow accounts at June 30, 2020 was \$756,937, which were invested in money market funds.

NOTE E - PROPERTY AND EQUIPMENT

Buildings and improvements	\$ 9,365,158
Equipment	<u>964,885</u>
	10,330,043
Accumulated depreciation	<u>(3,432,877)</u>
Property and equipment, net	<u><u>\$ 6,897,166</u></u>

Depreciation expense for the year ended June 30, 2020 was \$401,277.

NOTE F - 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.

ALLEN VILLAGE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE G - 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, the charter schools within the boundaries of the Kansas City Missouri School District; 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 contributions to the system for the year ended June 30, 2020 were \$343,031.

NOTE H - CAPITAL LEASE OBLIGATIONS

On June 16, 2017, the School entered into a lease with Apple, Inc. for the purchase of technology equipment. The lease is for \$84,721 and requires three annual payments of \$29,352, interest at 3.919%, with the first payment due on August 29, 2017. This lease was paid off during the year.

NOTE I - NOTES PAYABLE

The Industrial Development Authority of City of Kansas City, Missouri issued \$4,770,000 in Industrial Development Revenue Bonds (Allen Village School Project) Series 2006A and Series 2006B. The proceeds of the bonds were used to acquire the facility located at 706 W. 42nd Street, Kansas City, Missouri, to pay renovation costs of the facility, to fund a debt service reserve, and to pay certain costs related to the issuance of such bonds. On August 1, 2006 the School entered into a loan agreement with the Industrial Development Authority of the City of Kansas City, Missouri in the amount of \$4,770,000. Interest payments are due semi-annually at various interest rates ranging from 6.125% to 9.00% with principal payments starting in 2009. The note is secured by a deed of trust on 706 W. 42nd Street, Kansas City, Missouri and assignment of leases and rents. The note payable was refunded using Series 2014A and Series 2014B bonds on October 21, 2014. Interest payments are due semi-annually at various interest rates ranging from 2.5% to 4.0% with principal payments starting in 2015. The balance on the note payable at June 30, 2020 is \$3,950,000.

ALLEN VILLAGE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - NOTES PAYABLE (continued)

Debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 205,000	\$ 147,050	\$ 352,050
2022	215,000	140,750	355,750
2023	220,000	133,813	353,813
2024	225,000	126,163	351,163
2025	235,000	118,112	353,112
2026	245,000	109,100	354,100
2027	255,000	99,100	354,100
2028	265,000	88,700	353,700
2029	275,000	77,900	352,900
2030	285,000	66,700	351,700
2031	295,000	55,100	350,100
2032	305,000	43,100	348,100
2033	320,000	30,600	350,600
2034	330,000	17,600	347,600
2035	275,000	5,500	280,500
Total	<u>\$ 3,950,000</u>	<u>\$ 1,259,288</u>	<u>\$ 5,209,288</u>

NOTE J - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School strives to maintain liquid financial assets sufficient to cover general expenditures. As of June 30, 2020, the School has \$2,591,399 cash and cash equivalents available to meet general expenditures. As of June 30, 2020, there were no net assets with donor restrictions.

NOTE K - SUBSEQUENT EVENTS

The COVID-19 outbreak has caused a severe impact to the United States economy. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the School's operations and finances.

The School has evaluated subsequent events through November 12, 2020, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**ALLEN VILLAGE SCHOOL
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and cash equivalents	\$ 2,565,388	\$ 26,011	\$ -	\$ 2,591,399
Escrow funds	-	-	756,937	756,937
 Total assets	 \$ 2,565,388	 \$ 26,011	 \$ 756,937	 \$ 3,348,336
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll withholding payable	\$ 18,555	\$ 26,011	\$ -	\$ 44,566
Fund Balances:				
Assigned	-	-	756,937	756,937
Unassigned	2,546,833	-	-	2,546,833
 Total fund balances	 2,546,833	 -	 756,937	 3,303,770
 Total liabilities and fund balances	 \$ 2,565,388	 \$ 26,011	 \$ 756,937	 \$ 3,348,336

