

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
ST. LOUIS, MISSOURI**

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

**FOR THE YEAR ENDED JUNE 30, 2018**

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
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## INDEPENDENT AUDITORS' REPORT

To the Governing Board  
Progress in Education, Inc.  
North Side Community School

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Progress in Education, Inc. - North Side Community School (a nonprofit organization) as of June 30, 2018, and the related statements of revenues, expenses and change in net assets and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Progress in Education, Inc. - North Side Community School as of June 30, 2018 and the revenues, expenses and change in its net assets and cash flows for the year then ended, in conformity with the modified cash basis of accounting described in Note B.

## ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the School's basic financial statements. The supplementary information presented on pages 11 through 18, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole on the basis of accounting described in Note B.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2018 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

## ***Basis of Accounting***

We draw attention to Note B of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Westbrook & Co., P.C.*

Richmond, Missouri  
November 21, 2018

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2018**

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**ASSETS**

Cash	\$ 1,784,654
Property and equipment, net	<u>2,022,256</u>
Total Assets	<u>\$ 3,806,910</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Note payable	\$ 1,059,434
Net Assets:	
Unrestricted	<u>2,747,476</u>
Total Liabilities and Net Assets	<u>\$ 3,806,910</u>

See accompanying notes.

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS -  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	Unrestricted
<b>REVENUES:</b>	
Government grants and contracts	\$ 4,585,907
Grants and donations	543,710
Other revenue	22,240
Investment income	6,709
Tuition	150
Total revenues	5,158,716
 <b>EXPENSES:</b>	
Instruction	2,466,307
Student activities	18,645
Student services	69,960
Instructional staff support	149,608
General administration and central services	553,732
Building administration	189,364
Operation of plant	639,236
Transportation	205,193
Food service	270,419
Community services	217,717
Facility acquisition and construction	14,172
Debt service:	
Interest and fees	39,230
Total expenses	4,833,583
Change in Net Assets	325,133
Net assets, beginning of year	2,422,343
Net assets, end of year	\$ 2,747,476

See accompanying notes.

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 325,133
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	87,164
Loss on disposal of property and equipment	<u>5,073</u>
Net cash provided by operating activities	<u>417,370</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	<u>(47,373)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments on note payable	<u>(84,233)</u>
<b>NET INCREASE IN CASH</b>	285,764
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>1,498,890</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u><u>\$ 1,784,654</u></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>	
Interest paid	<u><u>\$ 39,230</u></u>

See accompanying notes.

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE A - BUSINESS ACTIVITY**

Progress in Education, Inc. - North Side Community School (the School), was incorporated in July 2007 and began operations in August 2009. It is a not-for-profit corporation whose purpose is to serve the neighborhood families to ensure that their children gain the skills, knowledge and personal qualities needed for success in middle and high school and beyond. The School is sponsored by the University of Missouri - St. Louis. The School's charter provides for the education of students in kindergarten through fifth grades. For the year ended June 30, 2018, the School provided services to students in pre-kindergarten through fifth grade.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Cash: For the purpose of the statement of cash flows, the School considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment: All purchased property and equipment are valued at historical cost. A capitalization threshold of \$5,000 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	30 years
Building Improvements	30 years
Equipment and Vehicles	5 years

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.

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

Income Taxes: Progress in Education, Inc. - North Side Community 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).

Vacation and Annual Leave: Vacation time and annual leave days are considered as expenditures in the year paid. Annual leave amounts unused may be rolled over from year to the next, with a maximum earned of 20 days. Vacation days cannot rollover from one year to the next. Leave balances are not paid out upon separation of employment or retirement.



**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Subsequent Events: The School has evaluated subsequent events through November 21, 2018, the date which the financial statements were available to be issued.

**NOTE C - CASH**

The School maintains its cash balances at one financial institution. At June 30, 2018, the bank balances of the School's deposits totaled \$1,970,071. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,770,071 was guaranteed by the U.S. Government and its agencies under a repurchase agreement.

**NOTE D - PROPERTY AND EQUIPMENT**

Buildings	\$	950,000
Building Improvements		931,555
Equipment and Vehicles		90,896
Land		<u>450,400</u>
		2,422,851
Accumulated depreciation		<u>(400,595)</u>
		<u><u>\$ 2,022,256</u></u>

Depreciation expense for the year ended June 30, 2018 was \$87,164 which was allocated to the related programs; instruction \$9,673, transportation \$8,960, food service \$1,280 and operation of plant \$67,251.

