

# Citizens of the World Charter School – Kansas City

Financial Statements Together with Auditors' Report  
for the Year Ended June 30, 2019

**KPM**  
CPAS & ADVISORS

## Table of Contents

<b>Independent Auditors' Report</b> .....	3
<b>Financial Statements</b>	
Statement of Financial Position.....	5
Statement of Activities .....	6
Statement of Cash Flows .....	7
Statement of Functional Expenses .....	8
Notes to Financial Statements.....	9
<b>Supplementary Information</b>	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds.....	16
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis – Governmental Funds.....	17
Schedule of Receipts by Source .....	18
Schedule of Disbursements by Object.....	19
Schedule of Selected Statistics .....	20
<b>Internal Control and Compliance</b>	
Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations .....	25
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26



## 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, 2019, 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, 2019, 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 4, 2019, 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.

Handwritten signature in black ink that reads "KPM CPAs, PC". The signature is written in a cursive, slightly slanted style.

KPM CPAs, PC  
Springfield, Missouri  
December 4, 2019

# Citizens Of The World Charter School – Kansas City

## Statement of Financial Position

June 30, 2019

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### Assets

Cash and cash equivalents	\$	282,864
Contributions receivable, net		172,308
<b>Total Assets</b>	<b>\$</b>	<b>455,172</b>

### Liabilities

Accounts payable	\$	19,590
Accrued expenses		103,614
Loan payable - short-term		250,000
Loan payable - long-term		250,000
<b>Total Liabilities</b>		<b>623,204</b>

### Net Assets

Without donor restrictions		(168,032)
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>455,172</b>

See accompanying notes to financial statements

# Citizens Of The World Charter School – Kansas City

## Statement of Activities

Year Ended June 30, 2019

	<b>Without Donor Restrictions</b>
<b>Revenues and Other Support</b>	
Contributions and local grants	\$ 679,975
Government grants and contracts	3,088,839
Fees and services	123,926
Miscellaneous	32,551
<b>Total Revenues and Other Support</b>	<u>3,925,291</u>
<b>Expenses</b>	
Program	
Instruction	1,723,953
Student services	184,423
Instructional staff support	7,500
Building level administration	252,561
General administration and central services	335,256
Operation of plant	638,761
Transportation	59,051
Food services	139,185
Community services	132,908
Debt service	2,582
Management and general	
General administration and central services	367,949
<b>Total Expenses</b>	<u>3,844,129</u>
<i>Change in Net Assets</i>	81,162
Net Assets, beginning of year	(249,194)
<b>Net Assets, end of year</b>	<u><u>\$ (168,032)</u></u>

See accompanying notes to financial statements

# Citizens Of The World Charter School – Kansas City

## Statement of Cash Flows

Year Ended June 30, 2019

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### Cash Flows from Operating Activities

Change in net assets	\$ 81,162
Changes in:	
Contributions receivable, net	186,449
Accounts payable	(52,143)
Accrued expenses	23,613
<b>Net Cash Provided by Operating Activities</b>	<u>239,081</u>

### Cash Flows from Financing Activities

Payment on long-term debt	<u>(150,000)</u>
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*Net Increase in Cash* 89,081

Cash and Cash Equivalents, beginning of year	<u>193,783</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 282,864</u></u>

See accompanying notes to financial statements

# Citizens Of The World Charter School – Kansas City

## Statement of Functional Expenses

Year Ended June 30, 2019

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	<u>Program Services</u>	<u>Support Services</u>	
	<u>Charter School</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,636,705	\$ 177,098	\$ 1,813,803
Employee Benefits	409,042	51,422	460,464
Purchased Services	1,203,583	137,352	1,340,935
Supplies	224,268	2,077	226,345
Debt service	2,582	-	2,582
<b>Total Functional Expenses</b>	<u>\$ 3,476,180</u>	<u>\$ 367,949</u>	<u>\$ 3,844,129</u>

See accompanying notes to financial statements



# Citizens Of The World Charter School – Kansas City

## Notes to Financial Statements

June 30, 2019

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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

#### Accounting Standard Adoption

The Academy adopted ASU No. 2016-14: *Presentation of Financial Statements for Not-for-Profit Entities*. Under this standard, all not-for-profit entities are required to:

- Present on the face of the statements of financial position amounts for two classes of net assets.
- Present on the face of the statements of activities the amount of the change in each of the two net asset classes.
- Present on the face of the statements of cash flows the net amount for operating cash flows.
- Present amounts of expense by both their natural classification and functional classification, either on the face of the statement of activities, a separate statement, or in the notes of the financial statements.
- Report investment return net of external and direct internal investment expenses.

Provide disclosure in the notes of the financial statements the following: Amounts and purposes of governing board designated net assets; Composition of net assets with donor restrictions; Quantitative and qualitative information regarding the liquidity of the Academy; Methods used to allocate cost amount program and support functions.

The School adopted this standard as of June 30, 2019. As a result of this adoption, the School's financial statements include applicable presentations and disclosures, but no change to the School's total net assets and changes in net assets.

