

**ACADÉMIE LAFAYETTE
KANSAS CITY, MISSOURI
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**ACADÉMIE LAFAYETTE
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Académie Lafayette

Report on the Financial Statements

We have audited the accompanying modified cash-basis consolidated financial statements of Académie Lafayette (a nonprofit organization) (School) which comprise the Consolidated Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2019, and the related Consolidated Statements of Support, Revenue, Reclassifications, Expenses, Losses and Changes in Net Assets, Functional Expenses and Cash Flows – Modified Cash Basis for the year then ended, and the related notes to the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 entity'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 entity'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 Académie Lafayette as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Emphasis of Matter

As discussed in Note B, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information: Consolidating Schedule - Statement of Assets, Liabilities and Net Assets – Modified Cash Basis, Consolidating Schedule – Statement of Support, Revenue, Reclassifications, Expenses, and Changes in Net Assets – Modified Cash Basis, Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds, Schedule of Revenues Collected by Source, Schedule of Expenditures Paid by Object, and the Schedule of Selected Statistics on pages 14 through 24 are presented for purposes of complying with requirements of the Missouri Department of Elementary and Secondary Education and are 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 November 25, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

November 25, 2019

FINANCIAL STATEMENTS

ACADÉMIE LAFAYETTE
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES
AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 3,198,776
Investments	251,178
Other asset	4,202
Due from Academie Investment Fund, LLC	4,862,200
Property and equipment, net	<u>13,790,688</u>
 Total Assets	 <u><u>\$ 22,107,044</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Payroll related liabilities	\$ 41,769
Notes payable, net	<u>15,955,867</u>
 Total Liabilities	 <u>15,997,636</u>
 Net Assets	
Without donor restrictions	5,633,162
With donor restrictions	<u>476,246</u>
 Total Net Assets	 <u>6,109,408</u>
 Total Liabilities and Net Assets	 <u><u>\$ 22,107,044</u></u>

See accompanying notes.

ACADÉMIE LAFAYETTE
CONSOLIDATED STATEMENT OF SUPPORT, REVENUES, RECLASSIFICATIONS,
EXPENSES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:			
Government grants and contracts	\$ 10,831,348	\$ -	\$ 10,831,348
Investment income	69,234	-	69,234
Fees and services	161,941	-	161,941
Contributions	1,150,461	353,219	1,503,680
Other	325,454	-	325,454
Total support and revenues	12,538,438	353,219	12,891,657
Net assets released from restrictions	384,967	(384,967)	-
 Total support, revenue and reclassifications	 12,923,405	 (31,748)	 12,891,657
 EXPENSES:			
Program services:	-	-	-
Charter school	10,208,878	-	10,208,878
Management and general	2,242,478	-	2,242,478
Fundraising	236,594	-	236,594
 Total expenses	 12,687,950	 -	 12,687,950
 Change in Net Assets	 235,455	 (31,748)	 203,707
Net assets, beginning of year	5,397,707	507,994	5,905,701
Net assets, end of year	\$ 5,633,162	\$ 476,246	\$ 6,109,408

See accompanying notes.

ACADÈMIE LAFAYETTE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	Charter School	Management and General	Fundraising	Total
Salaries	\$ 5,032,606	\$ 1,224,961	\$ 78,225	\$ 6,335,792
Payroll taxes and benefits	1,266,391	343,922	13,078	1,623,391
Building and equipment maintenance	569,356	4,112	-	573,468
Conferences, meetings and travel	22,547	1,807	-	24,354
Contract and professional fees	693,695	366,243	32,797	1,092,735
Depreciation	409,843	4,707	-	414,550
Student transportation	745,949	-	-	745,949
Food supplies	18,655	-	-	18,655
Office supplies	-	63,001	78,464	141,465
Other supplies	411,233	31,172	19,225	461,630
Insurance	-	93,154	-	93,154
Interest	561,580	-	-	561,580
Utilities	310,375	-	-	310,375
Printing and publications	300	18,202	299	18,801
Textbooks and educational materials	53,317	-	-	53,317
Telephone and communications	-	74,691	5	74,696
Rent expense	113,031	16,506	14,501	144,038
Total expenses	\$ 10,208,878	\$ 2,242,478	\$ 236,594	\$ 12,687,950

See accompanying notes.