**NOTE E - RETIREMENT PLAN**

The School contributes to the Public School Retirement System of the City of St. Louis, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the St. Louis Public School District, employees of the Retirement System, employees of Charter Schools located in the St. Louis Public School District, and certain employees of Harris-Stowe State College. The Retirement System provides retirement, disability, death, and survivor benefits for employees. Positions covered by The Public School Retirement System of The City of St. Louis are also covered by Social Security. The Retirement System is administered by an eleven-member Board of Trustees. The Retirement System issues a publicly available financial report that includes financial statements and other required information. That report may be obtained by writing to: The Public School Retirement System of the City of St. Louis, 3641 Olive Street Suite 300, St. Louis, Missouri, 63108, or by calling 1-314-534-7444.

Retirement System members are required to contribute 5.5% or 9.0%, depending on the Tier, of their annual covered salary and board paid health and welfare benefits and the School is required to contribute a matching amount at a rate which changes each calendar year. The matching contribution rate for July 1, 2017 through December 31, 2017 was 15.73% and for January 1, 2018 through June 30, 2018 was 16.00%. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's contributions to the system for the year ended June 30, 2018 were \$395,062.

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE F - INSURANCE**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect the School from such risks.

**NOTE G - NOTE PAYABLE**

On February 28, 2013, the School entered into a secured promissory note with IFF, a not for profit corporation, in the amount of \$1,441,085. The proceeds of the note were used to acquire the campus facilities located at 3015 North Eculid Avenue, St. Louis, Missouri. The note bears interest at 5.25% and requires monthly payments of \$11,585 through March 1, 2028. On September 8, 2016, this loan was refinanced with Midwest BankCentre. The new secured note bears interest at 3.50% and requires monthly payments of \$10,288 through September 8, 2023. A balloon payment is required at the end of the note term.

The balance on the note payable at June 30, 2018 is \$1,059,434.

Debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 87,815	\$ 35,648	\$ 123,463
2020	90,938	32,525	123,463
2021	94,172	29,291	123,463
2022	97,522	25,941	123,463
2023	100,991	22,473	123,464
2024	<u>587,997</u>	<u>5,062</u>	<u>593,059</u>
Total	<u>\$ 1,059,434</u>	<u>\$ 150,940</u>	<u>\$ 1,210,374</u>

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE H - OPERATING LEASES**

On September 1, 2017, the School entered into an agreement to lease three buses from a third party under an operating lease agreement. The lease requires annual payments for three years starting September 1, 2017 through June 30, 2020 of \$38,475.

On June 8, 2018, the School entered into an agreement to lease two buses from a third party under an operating lease agreement. The lease requires annual payments for three years starting July 1, 2018 through June 30, 2021 of \$25,650.

On May 27, 2018, the School entered into an agreement to lease a school building from a third party under an operating lease agreement. The lease has an annual base rent that ranges from \$100,000 up to \$200,000 starting July 1, 2018 through June 30, 2024, with an option to renew the lease for an additional six years.

Future minimum lease payments (assuming non-cancellation) are shown below:

Year ending June 30,	School Buses	Building	Total
2019	\$ 64,125	\$ 100,000	\$ 164,125
2020	64,125	125,000	189,125
2021	25,650	150,000	175,650
2022	-	175,000	175,000
2023	-	200,000	200,000
2024	-	200,000	200,000
Total	<u>\$ 153,900</u>	<u>\$ 950,000</u>	<u>\$ 1,103,900</u>

Lease expense for the year ended June 30, 2018 was \$38,475.

## **SUPPLEMENTARY INFORMATION**

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -**  
**MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

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	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS</b>				
Cash	\$ 1,784,654	\$ -	\$ -	\$ 1,784,654
<b>FUND BALANCES</b>				
Fund Balances:				
Unassigned	\$ 1,784,654	\$ -	\$ -	\$ 1,784,654

