

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

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

FOR THE YEAR ENDED JUNE 30, 2019

**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, 2019, and the related statements of revenues, expenses and change in net assets, functional expenses and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2019 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 that collectively comprise the School's basic financial statements. The supplementary information presented on pages 11 through 19, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 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. 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
December 17, 2019

PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2019

ASSETS

Cash	\$ 2,007,519
Property and equipment, net	<u>2,041,850</u>
Total Assets	<u>\$ 4,049,369</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Note payable	<u>\$ 972,163</u>
Net Assets:	
Without donor restrictions	3,044,639
With donor restrictions	<u>32,567</u>
Total Net Assets	<u>3,077,206</u>
Total Liabilities and Net Assets	<u>\$ 4,049,369</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Government grants and contracts	\$ 5,913,190	\$ -	\$ 5,913,190
Grants and donations	659,657	32,567	692,224
Other revenue	64,441	-	64,441
Tuition	15,290	-	15,290
Investment income	10,002	-	10,002
	<u>6,662,580</u>	<u>32,567</u>	<u>6,695,147</u>
EXPENSES:			
Program expenses:			
Charter school	5,186,059	-	5,186,059
Management and general	1,028,696	-	1,028,696
Fundraising	150,662	-	150,662
	<u>6,365,417</u>	<u>-</u>	<u>6,365,417</u>
Change in Net Assets	297,163	32,567	329,730
Net assets, beginning of year	<u>2,747,476</u>	<u>-</u>	<u>2,747,476</u>
Net assets, end of year	<u>\$ 3,044,639</u>	<u>\$ 32,567</u>	<u>\$ 3,077,206</u>

See accompanying notes.

PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Charter School</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,698,339	\$ 562,699	\$ 72,991	\$ 3,334,029
Payroll taxes and benefits	994,566	175,202	22,821	1,192,589
Building and equipment maintenance	24,958	644	-	25,602
Conferences, meetings and travel	-	4,160	-	4,160
Contract and professional fees	332,909	226,324	36,363	595,596
Depreciation	79,543	-	-	79,543
Student transportation	27,920	-	-	27,920
Food service	240,709	-	-	240,709
Other supplies	205,247	10,283	7,991	223,521
Insurance	65,791	-	-	65,791
Interest	36,193	-	-	36,193
Utilities	61,791	-	-	61,791
Printing and publications	-	-	10,496	10,496
Textbooks and educational materials	106,208	-	-	106,208
Telephone and communications	-	7,909	-	7,909
Rent expense	191,273	26,146	-	217,419
Building improvements not capitalized	120,612	7,448	-	128,060
Other	-	7,881	-	7,881
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 5,186,059</u>	<u>\$ 1,028,696</u>	<u>\$ 150,662</u>	<u>\$ 6,365,417</u>

See accompanying notes.

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 329,730
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	<u>79,543</u>
Net cash provided by operating activities	<u>409,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(99,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on note payable	<u>(87,271)</u>
NET INCREASE IN CASH	222,865
CASH AND CASH EQUIVALENTS, beginning	<u>1,784,654</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 2,007,519</u></u>
SUPPLEMENTAL DISCLOSURE:	
Interest paid	<u><u>\$ 36,193</u></u>

See accompanying notes.

PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the School provided services to students in pre-kindergarten through sixth 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, 2019

NOTE C - CASH

The School maintains its cash balances at one financial institution. At June 30, 2019, the bank balances of the School's deposits totaled \$2,282,172. Of the bank balance, \$200,000 was covered by federal depository insurance and \$2,082,172 was guaranteed by the U.S. Government and its agencies under a repurchase agreement.

NOTE D - PROPERTY AND EQUIPMENT

Buildings	\$ 1,022,667
Building Improvements	937,747
Equipment and Vehicles	111,175
Land	<u>450,400</u>
	2,521,989
Accumulated depreciation	<u>(480,139)</u>
	<u>\$ 2,041,850</u>

Depreciation expense for the year ended June 30, 2019 was \$79,543.

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 were required to contribute 5.5% or 9.0% for July 1, 2018 through December 31, 2018 and 6.0% or 9.0% for January 1, 2019 through June 30, 2019, 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, 2018 through December 31, 2018 was 16.00% and for January 1, 2019 through June 30, 2019 was 15.50%. 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 \$481,954.