ACADÉMIE LAFAYETTE
CONSOLIDATED STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 203,707
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	9,368
Depreciation	414,550
(Gain) loss on investment	(1,204)
(Increase) decrease in:	
Other assets	(502)
Increase (decrease) in:	
Payroll liabilities	<u>(11,051)</u>
Net cash provided by operating activities	<u>614,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(2,212,194)
Purchase of investments	(13,248)
Proceeds from sale of investments	<u>6,636</u>
Net cash used by investing activities	<u>(2,218,806)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Debt reduction - note payable	<u>(173,129)</u>
Net cash used in financing activities	<u>(173,129)</u>
NET DECREASE IN CASH	(1,777,067)
CASH AND CASH EQUIVALENTS, beginning	<u>4,975,843</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 3,198,776</u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u>\$ 561,580</u>

See accompanying notes.

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - BUSINESS ACTIVITY

Académie Lafayette is a not-for-profit public benefit corporation organized on August 5, 1998, under Chapter 355, RSMo and is governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. Formerly known as Kansas City Foreign Language Charter School, the corporation changed its name on March 4, 2002. The corporation operates a charter school, which is sponsored by the University of Central Missouri. The school is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it.

The School's charter allows for the provision of education for students in kindergarten through eighth grade.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents: For purposes 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.

Investments: Investments are valued at cost, if purchased or at fair value at the date of contribution if donated in the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis.

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

Reserve Deposits: The School maintains reserve deposit accounts as required under Security Agreements with Central Bank of Kansas City and Country Club Bank. An amount was placed in these accounts to serve as collateral to secure payment and performance of indebtedness.

Property and Equipment: All property and equipment are valued at historical cost. A capitalization threshold of \$3,000 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	40 years
Improvements	15 years
Furniture, fixtures and equipment	7 years
Computers	5 years
Software	3 years

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

Sick and Personal Leave: Personal days and sick leave are considered as expenditures in the year paid. Employees are allowed ten sick days and two personal days per year. Sick days may accumulate to a maximum of 225 hours.

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

Académie Lafayette's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2018, 2017 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events: Management has evaluated subsequent events through November 25, 2019, the date the financial statements were available to be issued.

Recognition of Donor Restrictions: Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses: Expenses consist of costs related to Organization activities and administrative functions. These costs have been summarized on a functional basis in the statements of activities without donor restrictions. Costs are directly charged to the functions they benefit.

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

Principles of Consolidation: The consolidated financial statements include the accounts of Académie Lafayette and AL Real Estate SPE, LLC.

During May 2018, Académie Lafayette formed a new entity, AL Real Estate SPE, LLC, which is operated solely for the benefit of Académie Lafayette. The entity was formed in conjunction with a New Market Tax Credit transaction discussed in Note L.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2019, the bank balances of the School's deposits totaled \$3,385,528. Of this amount, \$956,070 was covered by FDIC insurance, \$2,187,980 by Government Backed Securities, \$102,274 by UMB Federated Treasury Obligation money market funds secured 60% by repurchase agreements and 40% by U.S. Treasury notes, and \$139,204 was unsecured.

NOTE D – INVESTMENTS

Investments are carried at cost, if purchased or at fair value at date of contribution, if donated and consist of the following:

Ivy International Core Equity	\$ 17,074
Carillon Scout Mid Cap Fund	15,331
Developed Markets Index Fund	6,700
Vanguard Institutional Index	37,691
Dodge and Cox Income Fund	<u>174,382</u>
	<u>\$ 251,178</u>

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE E - 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.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019, the School had net assets with donor restrictions as follows:

Capital Improvements	\$ 299,028
School Expansion	156,400
Tech/Chromebooks	7,819
Promoting Literacy	6,478
Interns	4,000
Library	2,521
	<u>\$ 476,246</u>

NOTE G - RETIREMENT PLAN

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

Effective January 1, 2016, employees were required to contribute 9.0% of their annual covered salary. Employers also make contributions to the plan. Effective January 1, 2019, the employer contribution rate increased from 9.0% to 10.5%. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's required contributions to the System for the year ended June 30, 2019, was \$528,327. The School remitted \$480,238 of the required 2019 contributions during the fiscal year with an amount remaining of \$48,089 as of June 30, 2019.

NOTE H - NOTES RECEIVABLE

In conjunction with the New Market Tax Credit transaction (see Note O), the School issued an unsecured note receivable to an unrelated party. The balance of the note receivable at June 30, 2019 was \$4,862,200. The note matures on June 30, 2025. Interest only payments at a rate of 1.00% are due quarterly for the first seven years and one final payment of principal and accrued interest on the maturity date.