#### 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.

# Citizens Of The World Charter School – Kansas City

## Notes to Financial Statements

June 30, 2019

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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 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 School 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 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.

### **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, 2019, there were no interest or penalties recorded in its financial statements.

# Citizens Of The World Charter School – Kansas City

## Notes to Financial Statements

June 30, 2019

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### 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 4, 2019, 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.

### 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

### 3. Cash & Cash Equivalents

The School maintains cash and cash equivalents at one financial institution. At June 30, 2019, the cash held with Country Club Bank was in excess of FDIC insurance limits by \$32,864.

# Citizens Of The World Charter School – Kansas City

## Notes to Financial Statements

June 30, 2019

### 4. Contributions Receivable

Contributions receivable at June 30, 2019, consisted of the following unconditional promises to give discounted at a rate of 4%:

Gross unconditional contributions receivable	\$ 200,000
Less:	
Allowance for uncollectible contributions	(20,000)
Unamortized discount	(7,692)
<b>Net unconditional contributions receivable</b>	<u><u>\$ 172,308</u></u>
Gross amounts due:	
Within one year	<u><u>\$ 200,000</u></u>

### 5. 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, 2019, are due as follows:

Year Ending June 30,	Principal
2020	\$ 250,000
2021	250,000
	<u><u>\$ 500,000</u></u>
Balance June 30, 2018	\$ 650,000
Principal payments	(150,000)
<b>Balance June 30, 2019</b>	<u><u>\$ 500,000</u></u>

### 6. 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 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.

# Citizens Of The World Charter School – Kansas City

## Notes to Financial Statements

June 30, 2019

On March 8, 2019, the School entered into a lease for building space with Académie Lafayette that will end in June 2022. July 1, 2019 through June 30, 2020 requires monthly payments of \$5,000. 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. No payments were made as of June 30, 2019.

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

<u>Year Ending June 30</u>	<u>Building Lease</u>	<u>Office Space Lease</u>
2020	\$ 418,965	\$ 60,000
2021	418,965	90,000
2022	418,965	120,000
2023	397,426	-
2024	397,426	-
2025	397,426	-
2026	397,426	-
	<u>\$ 2,846,599</u>	<u>\$ 270,000</u>

## 7. 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, 2019, significant amounts of grant disbursements have not been audited by grantor governments, but the School believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

## 8. 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, 2019, program service expenses were \$3,476,180 and management expenses were \$367, 949.

## 9. 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 Financial Statements

June 30, 2019

The Retirement System members are required to contribute 9% of their annual covered salary and the school is required to contribute 10.5% 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, 2019, were \$150,498, equal to the required contributions.

### 10. 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, 2019, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be Filed in 2019</u>
Federal	2015-2017	2018
Missouri	2015-2017	2018

### 11. 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>2019</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 282,864
Contributions receivable, net	172,308
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 455,172</u>

### 12. 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, 2019

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
<b>Assets</b>				
Cash and cash equivalents, net of payroll liability	\$ 253,107	\$ 25,546	\$ -	\$ 278,653
<b>Total Assets</b>	<b>\$ 253,107</b>	<b>\$ 25,546</b>	<b>\$ -</b>	<b>\$ 278,653</b>
<b>Fund Balances</b>				
Assigned for certified salaries	\$ -	\$ 25,546	\$ -	\$ 25,546
Unassigned	253,107	-	-	253,107
<b>Total Fund Balances</b>	<b>\$ 253,107</b>	<b>\$ 25,546</b>	<b>\$ -</b>	<b>\$ 278,653</b>
 Total fund balance				 \$ 278,653
 Total assets on the Statement of Financial Position, less cash and cash equivalents				  172,308
 Total liabilities on the Statement of Financial Position				  <u>(618,993)</u>
 <b>Net assets on the Statement of Financial Position</b>				  <u><b>\$ (168,032)</b></u>

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Receipts</b>				
Local	\$ 1,142,269	\$ 83,621	\$ -	\$ 1,225,890
State	1,158,747	1,400,875	-	2,559,622
Federal	306,228	-	-	306,228
<b>Total Receipts</b>	2,607,244	1,484,496	-	4,091,740
<b>Disbursements</b>				
Instruction	603,018	1,104,084	-	1,707,102
Student services	184,423	-	-	184,423
Instructional staff support	7,508	-	-	7,508
Building level administration	13,218	224,893	-	238,111
General administration and central services	558,408	155,519	-	713,927
Operation of plant	642,985	-	-	642,985
Pupil transportation	67,271	-	-	67,271
Food services	142,530	-	-	142,530
Community services	132,911	-	-	132,911
Debt service	2,582	-	150,000	152,582
<b>Total Disbursements</b>	2,354,854	1,484,496	150,000	3,989,350
<i>Excess (Deficit) of Receipts Over Disbursements</i>	252,390	-	(150,000)	102,390
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	(150,000)	-	150,000	-
<i>Excess of Receipts and Other Sources Over Disbursements and Other Uses</i>	102,390	-	-	102,390
Fund Balance, beginning	150,717	25,546	-	176,263
<b>Fund Balance, ending</b>	\$ 253,107	\$ 25,546	\$ -	\$ 278,653
<i>Net change in fund balance per ASBR</i>				\$ 102,390
Changes in:				
Contributions receivable, net				(166,449)
Accounts payable				32,143
Accrued expenses				(36,922)
Long-term debt				150,000
<b>Change in net assets per Statement of Activities</b>				\$ 81,162