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 Euclid 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.

Debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2020	\$ 90,344	\$ 33,119	\$ 123,463
2021	93,681	29,782	123,463
2022	97,060	26,403	123,463
2023	100,561	22,902	123,463
2024	<u>590,518</u>	<u>5,205</u>	<u>595,723</u>
Total	<u>\$ 972,163</u>	<u>\$ 117,411</u>	<u>\$ 1,089,574</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 consist of \$32,567 restricted for facility expansion.

NOTE I - LIQUITY 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	\$ 2,007,519
Donor restricted assets	<u>(32,567)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,974,952</u>

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE J - 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.

On September 14, 2018, the School entered into an agreement to lease one bus from a third party under an operating lease agreement. The Lease requires monthly payments starting September 14, 2018 through June 30, 2019 of \$1,400.

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

Year ending June 30,	School Buses	Building	Total
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>\$ 89,775</u>	<u>\$ 850,000</u>	<u>\$ 939,775</u>

Lease expense for the year ended June 30, 2019 was \$178,125.

NOTE K - SUBSEQUENT EVENT

The School has evaluated subsequent events through December 17, 2019, the date which the financial statements were available to be issued.

During the October 2019 board meeting, the School approved a construction contract for campus expansion in the amount of \$1,865,595.

SUPPLEMENTARY INFORMATION

PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
ASSETS				
Cash	\$ 2,007,519	\$ -	\$ -	\$ 2,007,519
FUND BALANCES				
Fund Balances: Unassigned	\$ 2,007,519	\$ -	\$ -	\$ 2,007,519

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, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
REVENUES:				
Local	\$ 885,104	\$ 309,441	\$ -	\$ 1,194,545
State	2,426,951	2,442,078	-	4,869,029
Federal	631,573	-	-	631,573
Other	-	-	-	-
Total Revenues	<u>3,943,628</u>	<u>2,751,519</u>	<u>-</u>	<u>6,695,147</u>
EXPENDITURES:				
Instruction	814,299	2,387,438	17,361	3,219,098
Student activities	14,710	-	-	14,710
Student services	80,917	-	-	80,917
Instructional staff support	32,290	112,640	-	144,930
General administration and central services	807,467	-	7,448	814,915
Building administration	113,003	251,441	-	364,444
Operation of plant	646,436	-	37,642	684,078
Transportation	424,910	-	-	424,910
Food service	306,538	-	4,808	311,346
Community services	216,803	-	-	216,803
Facilities acquisition and construction	-	-	72,667	72,667
Debt service:				
Principal	-	-	87,271	87,271
Interest and fees	-	-	36,193	36,193
Total Expenditures	<u>3,457,373</u>	<u>2,751,519</u>	<u>263,390</u>	<u>6,472,282</u>
Revenues Over (Under) Expenditures	486,255	-	(263,390)	222,865
Other Financing Sources (Uses):				
Transfers	<u>(263,390)</u>	<u>-</u>	<u>263,390</u>	<u>-</u>
Net change in fund balance	222,865	-	-	222,865
Fund balance, beginning	<u>1,784,654</u>	<u>-</u>	<u>-</u>	<u>1,784,654</u>
Fund balance, ending	<u>\$ 2,007,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,007,519</u>

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
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	\$ 103,147	\$ 309,441	\$ -	\$ 412,588
Earnings on investments	10,002	-	-	10,002
Donations	692,224	-	-	692,224
Community services	15,290	-	-	15,290
Other local revenue	64,441	-	-	64,441
Total Local	<u>885,104</u>	<u>309,441</u>	<u>-</u>	<u>1,194,545</u>
STATE:				
Basic formula	2,236,961	2,442,078	-	4,679,039
Basic formula - classroom trust fund	149,863	-	-	149,863
Food service	2,240	-	-	2,240
Transportation	26,940	-	-	26,940
Other state revenue	10,947	-	-	10,947
Total State	<u>2,426,951</u>	<u>2,442,078</u>	<u>-</u>	<u>4,869,029</u>
FEDERAL:				
Medicaid	23,457	-	-	23,457
Individuals with Disabilities	55,817	-	-	55,817
Food service	392,956	-	-	392,956
Title I	138,059	-	-	138,059
Title II.A	13,500	-	-	13,500
Title IV	7,784	-	-	7,784
Total Federal	<u>631,573</u>	<u>-</u>	<u>-</u>	<u>631,573</u>
 Total Revenues	 <u>\$ 3,943,628</u>	 <u>\$ 2,751,519</u>	 <u>\$ -</u>	 <u>\$ 6,695,147</u>