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - PROPERTY, PLANT AND EQUIPMENT

Building	\$ 11,382,751
Land	652,556
Improvements	3,741,760
Furniture, fixtures and equipment	<u>1,206,151</u>
	16,983,218
Accumulated depreciation	<u>(3,192,530)</u>
	<u><u>\$ 13,790,688</u></u>

Depreciation and amortization expense for the year ended June 30, 2019, was \$414,550. The depreciation expense was allocated to the related functions: instruction \$458, student services \$554, instructional staff support \$56,615, general administration \$2,690, building administration \$2,017, machinery and equipment \$4,452, food service \$3,725, and operation of plant \$344,039.

NOTE J - LINE OF CREDIT

On April 30, 2014, the School signed a promissory note with a bank, allowing for borrowing up to \$360,000. Interest at Prime plus 0.5% is payable monthly on the outstanding balance. This line of credit was amended on April 30, 2018 to extend the maturity date to April 30, 2020. On June 30, 2019, the unpaid principal balance was \$0.

NOTE K - NOTES PAYABLE

On March 23, 2012, the School entered into a loan agreement with IFF for \$1,425,000. The proceeds of this loan were used to provide a portion of the funds necessary to finance the acquisition, construction and renovation of the school building located at 3421 Cherry Street in Kansas City, Missouri. The initial interest rate of the note was 5.50%, from the date of the note until October 31, 2017. The interest rate was recalculated on November 1, 2017, and will be recalculated once again on October 1, 2022. The note bears an interest rate of 5.00%. Interest is paid at the higher of the yield to maturity of United States Treasury obligations with a maturity equal to the maturity date plus 2.00% or 5.00%. At June 30, 2019, the outstanding balance of the loan was \$658,629.

On April 30, 2014, the School entered into a loan agreement with a bank for \$3,035,000. A portion of these proceeds were used to pay off existing debt. The remaining amount is available to finance the improvements to the School's educational facilities. Beginning May 30, 2014, the note required monthly interest payments until October 31, 2015, at a fixed rate of 4.35%, and starting on Interest Conversion date through the Maturity Date, a fixed rate equal to the U.S. Treasury Rate plus 275 basis points (as determined by Lender on the date which is two business days prior to the Interest Conversion Date), which rate shall have a floor of 4% and a ceiling of 8%. At June 30, 2019, the outstanding balance of the loan was \$2,719,258 and unamortized debt issuance costs of \$23,556.

On April 30, 2014, the School entered into a loan agreement with a bank for \$1,000,000. A portion of these proceeds were used to pay off existing debt. The remaining amount is available to finance the improvements to the School's educational facilities. Beginning May 30, 2014, the note required monthly interest payments until October 31, 2015, at a fixed rate of 4.35%, and starting on Interest Conversion date through the Maturity Date, a fixed rate equal to the U.S. Treasury Rate plus 275 basis points (as determined by Lender on the date which is two business days prior to the Interest Conversion Date), which rate shall have a floor of 4% and a ceiling of 8%.

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE K - NOTES PAYABLE (concluded)

At June 30, 2019, the outstanding balance of the loan was \$903,931 and unamortized debt issuance costs of \$7,852.

On May 18, 2018, the School entered into a loan agreement with a bank for \$4,000,000. The proceeds of this loan were used to provide a portion of the funds necessary to finance the New Markets Tax Credit Program. Beginning July 3, 2018, the note required monthly interest payments until June 3, 2020, at a fixed rate of 5.00%, and starting on July 3, 2020, the note required monthly principal and interest payments until maturity, at a fixed rate of 5.00%. At June 30, 2019, the outstanding balance of the loan was \$4,000,000 and unamortized debt issuance costs of \$9,544.

On May 18, 2018, the School entered into a loan agreement with a non-profit organization for \$950,000. The proceeds of this loan were used to provide a portion of the funds necessary to finance the New Markets Tax Credit Program. Beginning May 18, 2018, the note required monthly interest payments until May 31, 2020, at a fixed rate of 5.875%, and starting on July 1, 2020, the note required monthly principal and interest payments until maturity, at a fixed rate of 5.875%. During the Interest only Period, the note allows the School to borrow and draw additional loan proceeds, up to the aggregate maximum stated principal amount of the note. As of June 30, 2019, the school had received advances from this agreement amounting to \$862,200. At June 30, 2019, the outstanding balance of the loan was \$862,200 and unamortized debt issuance costs of \$7,199.

