

Citizens of the World
Charter School - Kansas City

FINANCIAL STATEMENTS
Together with Auditors' Report
Year Ended June 30, 2018

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

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, 2018, 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.

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

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, 2018, 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.

Change in Accounting Principle

As described in Note B to the financial statements, the School changed its basis of accounting from cash basis to the accrual basis to conform with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to that matter.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, 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
November 26, 2018

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 193,783
Contributions receivable, net	<u>358,757</u>
TOTAL ASSETS	<u><u>\$ 552,540</u></u>

LIABILITIES

Accounts payable	\$ 71,732
Accrued expenses	80,002
Loan payable - short-term	150,000
Loan payable - long-term	<u>500,000</u>
TOTAL LIABILITIES	801,734

NET ASSETS

Unrestricted	<u>(249,194)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 552,540</u></u>

See accompanying notes

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
Contributions and local grants	\$ 806,569
Government grants and contracts	2,196,541
Fees and services	118,672
Miscellaneous	<u>22,647</u>
TOTAL REVENUES AND OTHER SUPPORT	3,144,429
EXPENSES	
Instruction	1,274,719
Student services	137,046
Instructional staff support	5,716
Building level administration	257,647
General administration and central services	337,056
Operation of plant	429,551
Transportation	64,160
Food services	137,899
Community services	68,485
Debt service	<u>1,727</u>
TOTAL EXPENSES	<u>2,714,006</u>
CHANGE IN NET ASSETS	430,423
NET ASSETS, beginning of year, as restated	<u>(679,617)</u>
NET ASSETS, end of year	<u><u>\$ (249,194)</u></u>

See accompanying notes

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 430,423
Changes in:	
Grants receivable	14,446
Contributions receivable, net	(358,757)
Prepaid items	80,750
Accounts payable	56,851
Accrued expenses	23,327

NET CASH PROVIDED BY OPERATING ACTIVITIES	247,040
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CASH FLOWS FROM FINANCING ACTIVITIES

Payment on long-term debt	(300,000)
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NET INCREASE IN CASH	(52,960)
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CASH AND CASH EQUIVALENTS, beginning of year	96,743
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CASH AND CASH EQUIVALENTS, end of year	\$ 43,783
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CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Charter School</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,291,124	\$ 70,600	\$ 1,361,724
Employee Benefits	301,065	20,408	321,473
Purchased Services	734,335	159,808	894,143
Supplies	131,234	3,705	134,939
Debt service	1,727	-	1,727
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,459,485</u>	<u>\$ 254,521</u>	<u>\$ 2,714,006</u>

See accompanying notes

CITIZENS OF THE WORLD CHARTER SCHOOL - KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE A – 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation: The financial statements are presented in accordance with ASC 958-205 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-For-Profit Organization”). Under ASC 958-205, the School is required to report information regarding its assets and net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The School does not have any temporarily or permanently restricted net assets as of June 30, 2018.

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.

Cash and Cash Equivalents: The School considers all highly liquid investments with a 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 Organization to capitalize expenditures for equipment, furniture and fixtures in excess of \$5,000 per item. Interest costs are capitalized when incurred on debt where the proceeds were used to finance the construction of assets. No interest was capitalized in the current year.

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 temporarily or permanently restricted support 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 unrestricted.

CITIZENS OF THE WORLD CHARTER SCHOOL - KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2018, 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 November 26, 2018, the date the financial statements were available to be issued.

Change in Accounting Principle: The School converted to the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE C – CASH AND CASH EQUIVALENTS

The School maintains cash and cash equivalents at one financial institution. At June 30, 2018, the cash held with Missouri Bank in the checking account was insured by FDIC.

CITIZENS OF THE WORLD CHARTER SCHOOL - KANSAS CITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE D – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2018, consisted of the following unconditional promises to give discounted at a rate of 4%:

Gross unconditional contributions receivable	\$ 425,000
Less:	
Allowance for uncollectible contributions	(42,500)
Unamortized discount	(23,743)
Net unconditional contributions receivable	<u>\$ 358,757</u>
Gross amounts due:	
Within one year	\$ 225,000
Within one to five years	200,000
	<u>\$ 425,000</u>

NOTE E – LOAN PAYABLE

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 launch of the school in the amount of \$800,000. The outstanding payments at June 30, 2018, are due as follows:

Year Ending June 30,	Principal
2019	\$ 150,000
2020	250,000
2021	250,000
	<u>\$ 650,000</u>
Balance June 30, 2017	\$ 800,000
Principal payments	(150,000)
Balance June 30, 2018	<u>\$ 650,000</u>

CITIZENS OF THE WORLD CHARTER SCHOOL - KANSAS CITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE F – BUILDING OPERATING LEASE

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 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. Under the current agreement, the future lease requirements are as follows:

Year Ending June 30	Payment
2019	\$ 418,965
2020	418,965
2021	418,965
2022	418,965
2023	397,426
2024	397,426
2025	397,426
2026	397,426
	<u>\$ 3,265,564</u>

NOTE G – CLAIMS AND ADJUSTMENTS

The School will participate 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, 2018, 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.