ALLEN VILLAGE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 757,830	\$ 276,153	\$ 7,512	\$ 1,041,495
State	2,635,527	3,207,902	-	5,843,429
Federal	1,123,559	-	-	1,123,559
Total Revenues	<u>4,516,916</u>	<u>3,484,055</u>	<u>7,512</u>	<u>8,008,483</u>
EXPENDITURES:				
Instruction	1,032,406	2,695,665	-	3,728,071
Student services	134,521	146,606	-	281,127
Instructional staff support	518,741	49,797	309,882	878,420
General administration and central services	205,156	384,743	-	589,899
Building administration	298,012	95,120	-	393,132
Operation of plant	640,927	-	-	640,927
Transportation	584,216	24,035	-	608,251
Food service	505,015	-	-	505,015
Facilities acquisition and construction	-	-	108,593	108,593
Community services	3,302	88,089	-	91,391
Debt service:				
Principal	-	-	228,226	228,226
Interest and fees	-	-	156,251	156,251
Total Expenditures	<u>3,922,296</u>	<u>3,484,055</u>	<u>802,952</u>	<u>8,209,303</u>
Revenues Over (Under) Expenditures	594,620	-	(795,440)	(200,820)
Other Financing Sources (Uses):				
Transfers	(774,950)	-	774,950	-
Net change in fund balance	(180,330)	-	(20,490)	(200,820)
Fund balance, beginning	2,727,163	-	777,427	3,504,590
Fund balance, ending	<u>\$ 2,546,833</u>	<u>\$ -</u>	<u>\$ 756,937</u>	<u>\$ 3,303,770</u>

**ALLEN VILLAGE SCHOOL
SCHEDULE OF REVENUES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
LOCAL:				
Sales tax	\$ 460,256	\$ 276,153	\$ -	\$ 736,409
Earnings on investments	4,295	-	7,512	11,807
Food service	17,425	-	-	17,425
Other local revenue	<u>275,854</u>	<u>-</u>	<u>-</u>	<u>275,854</u>
 Total Local	 <u>757,830</u>	 <u>276,153</u>	 <u>7,512</u>	 <u>1,041,495</u>
STATE:				
Basic formula	2,329,239	3,207,902	-	5,537,141
Transportation aid	91,427	-	-	91,427
Basic formula - classroom trust fund	188,681	-	-	188,681
Food service	3,035	-	-	3,035
Other state revenue	<u>23,145</u>	<u>-</u>	<u>-</u>	<u>23,145</u>
 Total State	 <u>2,635,527</u>	 <u>3,207,902</u>	 <u>-</u>	 <u>5,843,429</u>
FEDERAL:				
Child nutrition	283,671	-	-	283,671
Title I	330,565	-	-	330,565
Title II.A	2,252	-	-	2,252
Title IV	23,083	-	-	23,083
Title III	17,392	-	-	17,392
CARES - ESSER Fund	264,794	-	-	264,794
CARES - School food program	58,630	-	-	58,630
Individuals with Disabilities	<u>143,172</u>	<u>-</u>	<u>-</u>	<u>143,172</u>
 Total Federal	 <u>1,123,559</u>	 <u>-</u>	 <u>-</u>	 <u>1,123,559</u>
 Total Revenues	 <u>\$ 4,516,916</u>	 <u>\$ 3,484,055</u>	 <u>\$ 7,512</u>	 <u>\$ 8,008,483</u>

**ALLEN VILLAGE SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020**

County District Number 048-909

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
6905	K	02		6.75	121	797.50
6915	03	05		6.75	121	797.50
3930	06	08		6.75	121	797.50
1980	09	12		6.75	121	797.50

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.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6905	K-02	71,450				5,760	77,210
6915	03-05	93,644				10,846	104,489
3930	06-08	113,554				9,131	122,685
1980	09-12	138,404				806	139,210
Grand Total		417,052				26,543	443,595

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-02	94.00			94.00
6915	03-05	123.00			123.00
3930	06-08	149.00			149.00
1980	09-12	182.00	4.00		186.00
Grand Total		548.00	4.00		552.00

**ALLEN VILLAGE SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020**

County District Number 048-909

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	79.00	6.00			85.00
6915	103.00	8.00			111.00
3930	131.00	6.00			137.00
1980	146.00	16.00			162.00
Grand Total	459.00	36.00			495.00

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 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	True
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True
	Dual enrollment	True
	Homebound instruction	N/A
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	True
	Students participating in the school flex program	N/A

**ALLEN VILLAGE SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020**

County District Number 048-909

	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	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	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 district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
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 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 district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	\$0
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.	False

**ALLEN VILLAGE SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020**

County District Number 048-909

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	475.5
	Ineligible ADT	5.0
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:	111,877
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	111,050
	Ineligible Miles (Non-Route/Disapproved)	827
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	121

Management Letter Comment: See "Required Reports" comment in the Required Communications letter.