On May 18, 2018, a note payable was entered into with a limited liability company in the amount of \$4,862,200 to payoff existing debt and develop property for the use as a public charter school facility. Beginning June 10, 2018 the note requires quarterly interest payments until maturity with interest at 1.50%. The principal amount and all unpaid interest are due on June 30, 2025. The balance at June 30, 2019 was \$4,862,200.

On May 18, 2018, a note payable was entered into with a limited liability company in the amount of \$1,997,800 to develop property for the use as a public charter school facility. Beginning June 10, 2018, the note requires quarterly interest payments until June 30, 2025 at a fixed rate of 1.49602%, and starting on September 10, 2025, the note requires quarterly principal and interest payments until maturity, at a fixed rate of 1.49602%. The balance at June 30, 2019 was \$1,997,800.

Debt service requirements at June 30, 2019, to maturity are:

Year ending June 30,	Principal	Interest	Total
2020	\$ 155,362	\$ 573,999	\$ 729,361
2021	284,566	559,587	844,153
2022	304,869	546,003	850,872
2023	701,011	519,672	1,220,683
2024	3,375,332	469,341	3,844,673
2025-2049	11,182,878	2,867,933	14,050,811
Less unamortized debt issuance costs	(48,151)	-	(48,151)
Total	\$ 15,955,867	\$ 5,536,535	\$ 21,492,402

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE L - NEW MARKET TAX CREDIT

On May 18, 2018, the School and its newly formed affiliate, AL Real Estate SPE, LLC, entered into a series of transactions which generated “New Market Tax Credits” (NMTCs) under Section 45D of Internal Revenue Code of 1986, as amended (Section 45D).

The School made a “leverage loan” of \$4,862,200 to Academie Investment Fund, LLC (Investment Fund), an entity wholly owned by PNC by virtue of a capital contribution of \$2,347,800. Investment Fund was awarded NMTC tax credits of \$2,730,000 in consideration of its \$7,000,000 investment in its 99.99% owned subsidiary, CBKC CDC Sub - CDE 45, L.L.C.

AL Real Estate SPE, LLC will lease its real estate to the School under terms of a triple net lease requiring quarterly lease payments of \$33,900 from September 1, 2018 through December 1, 2024 and \$133,500 from January 1, 2025 through September 1, 2043.

The Sub CDE’s made two, QLICI A and B, loans to AL Real Estate SPE, LLC totaling \$6,860,000 requiring interest only payments due quarterly at for the first seven years at a rate of 1.49602% and Loan A requires a final payment of all outstanding principal and accrued interest on the maturity date. Starting on September 10, 2025, Loan B requires quarterly principal and interest payments until maturity, at a fixed rate of 1.49602%. AL Real Estate SPE, LLC will use the proceeds of the QLICI A and B loans to retire the acquisition debt of the real estate, to reimburse the School for Construction period costs and to renovate the building. All loan proceeds are held in escrow until disbursed.

The Sub CDE’s distribute interest collected on the QLICI A and B loans to the Investment Fund which uses these funds to pay interest in the same amount to the School on the “leverage loan”.

NOTE M - LEASE COMMITMENT

On September 29, 2016, the School entered into a non-cancelable lease agreement for copier equipment. The lease requires 48 monthly payments of \$2,079.

On August 2, 2018, the School entered into a non-cancelable lease agreement for copier equipment. The lease required 48 monthly payments of \$1,382.

On December 14, 2018, the School entered into a non-cancelable lease agreement for copier equipment. The lease requires 48 monthly payments of \$4,348.

Future minimum lease payments under these leases are as follows:

Year ending June 30,	
2020	\$ 93,708
2021	72,918
2022	68,760
2023	24,504
Total	<u>\$ 259,890</u>

ACADEMIE LAFAYETTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE M - LEASE COMMITMENT (concluded)

Lease expense for the year ended June 30, 2019, was \$102,968.

NOTE N - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

The following table reflects the School's financial assets as of June 30, 2019, reduced by amounts not available to meet general expenditures within one year of the statement of assets, liabilities and net assets –modified cash basis date because of donor restrictions.