CITIZENS OF THE WORLD CHARTER SCHOOL - KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE H – 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. 11th St., Kansas City, Missouri, 64106, or by calling 1-816-472-5800.

The Retirement System members are required to contribute 9% of their annual covered salary and the school is required to contribute a matching amount. 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, 2018, were \$82,892, equal to the required contributions.

NOTE I – 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, 2018, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be filed in 2018</u>
Federal	2015 and 2016	2017
Missouri	2015 and 2016	2017

CITIZENS OF THE WORLD CHARTER SCHOOL - KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE J – RESTATEMENT

Net assets were restated as follows to conform with accounting principles general accepted in the United States of America:

NET ASSETS, as previously stated June 30, 2017	\$	96,743
Grants receivable		14,446
Deposit held		80,750
Accounts payable		(14,881)
Accrued expenses		(56,675)
Long-term debt		<u>(800,000)</u>
NET ASSETS, as restated July 1, 2017	\$	<u><u>(679,617)</u></u>

NOTE K – 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.

SUPPLEMENTARY INFORMATION

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
 STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS – GOVERNMENTAL FUNDS
 JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
ASSETS				
Cash and cash equivalents, net of payroll liability	\$ 150,717	\$ 25,546	\$ -	\$ 176,263
TOTAL ASSETS	<u>\$ 150,717</u>	<u>\$ 25,546</u>	<u>\$ -</u>	<u>\$ 176,263</u>
FUND BALANCES				
Restricted for certified salaries	\$ -	\$ 25,546	\$ -	\$ 25,546
Unassigned	150,717	-	-	150,717
TOTAL FUND BALANCES	<u>\$ 150,717</u>	<u>\$ 25,546</u>	<u>\$ -</u>	<u>\$ 176,263</u>
Total fund balance				\$ 176,263
Total assets on the Statement of Financial Position,				
less cash and cash equivalents				358,757
Total liabilities on the Statement of Financial Position				<u>(784,214)</u>
Net assets on the Statement of Financial Position				<u>\$ (249,194)</u>

NOTE: 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
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
RECEIPTS				
Local	\$ 769,352	\$ 47,682	\$ -	\$ 817,034
State	802,907	1,076,853	-	1,879,760
Federal	204,074	-	-	204,074
TOTAL RECEIPTS	<u>1,776,333</u>	<u>1,124,535</u>	-	<u>2,900,868</u>
DISBURSEMENTS				
Instruction	287,593	961,248	-	1,248,841
Student services	137,046	-	-	137,046
Instructional staff support	5,708	-	-	5,708
Building level administration	89,132	163,287	-	252,419
General administration and central services	331,563	-	-	331,563
Operation of plant	435,067	-	-	435,067
Pupil transportation	55,940	-	-	55,940
Food services	134,554	-	-	134,554
Community services	68,482	-	-	68,482
Debt service	1,727	-	150,000	151,727
TOTAL DISBURSEMENTS	<u>1,546,812</u>	<u>1,124,535</u>	<u>150,000</u>	<u>2,821,347</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS				
	229,521	-	(150,000)	79,521
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(150,000)	-	150,000	-
NET CHANGE IN FUND BALANCE				
	79,521	-	-	79,521
FUND BALANCE, beginning	71,196	25,546	-	96,742
FUND BALANCE, ending	<u>\$ 150,717</u>	<u>\$ 25,546</u>	<u>\$ -</u>	<u>\$ 176,263</u>
Net change in fund balance per ASBR				\$ 79,521
Changes in:				
Grants receivable				(14,446)
Contributions receivable, net				338,757
Deposits held				(80,750)
Accounts payable				(36,851)
Accrued expenses				(5,808)
Long-term debt				<u>150,000</u>
Change in net assets per Statement of Activities				<u>\$ 430,423</u>