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 115-913

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
6965	PK	4		6.9176	174	1,195.50
6970	5	6		6.9176	174	1,195.50

2. AVERAGE DAILY ATTENDANCE (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. 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
6965	PK-4	341.19	0.00			25.10	366.29
6970	5-6	69.55	0.00			2.23	71.78
Grand Total		410.74	0.00			27.33	438.07

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
6965	PK-4	364.00	0.00		364.00
6970	5-6	75.00	0.00		75.00
Grand Total		439.00	0.00		439.00

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

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 115-913

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
6965	344.00	0.00			344.00
6970	72.00	0.00			72.00
Grand Total	416.00	0.00			416.00

5. FINANCE

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	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	True
	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

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 115-913

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 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$500,000
5.6	The district's\charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	N/A

6. TRANSPORTATION (SECTION 163.161, RSMO)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number 115-913

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	282.50
	Ineligible ADT	5.00
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:	41,497
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	36,271
	Ineligible Miles (Non-Route/Disapproved)	5,226
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	174

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	115-913	\$ 99,944
National School Lunch Program	10.555	115-913	<u>293,012</u>
Total Child Nutrition Cluster			<u>392,956</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027A	115-913	127,884
Title I - Grants to Local Educational Agencies	84.010A	115-913	314,594
Supporting Effective Instruction State Grants	84.367A	115-913	30,274
Student Support and Academic Enrichment Program	84.424A	115-913	<u>17,455</u>
Total U.S. Department of Education			<u>490,207</u>
Total Expenditures of Federal Awards			<u>\$ 883,163</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Progress In Education, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Progress In Education, Inc., it is not intended to and does not present the financial position, change in net assets or cash flows of Progress In Education, Inc..

Note 2. Summary of Significant Accounting Policies

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

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITORS' 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 December 17, 2019, 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, 2018 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2019, and accurate disclosure by the School's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2019. 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, 2019, 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.

December 17, 2019

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

ATTENDANCE

Condition: Hours in session reported on Screen 10 did not reconcile to hours in session per the School's attendance software.

Criteria: Hours in session reported on Screen 10 should agree to the hours in session per the School's attendance software.

Cause: The School does not have a yearend reconciliation process in place.

Effect: Inaccurate attendance hours were reported to DESE.

Recommendation: We recommend that the School implement a yearend reconciliation process to ensure attendance information reported to DESE is accurate and complete.

Auditee's Response: School will implement a reconciliation process to ensure attendance information reported to DESE is accurate and complete.

TRANSPORTATION

Condition: The School's non-disabled riders on the Application for State Transportation Aid did not agree to the summary ridership lists maintained by the School.

Criteria: DESE requires that accurate ridership counts for October and February be reported on the Application for State Transportation Aid.

Cause: The School does not have a review process to ensure that ridership is properly reported on the Application for State Transportation Aid.

Effect: Inaccurate ridership information was submitted to DESE.

Recommendation: We recommend that the School review the DESE transportation manual to ensure that all ridership is being properly tracked and reported.

Auditee's Response: School will develop a review and reconciliation process to ensure accurate reporting on the Application for State Transportation Aid.

TRANSPORTATION

Condition: Mileage information was incorrectly reported on the Application for State Transportation Aid.

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

Cause: The bus company provided erroneous summary mileage reports but the School did not review these reports for accuracy and complete eligible and ineligible miles.

Effect: Inaccurate mileage information was submitted to DESE.

Recommendation: We recommend that the School implement a review and reconciliation process ensure that accurate and complete mileage is properly reported on the Application for State Transportation Aid.

Auditee's Response: School will implement a review and reconciliation process to ensure accurate and complete mileage is properly 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 17, 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 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
December 17, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited Progress in Education, Inc. - North Side Community School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Westbrook & Co., P.C.

Richmond, Missouri
December 17, 2019

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

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

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:
Child Nutrition Cluster

CFDA No. 10.553 and 10.555

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None