Cash	\$ 3,198,776
Investments	251,178
Other asset	<u>4,202</u>
Total financial assets	3,202,978
Donor restricted assets	<u>(476,246)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,726,732</u></u>

NOTE O - CONTINGENCIES

The School is involved in some asserted claims that are pending as of the audit report date. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. School management believes that such matters and claims will ultimately be resolved without material financial liability, if any, to the School.

The continued operation of Académie Lafayette is dependent upon the guidelines set forth by RSMo, Department of Elementary and Secondary Education, and the continued support of the School's sponsor. The School may cease to exist upon infringement of the aforementioned agreements.

NOTE P - SUBSEQUENT EVENTS

On July 3, 2019, the School entered into an agreement with Arthur J. Gallagher to finance its insurance premium totaling \$85,863. The agreement has a 3.55% interest rate and requires a \$10,204 deposit with 10 monthly payments of \$7,690.

On July 26, 2019 the School entered into a lease agreement with Apple Inc. for computer and network equipment for Armour Blvd location. The lease calls for 48 monthly payments of \$4,981.

SUPPLEMENTARY INFORMATION

ACADÉMIE LAFAYETTE
CONSOLIDATING SCHEDULE - STATEMENT OF ASSETS, LIABILITIES
AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2019

ASSETS

	<u>Académie Lafayette</u>	<u>AL Real Estate SPE, LLC</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,109,169	\$ 89,607	\$ 3,198,776
Investments	251,178	-	251,178
Other asset	4,202	-	4,202
Due from Academie Investment Fun	4,862,200	-	4,862,200
Property and equipment, net	<u>6,949,846</u>	<u>6,840,842</u>	<u>13,790,688</u>
 Total Assets	 <u>\$ 15,176,595</u>	 <u>\$ 6,930,449</u>	 <u>\$ 22,107,044</u>

LIABILITIES AND NET ASSETS

Liabilities:			
Payroll related liabilities	\$ 41,769	\$ -	\$ 41,769
Notes payable, net	<u>9,095,867</u>	<u>6,860,000</u>	<u>15,955,867</u>
 Total Liabilities	 <u>9,137,636</u>	 <u>6,860,000</u>	 <u>15,997,636</u>
 Net Assets			
Without donor restrictions	5,562,713	70,449	5,633,162
With donor restrictions	<u>476,246</u>	<u>-</u>	<u>476,246</u>
 Total Net Assets	 <u>6,038,959</u>	 <u>70,449</u>	 <u>6,109,408</u>
 Total Liabilities and Net Assets	 <u>\$ 15,176,595</u>	 <u>\$ 6,930,449</u>	 <u>\$ 22,107,044</u>

ACADÉMIE LAFAYETTE
CONSOLIDATING SCHEDULE - STATEMENT OF SUPPORT, REVENUES, RECLASSIFICATIONS,
EXPENSES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	Académie Lafayette			AL Real Estate SPE, LLC		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES AND RECLASSIFICATIONS:								
Government grants and contracts	\$ 10,831,348	\$ -	\$ 10,831,348	\$ -	\$ -	\$ 10,831,348	\$ -	\$ 10,831,348
Investment income	69,234	-	69,234	-	-	69,234	-	69,234
Fees and services	161,941	-	161,941	97,918	(97,918)	161,941	-	161,941
Contributions	1,150,461	353,219	1,503,680	-	-	1,150,461	353,219	1,503,680
Fundraising	-	-	-	-	-	-	-	-
Other	325,454	-	325,454	-	-	325,454	-	325,454
Total support and revenues	12,538,438	353,219	12,891,657	97,918	(97,918)	12,538,438	353,219	12,891,657
Net assets released from restrictions	384,967	(384,967)	-	-	-	384,967	(384,967)	-
Total support, revenues and reclassifications	12,923,405	(31,748)	12,891,657	97,918	(97,918)	12,923,405	(31,748)	12,891,657
EXPENSES:								
Program services:	-	-	-	-	-	-	-	-
Charter school	10,116,402	-	10,116,402	190,394	(97,918)	10,208,878	-	10,208,878
Management and general	2,242,478	-	2,242,478	-	-	2,242,478	-	2,242,478
Fundraising	236,594	-	236,594	-	-	236,594	-	236,594
Total expenses	12,595,474	-	12,595,474	190,394	(97,918)	12,687,950	-	12,687,950
Change in unrestricted net assets	327,931	(31,748)	296,183	(92,476)	-	235,455	(31,748)	203,707
Distribution (to) from affiliate	(1,753)	-	(1,753)	1,753	-	-	-	-
Net assets, beginning of year	5,236,535	507,994	5,744,529	161,172	-	5,397,707	507,994	5,905,701
Net assets, end of year	\$ 5,562,713	\$ 476,246	\$ 6,038,959	\$ 70,449	\$ -	\$ 5,633,162	\$ 476,246	\$ 6,109,408