NOTE: 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 COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
LOCAL				
School distriuct trust fund (Prop C)	\$ 79,471	\$ 47,682	\$ -	\$ 127,153
Food service	57,278	-	-	57,278
Student activities	23,748	-	-	23,748
Community services	37,646	-	-	37,646
Gifts	467,812	-	-	467,812
Miscellaneous local revenue	103,397	-	-	103,397
TOTAL LOCAL	769,352	47,682	-	817,034
STATE				
Basic formula	755,115	1,076,853	-	1,831,968
Basic formula - classroom trust fund	47,368	-	-	47,368
Food service	424	-	-	424
TOTAL STATE	802,907	1,076,853	-	1,879,760
FEDERAL				
Medicaid	23,964	-	-	23,964
IDEA entitlement funds	53,753	-	-	53,753
School lunch program	49,429	-	-	49,429
School breakfast program	6,647	-	-	6,647
Title I	51,545	-	-	51,545
Title IV.A	10,000	-	-	10,000
Title II.A	8,736	-	-	8,736
TOTAL FEDERAL	204,074	-	-	204,074
TOTAL RECEIPTS	\$ 1,776,333	\$ 1,124,535	\$ -	2,900,868
Changes in:				
Grants receivable				(14,446)
Contributions receivable, net				338,757
Deposit held				(80,750)
Revenues and other sources per Statement of Activities				<u>\$ 3,144,429</u>

The Schedule of Receipts by Source agrees to the Annual Secretary of the Board Report (ASBR).

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
SCHEDULE OF DISBURSEMENTS PAID BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
Salaries	\$ 448,603	\$ 893,011	\$ -	\$ 1,341,614
Employee benefits	104,252	231,524	-	335,776
Purchased services	860,221	-	-	860,221
Supplies	132,009	-	-	132,009
Debt service	1,727	-	150,000	151,727
	<u>\$ 1,546,812</u>	<u>\$ 1,124,535</u>	<u>\$ 150,000</u>	<u>\$ 2,821,347</u>
Disbursements per ASBR				\$ 2,821,347
Changes in:				
Accounts payable				36,851
Accrued expenses				5,808
Long-term debt				<u>(150,000)</u>
Expenses per Statement of Activities				<u>\$ 2,714,006</u>

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2018

1. CALENDAR

A. Standard Day Length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time was 6.7500.

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

Grades K – 2	1,172.75
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C. The number of days classes were in session and pupils were under the direction of teachers during the year was 177 days.

2. AVERAGE DAILY ATTENDANCE

Average Daily Attendance:

Grades K – 2	<u>202.83</u>
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Total Average Daily Attendance	<u><u>202.83</u></u>
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3. SEPTEMBER MEMBERSHIP

September Resident Membership	<u><u>221.00</u></u>
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4. FREE AND REDUCED PRICE LUNCH FTE COUNT

Free and Reduced Price Eligible Students:

Free	116.00
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Reduced	<u>18.00</u>
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Total	<u><u>134.00</u></u>
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5. FINANCE

A. A bond is not required by Section 162.401, RSMo, since the School is organized under the charter school laws of Missouri.

B. The School’s deposits are not required to be secured during the year pursuant to Section 110.010 and 110.020, RSMo.

CITIZENS OF THE WORLD CHARTER SCHOOL – KANSAS CITY
SCHEDULE OF SELECTED STATISTICS (continued)
FOR THE YEAR ENDED JUNE 30, 2018

5. FINANCE (continued)

- C. The School does not have a Debt Service Fund.
- D. Salaries reported for educators in the October Core Data Cycle are supported by payroll/contract records.
- E. The School made a \$162,326 or 7% x SAT x WADA transfer that was not in excess of adjusted expenditures.
- F. The School is not required to publish a summary of the 2016-2017 audit report pursuant to Section 165.121, RSMo.
- G. The School is not required to have a professional development committee plan adopted by the Board identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.
- H. The School is not required to spend for approved professional development committee plan activities.

There were no findings noted above.

6. TRANSPORTATION

- A. The allowable costs for school transportation substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- B. The School's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 6 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 0.
- D. The School's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.
- E. Based on the actual odometer records, the total mileage for the year was 11,702. Of this total, the eligible non-disabled student route miles were 11,511 and the ineligible non-route and disapproved miles (combined) were 191.
- F. The School operated the school transportation system for 177 days during the school year.

INTERNAL CONTROL AND COMPLIANCE



**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, 2018. 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
November 26, 2018

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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, 2018, 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 November 26, 2018.

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) to determine the 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.

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

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 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*.

Purpose of 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
November 26, 2018