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Local	\$ 672,999	\$ 309,571	\$ -	\$ 982,570
State	1,737,348	1,746,032	-	3,483,380
Federal	689,766	-	-	689,766
Other	-	-	3,000	3,000
	<u>3,100,113</u>	<u>2,055,603</u>	<u>3,000</u>	<u>5,158,716</u>
<b>EXPENDITURES:</b>				
Instruction	647,485	1,809,149	-	2,456,634
Student activities	18,645	-	-	18,645
Student services	69,960	-	-	69,960
Instructional staff support	43,574	106,034	-	149,608
General administration and central services	539,781	-	13,951	553,732
Building administration	55,140	134,224	-	189,364
Operation of plant	499,631	-	94,056	593,687
Transportation	184,964	6,196	-	191,160
Food service	266,144	-	2,995	269,139
Community services	217,717	-	-	217,717
Facilities acquisition and construction	-	-	39,843	39,843
Debt service:				
Principal	-	-	84,233	84,233
Interest and fees	-	-	39,230	39,230
	<u>2,543,041</u>	<u>2,055,603</u>	<u>274,308</u>	<u>4,872,952</u>
Revenues Over (Under) Expenditures	557,072	-	(271,308)	285,764
<b>Other Financing Sources (Uses):</b>				
Transfers	<u>(271,308)</u>	<u>-</u>	<u>271,308</u>	<u>-</u>
Net change in fund balance	285,764	-	-	285,764
Fund balance, beginning	<u>1,498,890</u>	<u>-</u>	<u>-</u>	<u>1,498,890</u>
Fund balance, ending	<u>\$ 1,784,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,784,654</u>

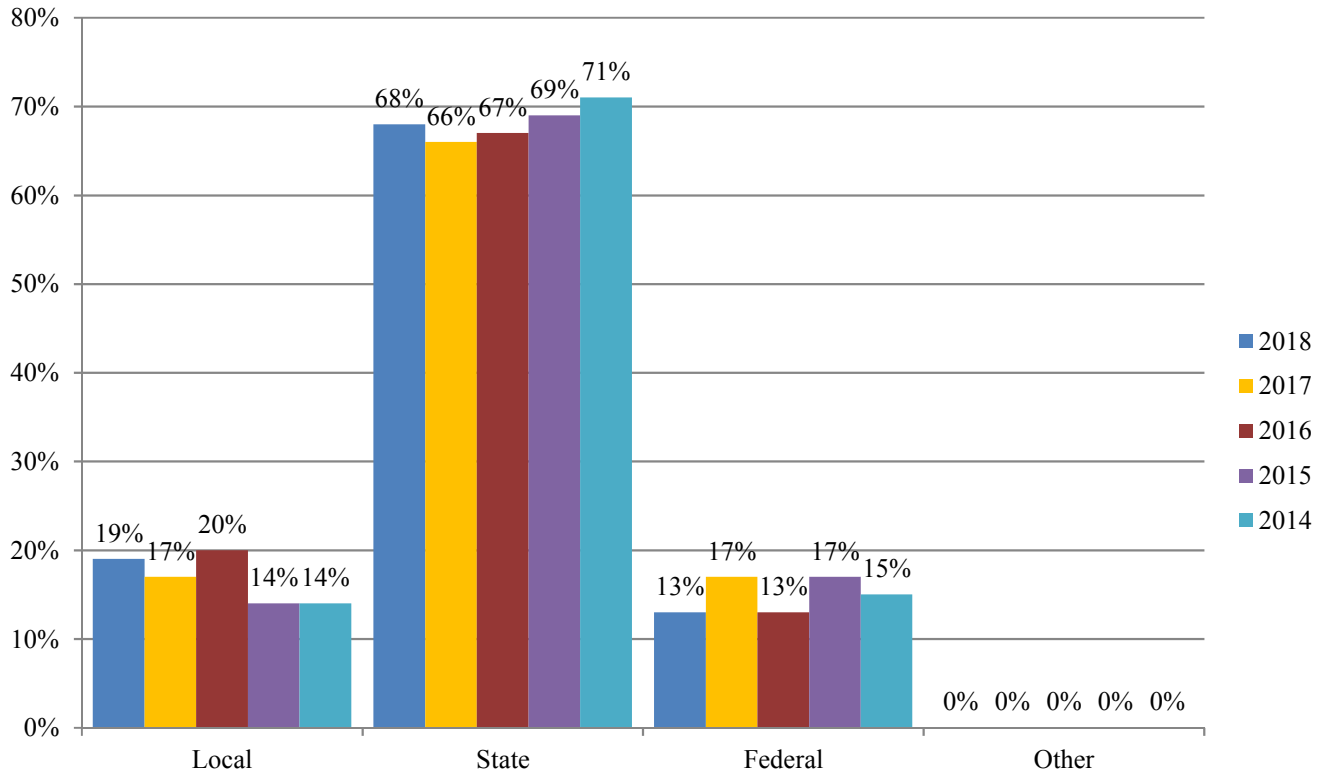
**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF REVENUES COLLECTED BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>LOCAL:</b>				
Sales tax	\$ 103,190	\$ 309,571	\$ -	\$ 412,761
Earnings on investments	6,709	-	-	6,709
Donations	543,710	-	-	543,710
Community services	150	-	-	150
Other local revenue	19,240	-	-	19,240
Total Local	<u>672,999</u>	<u>309,571</u>	<u>-</u>	<u>982,570</u>
<b>STATE:</b>				
Basic formula	1,550,166	1,746,032	-	3,296,198
Basic formula - classroom trust fund	151,787	-	-	151,787
Food service	2,296	-	-	2,296
Transportation	21,821	-	-	21,821
Other state revenue	11,278	-	-	11,278
Total State	<u>1,737,348</u>	<u>1,746,032</u>	<u>-</u>	<u>3,483,380</u>
<b>FEDERAL:</b>				
Medicaid	45,924	-	-	45,924
Individuals with Disabilities	52,355	-	-	52,355
Food service	299,737	-	-	299,737
Title I	256,778	-	-	256,778
Title II.A	24,972	-	-	24,972
Title IV	10,000	-	-	10,000
Total Federal	<u>689,766</u>	<u>-</u>	<u>-</u>	<u>689,766</u>
<b>OTHER:</b>				
Sale of property	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Total Revenues	<u>\$ 3,100,113</u>	<u>\$ 2,055,603</u>	<u>\$ 3,000</u>	<u>\$ 5,158,716</u>