ACADÉMIE LAFAYETTE
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Assets:				
Cash and cash equivalents	\$ 3,020,903	\$ -	\$ 88,266	\$ 3,109,169
Investments	251,178	-	-	251,178
Other asset	4,202	-	-	4,202
Total assets	\$ 3,276,283	\$ -	\$ 88,266	\$ 3,364,549
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll related liabilities	\$ 41,769	\$ -	\$ -	\$ 41,769
Fund Balances:				
Unreserved	3,234,514	-	88,266	3,322,780
Total liabilities and fund balances	\$ 3,276,283	\$ -	\$ 88,266	\$ 3,364,549

ACADÉMIE LAFAYETTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
REVENUES:				
Local	\$ 2,506,199	\$ 377,877	\$ 183,904	\$ 3,067,980
State	4,025,466	5,432,851	-	9,458,317
Federal	<u>269,865</u>	<u>95,495</u>	<u>-</u>	<u>365,360</u>
Total Revenues	<u>6,801,530</u>	<u>5,906,223</u>	<u>183,904</u>	<u>12,891,657</u>
EXPENDITURES:				
Instruction	1,639,277	4,896,441	79,248	6,614,966
Student services	152,207	265,479	-	417,686
Instructional staff support	147,821	9,199	10,500	167,520
Building administration	7,890	404,203	-	412,093
General administration and central services	1,741,611	301,566	34,444	2,077,621
Operation of plant	1,094,258	2,411	107,279	1,203,948
Transportation	745,949	-	-	745,949
Food service	274,528	-	-	274,528
Community services	15,314	26,924	-	42,238
Building acquisition and construction	-	-	43,247	43,247
Principal retirement	-	-	173,129	173,129
Interest and fees	<u>-</u>	<u>-</u>	<u>436,538</u>	<u>436,538</u>
Total Expenditures	<u>5,818,855</u>	<u>5,906,223</u>	<u>884,385</u>	<u>12,609,463</u>
Revenues Over (Under) Expenditures	982,675	-	(700,481)	282,194
Other Financing Sources (Uses):				
Transfers	<u>(695,856)</u>	<u>-</u>	<u>695,856</u>	<u>-</u>
Net change in fund balance	286,819	-	(4,625)	282,194
Fund balance, beginning	<u>2,947,695</u>	<u>-</u>	<u>92,891</u>	<u>3,040,586</u>
Fund balance, ending	<u>\$ 3,234,514</u>	<u>\$ -</u>	<u>\$ 88,266</u>	<u>\$ 3,322,780</u>

ACADÉMIE LAFAYETTE
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
LOCAL:				
Sales tax	\$ 629,794	\$ 377,877	\$ -	\$ 1,007,671
Earnings on investments	69,234	-	-	69,234
Food service	93,527	-	-	93,527
Student activities	67,764	-	-	67,764
Rent	650	-	-	650
Gifts and donations	1,320,276	-	183,404	1,503,680
Other	324,954	-	500	325,454
Total Local	<u>2,506,199</u>	<u>377,877</u>	<u>183,904</u>	<u>3,067,980</u>
STATE:				
Basic formula	3,503,978	5,432,851	-	8,936,829
Transportation aid	105,662	-	-	105,662
Classroom trust fund	414,556	-	-	414,556
Food service	1,270	-	-	1,270
Total State	<u>4,025,466</u>	<u>5,432,851</u>	<u>-</u>	<u>9,458,317</u>
FEDERAL:				
Medicaid	15,494	-	-	15,494
Special Education	107,522	28,183	-	135,705
Title I	46,605	67,312	-	113,917
Title II, A	18,383	-	-	18,383
Title IV, A	9,267	-	-	9,267
Food service	72,594	-	-	72,594
Total Federal	<u>269,865</u>	<u>95,495</u>	<u>-</u>	<u>365,360</u>
Total Revenues Collected	<u>\$ 6,801,530</u>	<u>\$ 5,906,223</u>	<u>\$ 183,904</u>	<u>\$ 12,891,657</u>