**ALLEN VILLAGE SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	048-909	\$ 82,172
COVID-19 - School Breakfast Program	10.553	048-909	22,629
National School Lunch Program	10.555	048-909	201,499
COVID-19 - School Lunch Program	10.555	048-909	36,001
Total Child Nutrition Cluster			<u>342,301</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027A	048-909	121,135
Title I - Grants to Local Educational Agencies	84.010A	048-909	330,565
English Language Acquisition Grants	84.365A	048-909	17,392
Supporting Effective Instruction State Grants	84.367A	048-909	2,252
Student Support and Academic Enrichment Program	84.424A	048-909	23,083
COVID-19 - Education Stabilization Fund	84.425D	048-909	264,794
Total U.S. Department of Education			<u>759,221</u>
Total Expenditures of Federal Awards			<u>\$ 1,101,522</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Allen Village School under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Allen Village School, it is not intended to and does not present the financial position, change in net assets or cash flows of Allen Village School.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Allen Village School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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
Allen Village School

We have audited the administration's assertions, included in its representation letter dated November 12, 2020, that Allen Village 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, 2019 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2020; 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, 2020. 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, administration's assertions that the School complied with the aforementioned requirements for the year ended June 30, 2020, are fairly stated in all material respects.

We noted an immaterial instance 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, Kansas City Public Schools and Missouri Department of Elementary and Secondary Education. It is not intended to be and should not be used by anyone other than these specified parties.

Westbrook & Co., P.C.

November 12, 2020

**ALLEN VILLAGE SCHOOL
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

TRANSPORTATION

Condition: The School incorrectly reported taxi miles as ineligible mileage and also did not include activity mileage on the original Application for State Transportation Aid.

Criteria: DESE requires that all mileage information be tracked and reported accurately on the Application for State Transportation Aid.

Cause: The School did not have review procedures to ensure that all mileage information was accurately reported to DESE.

Effect: Inaccurate mileage information was submitted to DESE.

Recommendation: We recommend that the School implement additional review procedures to ensure that all mileage is accurately tracked and reported.

Auditee's Response: The School will review the DESE transportation manual to ensure that all mileage is correctly reported and the Business Manager will ensure that mileage is accurately tracked and reported on the Application for State Transportation Aid.

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
Allen Village School

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 Allen Village School (a nonprofit organization) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 12, 2020.

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 over financial reporting.

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 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

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 or other matters that are required to be reported under *Government Auditing Standards*.

School's Response to Findings

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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
November 12, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Allen Village School

Report on Compliance for Each Major Federal Program

We have audited Allen Village School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Westbrook & Co., P.C.

Richmond, Missouri
November 12, 2020

**ALLEN VILLAGE SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with the modified cash basis:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:
Title I - Grants to Local Educational Agencies
COVID-19 - Education Stabilization Fund

CFDA No. 84.010A
CFDA No. 84.425D

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

**ALLEN VILLAGE SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2020-001 SEGREGATION OF DUTIES

Condition: The School's Business Manager has authority to input vendors and input purchase orders and is also responsible for performing the bank reconciliation. The Business Manager also initiates the payroll cycles, maintains payroll information, and submits the payroll. While the principal and a board member review the payroll register, it is returned to the Business Manager to submit the payroll. Finally, the Business Manager is the accounting system administrator, thus allowing full access and control of the accounting system.

Criteria: Accounting duties should be segregated to provide for adequate internal control.

Cause: Duties have not been properly segregated.

Effect: Inadequate controls could allow for errors or fraud to occur.

Recommendation: Consideration should be given to reassigning duties in order to improve internal controls. We concur with the School's implementation of a process for the Superintendent to review and sign off on the monthly bank statement, however the opportunity still exists for errors or fraud to occur.

Auditee's Response: The School will analyze the duties to improve internal control.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None