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**COMPARISON OF REVENUES COLLECTED BY SOURCE**  
**FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015 AND 2014**

	2018	2017	2016	2015	2014
Local	\$ 982,570	\$ 894,810	\$ 925,868	\$ 600,529	\$ 452,683
State	3,483,380	3,320,300	3,100,650	2,869,060	2,360,882
Federal	689,766	853,980	603,251	717,499	496,687
Other	3,000	-	-	-	-
	<u>\$ 5,158,716</u>	<u>\$ 5,069,090</u>	<u>\$ 4,629,769</u>	<u>\$ 4,187,088</u>	<u>\$ 3,310,252</u>

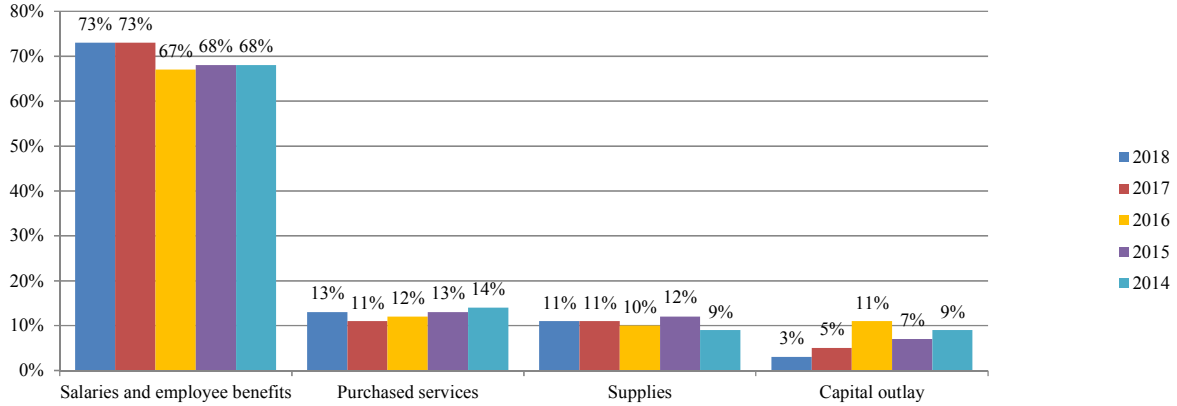


Note: The above graph does not include loan proceeds.