ACADÉMIE LAFAYETTE
SCHEDULE OF EXPENDITURES PAID BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Salaries	\$ 1,620,592	\$ 4,715,202	\$ -	\$ 6,335,794
Employee benefits	432,370	1,191,021	-	1,623,391
Purchased services	2,834,326	-	-	2,834,326
Supplies	931,567	-	-	931,567
Capital outlay	-	-	274,719	274,719
Principal	-	-	173,128	173,128
Interest and fees	-	-	436,538	436,538
	<u>\$ 5,818,855</u>	<u>\$ 5,906,223</u>	<u>\$ 884,385</u>	<u>\$ 12,609,463</u>

**ACADÉMIE LAFAYETTE
CHARTER NUMBER 048-914
SCHEDULE OF SELECTED STATISTICS
FOR THE 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
6941	K	5		7.00	172	1,196.50
6940	K	5		7.00	172	1,196.50
1910	6	8		7.00	172	1,196.50

2. AVERAGE DAILY ATTENDANCE (ADA)

Report the total number of PK-12 student ADA 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
6941	K-5	326.80				33.04	326.81
6940	K-5	435.49				40.72	435.49
1910	6-8	256.50				13.54	256.50
Grand Total		1,018.79				87.30	1,106.09

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.

**ACADÉMIE LAFAYETTE
CHARTER NUMBER 048-914
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6941	K-5	338			338
6940	K-5	457			457
1910	6-8	273			273
Grand Total		1,068			1,068

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
6941	62	15			77
6940	77	24			101
1910	42	12			54
Grand Total	181	51			232

5. FINANCE

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

**ACADÉMIE LAFAYETTE
CHARTER NUMBER 048-914
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

	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
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 162.405, RSMo, an insurance policy was purchased for the district's/charter school's employee theft coverage in the total amount of:	\$1,000,000
5.6	The district's\charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	False
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

**ACADÉMIE LAFAYETTE
CHARTER NUMBER 048-914
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

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:	N/A

6. TRANSPORTATION (SECTION 163.161, RSMO)

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	447.5
	Ineligible ADT	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

**ACADÉMIE LAFAYETTE
CHARTER NUMBER 048-914
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	181,034
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	160,308
	Ineligible Miles (Non-Route/Disapproved)	20,726
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	172

INTERNAL CONTROL AND COMPLIANCE



**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***

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Académie Lafayette

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 Académie Lafayette School (a nonprofit organization) (School), which comprise the Consolidated Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2019, and the related Consolidated Statement of Support, Revenue, Reclassifications, Expenses, and Changes in Net Assets, Functional Expenses and Cash Flows – Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 charge with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 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.

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

November 25, 2019



**INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF
MISSOURI STATE LAWS AND REGULATIONS**

To the Members of the Board of Directors
Académie Lafayette

Report on Compliance with State Requirements

We have examined management's assertions that Académie Lafayette ("School") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the School's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for the School's compliance with the aforementioned requirements.

Auditor's Responsibility

Our responsibility is to express an opinion on management's assertions about the School's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, 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 examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that Académie Lafayette complied with the aforementioned requirements for the year ended June 30, 2019, are fairly stated, in all material respects. However, we noted one immaterial instance of noncompliance as noted in the Schedule of State Findings.

This report is intended solely for the information and use of the Governing Board, administration, University of Central Missouri and the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Daniel Jones & Associates, P.C.
Certified Public Accountants
Arnold, Missouri

November 25, 2019

ACADÉMIE LAFAYETTE
SCHEDULE OF STATE FINDINGS
JUNE 30, 2019

I. Chapter 67 RSMO (Budget Statute)

There were no budget findings.

II. Other Findings

1. The School's deposits were not secured during the year as required by Sections 110.010 and 110.020, RSMo.

The School utilizes sweep accounts to protect their funds in excess of FDIC coverage. The accounts included in the sweep contain funds that have additional deposits during certain times of the year, which exceeded the sweep from the operating account. In addition, remaining loan funds were included in the accounts that were intended to be fully expended by June 30th. The banks have been notified to increase the secured sweep accounts to capture the total of any/all accounts at each institution.

FINDINGS AND RESPONSES

**ACADÉMIE LAFAYETTE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

I. FINANCIAL STATEMENTS FINDINGS

There were no audit findings to report for the year ended June 30, 2019.

**ACADÉMIE LAFAYETTE
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no audit findings for the year ended June 30, 2018.