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Local</b>				
School district trust fund (Prop C)	\$ 139,368	\$ 83,621	\$ -	\$ 222,989
Food service - sales to pupils	58,098	-	-	58,098
Admissions - student activities	32,375	-	-	32,375
Community services	33,453	-	-	33,453
Gifts	846,424	-	-	846,424
Miscellaneous local revenue	32,551	-	-	32,551
<b>Total Local</b>	1,142,269	83,621	-	1,225,890
<b>State</b>				
Basic formula - state monies	1,063,514	1,400,875	-	2,464,389
Basic formula - classroom trust fund	83,859	-	-	83,859
Food service - state	716	-	-	716
High need fund - special education	10,658	-	-	10,658
<b>Total State</b>	1,158,747	1,400,875	-	2,559,622
<b>Federal</b>				
Medicaid	37,621	-	-	37,621
IDEA Grants	302	-	-	302
IDEA entitlement funds, part B IDEA	74,176	-	-	74,176
Early childhood special education - federal	2,152	-	-	2,152
School lunch program	74,574	-	-	74,574
School breakfast program	13,985	-	-	13,985
Title I - ESEA	80,299	-	-	80,299
Title IV.A student support and academic enrichment	10,136	-	-	10,136
Title II, part A&B, ESEA - teacher & principal training	12,983	-	-	12,983
<b>Total Federal</b>	306,228	-	-	306,228
<b>Total Receipts</b>	\$ 2,607,244	\$ 1,484,496	\$ -	4,091,740
Changes in:				
Contributions receivable, net				(166,449)
<b>Revenues and other sources per Statement of Activities</b>				<b>\$ 3,925,291</b>

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 by Object

Year Ended June 30, 2019

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
Salaries	\$ 602,016	\$ 1,192,787	\$ -	\$ 1,794,803
Employee benefits	150,834	291,709	-	442,543
Purchased services	1,384,597	-	-	1,384,597
Supplies	214,825	-	-	214,825
Debt service	2,582	-	150,000	152,582
	<b>\$ 2,354,854</b>	<b>\$ 1,484,496</b>	<b>\$ 150,000</b>	<b>\$ 3,989,350</b>
Disbursements per ASBR				\$ 3,989,350
Changes in:				
Accounts payable				(32,143)
Accrued expenses				36,922
Long-term debt				(150,000)
<b>Expenses per Statement of Activities</b>				<b>\$ 3,844,129</b>

# Citizens Of The World Charter School – Kansas City

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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	3	-	6.7500	174	1,161.0000

### 2. Average Daily Attendance (ADA)

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

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6905	K	69.32	-	-	-	3.08	72.40
	1	75.73	-	-	-	3.06	78.79
	2	71.99	-	-	-	3.11	75.10
	3	44.36	-	-	-	1.49	45.85
<b>Grand Total</b>	<b>K-3</b>	<b>261.40</b>	-	-	-	<b>10.74</b>	<b>272.14</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	78.00	-	-	78.00
	1	83.00	-	-	83.00
	2	81.00	-	-	81.00
	3	48.00	-	-	48.00
<b>Grand Total</b>	<b>K-3</b>	<b>290.00</b>	-	-	<b>290.00</b>

# Citizens Of The World Charter School – Kansas City

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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	155.00	32.00	-	-	187.00
<b>Grand Total</b>	<b>155.00</b>	<b>32.00</b>	-	-	<b>187.00</b>

### 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	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	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
5.3	The 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

## Citizens Of The World Charter School – Kansas City

### Schedule of Selected Statistics

Year Ended June 30, 2019

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:	N/A
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:	\$-

Finding:	None
Management Letter Comment:	N/A

# Citizens Of The World Charter School – Kansas City

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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	9.5
	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:	25,374
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	24,575
	Ineligible Miles (Non-Route/Disapproved)	799
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	174

Finding:	None
Management Letter Comment:	N/A

## **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, 2019. 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 4, 2019

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343



**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, 2019, 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 4, 2019.

**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.

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 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 4, 2019



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, 2019, 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 4, 2019, 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 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.

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343

500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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**2. Periodic Internal Control Review**

As the School evolves, policies and procedures change, the School should periodically conduct a review of its internal control procedures to determine if any changes are necessary in order to protect the School's assets.

*We Recommend:*

The School conduct a review of its internal control procedures to determine opportunities for strengthening safeguards over the School's assets. 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 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.

Respectfully submitted,

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 4, 2019