**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF EXPENDITURES PAID BY OBJECT  
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015 AND 2014**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	2018 TOTALS	2017 TOTALS	2016 TOTALS	2015 TOTALS	2014 TOTALS
Salaries	\$ 1,054,034	\$ 1,520,601	\$ -	\$ 2,574,635	\$ 2,572,876	\$ 2,308,720	\$ 1,995,180	\$ 1,584,903
Employee benefits	356,603	535,002	-	891,605	783,739	643,150	535,096	479,960
Purchased services	602,584	-	-	602,584	479,053	527,483	505,424	415,431
Supplies	529,820	-	-	529,820	497,537	448,585	442,781	262,132
Capital outlay	-	-	150,845	150,845	219,652	488,046	272,776	264,463
Debt service:								
Principal	-	-	84,233	84,233	73,061	73,647	69,297	71,397
Interest and fees	-	-	39,230	39,230	45,047	65,368	69,718	79,202
	<u>\$ 2,543,041</u>	<u>\$ 2,055,603</u>	<u>\$ 274,308</u>	<u>\$ 4,872,952</u>	<u>\$ 4,670,965</u>	<u>\$ 4,554,999</u>	<u>\$ 3,890,272</u>	<u>\$ 3,157,488</u>

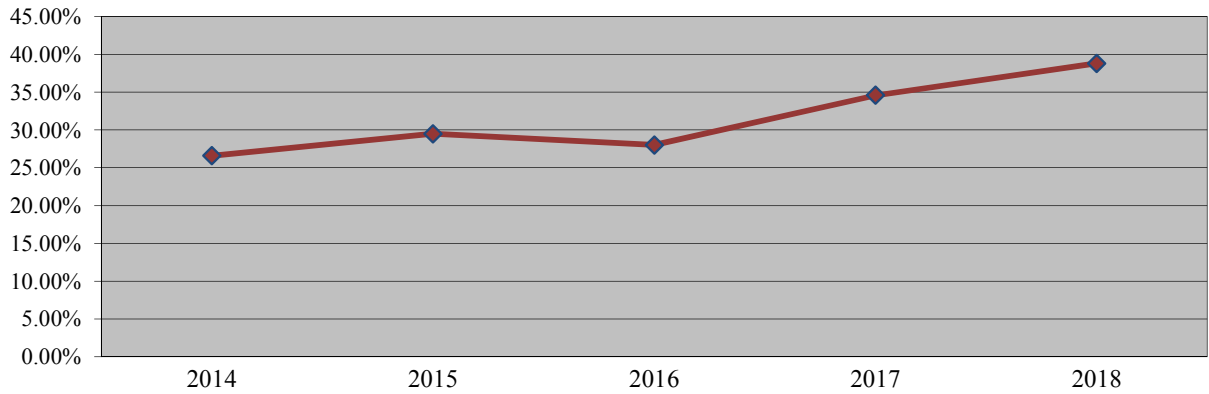


Note: The above graph does not include expenditures for debt service expenditures or for capital improvements.

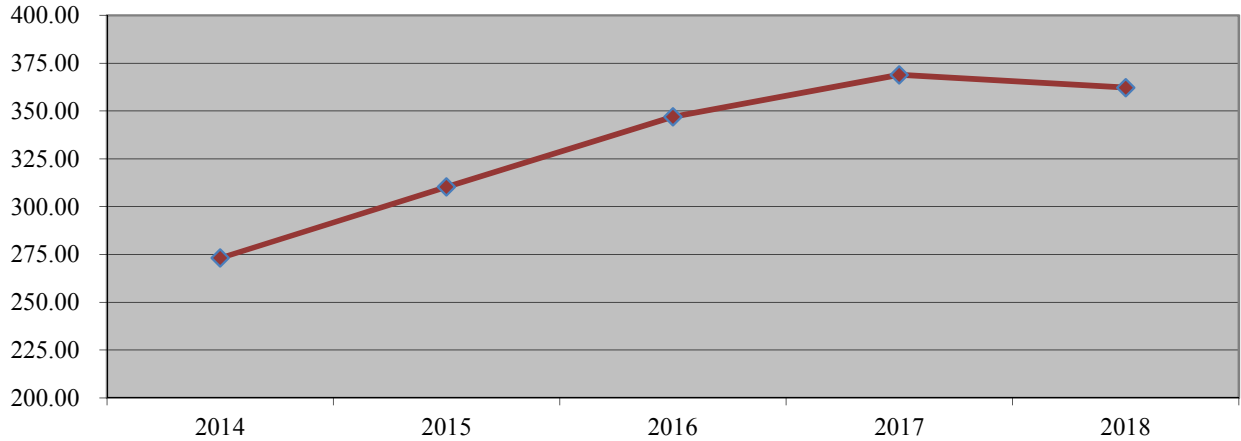
**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SELECTED TRENDS  
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2018**

General and Special Revenue Funds	2014	2015	2016	2017	2018
Total Fund Balances	\$ 729,181	\$ 1,025,997	\$ 1,100,765	\$ 1,498,890	\$ 1,784,654
Total Expenditures	2,742,426	3,478,481	3,927,938	4,333,205	4,598,644
Reserve Ratio	26.59%	29.50%	28.02%	34.59%	38.81%
Average Daily Attendance	273.07	310.22	346.95	368.94	362.25

**Reserve Ratio**



**Average Daily Attendance**



**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2018**

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County District Number 115-913

**1. CALENDAR**

- A. Standard day length (SDL) - The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

Grades PK-5	6.9000
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- B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was as follows:

Grades PK-5	1,202.40
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- C. The number of days classes were in session and pupils were under the direction of teachers during this school year was 176 days.

**2. AVERAGE DAILY ATTENDANCE (ADA)**

Grades K-5	329.57
PK	12.48
Summer School	<u>20.20</u>
Total	<u><u>362.25</u></u>

**3. SEPTEMBER MEMBERSHIP**

September Membership FTE Count	353.00
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**4. FREE AND REDUCED PRICE LUNCH FTE COUNT (Section 163.011(6), RSMo)**

State FTE Total		Free: 342.00
		Reduced: <u>0.00</u>
		Total: <u><u>342.00</u></u>

**5. FINANCE**

- A. A bond and or insurance policy as required by Section 160.405, RSMo. has been purchased for the School's employees in the amount of: \$500,000

- B. The School's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True

- C. The School maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo. N/A

- D. Salaries reported for educators in the November Core Data cycle are supported by payroll/contract records. True

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2018**

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County District Number 115-913

**5. FINANCE** (continued)

- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, did 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? N/A
- F. The 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
- G. The School 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. N/A
- H. The amount spent for approved professional development committee plan activities was \$43,564

**6. TRANSPORTATION** (Section 163.161, RSMo.)

- A. The School's transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True
- B. The School's transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. True
- C. 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: 163.00  
Ineligible ADT: 48.00
- D. The School's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible miles for the year. True
- E. Actual odometer records, the total school-operated and contracted mileage for the year was:  
22,703

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: 21,067  
Ineligible miles (non-route/disapproved): 1,636

- F. Number of days the School operated the school transportation system during the regular school year. 176

## **INTERNAL CONTROL AND COMPLIANCE**

**REPORT ON THE ADMINISTRATION'S ASSERTIONS  
ABOUT COMPLIANCE WITH SPECIFIED  
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Governing Board  
Progress in Education, Inc.  
North Side Community School

We have audited the administration's assertions, included in its representation letter dated November 21, 2018, that Progress in Education, Inc. - North Side Community School complied with the requirements of Missouri Laws and Regulations regarding the operation of a charter school; accurate disclosure by the School's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2017 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2018. As discussed in that representation letter, the administration is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the School's compliance based on our audit.

Our audit was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining evidence supporting compliance with the specified laws and regulations and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the administration's assertions that the School complied with the aforementioned requirements for the year ended June 30, 2018, are fairly stated in all material respects.

We noted immaterial instances of noncompliance with the aforementioned requirements that we have reported to the administration of the School in the accompanying Schedule of State Findings.

This report is intended solely for the information and use of the Governing Board, administration, University of Missouri - St. Louis 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.

*Westbrook & Co., P.C.*

November 21, 2018

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF STATE FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**ATTENDANCE**

During our audit, we noted that the hours in session reported on screen 10 in Core Data did not agree to the School's detail records. Two days that the School was not in session was not reported on the Screen 10 Calendar. We also noted the non-standard days were not correctly reported in the attendance software causing hours of attendance to be incorrectly reported. As a result of our audit, Core Data has been corrected.

**TRANSPORTATION**

During our audit, we noted the ridership count was understated on the Application for State Transportation Aid. We also noted that the mileage data reported to the State for the non-disabled student route mileage and disapproved ineligible mileage had been incorrectly reported. We recommend that the School implement review procedures that require independent review by another administrative employee. As a result of our audit, the School has corrected the ridership and mileage data reported on the Application for State Transportation Aid.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Governing Board  
Progress in Education, Inc.  
North Side Community School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of Progress in Education, Inc. - North Side Community School for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2018.

**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 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 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 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 result of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Westbrook & Co., P.C.*

Richmond, Missouri  
November 21, 2018