

**HOGAN PREPARATORY ACADEMY, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of Hogan Preparatory Academy, Inc. (a nonprofit corporation) (“School”), which comprise the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2021, and the related Statements of Revenues, 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.

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 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 School’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of Hogan Preparatory Academy, Inc. as of June 30, 2021, the respective changes in modified cash basis financial position; and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note B.

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*Supplementary and 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 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 – Modified Cash Basis, Schedule of Expenditures by Object – Modified Cash Basis and 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 12 through 15 are presented for purposes of complying with requirements of the Missouri Department of Elementary and Secondary Education and the schedule of expenditures of federal awards presented on page 26 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information and the schedule of expenditures of federal awards are 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 18, 2021, 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 18, 2021

FINANCIAL STATEMENTS

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
AS OF JUNE 30, 2021

ASSETS

Cash	\$ 5,945,002
Other assets	\$ 79,253
Property and equipment, net	<u>\$ 3,849,182</u>
 Total Assets	 <u><u>\$ 9,873,436</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll withholdings	\$ -
Notes payable	<u>183,248</u>
 Total liabilities	 <u>183,248</u>

NET ASSETS

Without donor restrictions	<u>9,690,188</u>
 Total Liabilities and Net Assets	 <u><u>\$ 9,873,436</u></u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>
REVENUES:	
Government grants and contracts	\$ 13,082,579
Contributions	2,194,103
Fees and services	3,097
Other revenue	2,293,658
Earnings on investments	1,889
Total revenues	17,575,326
EXPENSES:	
Program Services	-
Charter School	8,657,249
Management and General	3,080,727
Total Expenses	11,737,976
Change in net Assets	5,837,351
Net assets, beginning of year	3,852,837
Net assets, end of year	\$ 9,690,188

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, Inc.
SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Charter School	Management and General	Fundraising	Total
Salaries	\$ 5,507,745.43	\$ 951,179.09	\$ -	\$ 6,458,924.52
Payroll taxes and benefits	1,429,879	290,346	-	1,720,225
Amortization	-	962	-	962
Assistance to individuals	-	-	-	-
Building and equipment maintenance	82,984	20,746	-	103,730
Conferences, meetings and travel	130,039	45,005	-	175,044
Contract and professional fees	435,930	1,011,551	-	1,447,481
Depreciation	-	111,848	-	111,848
Student transportation	-	172,421	-	172,421
Food supplies	-	-	-	-
Office supplies	16,285	78,604	-	94,889
Other supplies	18,212	1,457	-	19,669
Insurance	-	93,134	-	93,134
Interest	-	13,449	-	13,449
Occupancy	370,246	92,562	-	462,808
Utilities	140,031	35,008	-	175,039
Program and support services	-	-	-	-
Printing and publications	-	5,159	-	5,159
Textbooks and educational materials	478,034	-	-	478,034
Telephone and communications	20,462	34,567	-	55,029
Rent expense	27,400	109,600	-	137,000
Postage and shipping	-	-	-	-
Special event expense	-	-	-	-
Bad debt expense	-	-	-	-
Other	-	13,130	-	13,130
Total expenses	<u>\$ 8,657,249</u>	<u>\$ 3,080,727</u>	<u>\$ -</u>	<u>\$ 11,737,976</u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 5,837,351
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	962
Depreciation	111,848
(Increase) decrease in:	
Escrow funds	-
Other assets	(42,841)
Increase (decrease) in:	
Payroll withholdings	<u>-</u>
Net cash provided by operating activities	<u>\$ 5,907,320</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(1,116,960)
Gain on sale	<u>-</u>
Net Cash used by Investing Activities	(1,116,960)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Forgiveness from PPP loan	(1,412,300)
Proceeds from Sale of Property	-
Short term loan payments on line of credit	-
Short term loan proceeds from line of credit	-
Payments on Note Payable	<u>(70,785)</u>
Net cash used by financing activities	<u>(1,483,085)</u>
NET INCREASE IN CASH	3,307,275
CASH AND CASH EQUIVALENTS, beginning	<u>2,635,760</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 5,943,035</u></u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A - MISSION AND NATURE OF BUSINESS

The Hogan Preparatory Academy, Inc. (the School) is a not-for-profit public benefit corporation organized on June 8, 1998, under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. The corporation operates a charter school, which is sponsored by 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 grades kindergarten through twelve.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenses when they result from cash transactions, with a provision for recording capital assets, depreciation and long-term liabilities, such as promissory notes. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents: 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.

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.

Income Taxes: The School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The School's Forms 990, Return for Organization Exempt from Income Taxes, for the years ended June 30, 2020, 2019, and 2018 are subject to examination by the IRS, generally three years after they were filed.

Personal Leave: Personal days are considered as expenditures in the year paid. Full-time and Part-time employees accumulate personal days based on length of service and number of months of employment during the fiscal year. A maximum of 40 unused personal hours for 10-month employees and 80 unused personal hours for 12-month employees may be carried over to the next fiscal year. Unused personal days, except as specified above, are forfeited.

Property and Equipment: All property and equipment are valued at historical cost, if acquired, or fair value, if donated. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets.

Equipment	5 years to 15 years
Buildings and improvements	15 years to 50 year

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Subsequent Events

The School has evaluated subsequent events through November 2021, the date which the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2021, the bank balances of the School deposits totaled \$6,035,870. Of this amount, \$250,000 was covered by FDIC insurance and the remaining amount of \$5,785,869 was supported by collateral.

NOTE D - RETIREMENT PLAN

The School contributes to The Public School Retirement System of the School District of Kansas City, Missouri, a cost-sharing multiple-employer defined benefit pension plan. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library, and the Public School Retirement System. The Retirement System provides service and disability retirement benefits to full-time employees and optional benefits to members' beneficiaries. Positions covered by The Retirement System of Missouri are also covered by Social Security. The Retirement System is administered by a 12-member Board of Trustees.

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D - RETIREMENT PLAN (concluded)

The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of the School District of Kansas City, Missouri, 324 E. 11th St., Kansas City, Missouri, 64106, or by calling 1-816-472-5800.

Retirement System members were required to contribute 9.0% of their annual covered salary and the School is required to contribute a 12% match. The contribution requirements of members and the School are established, and may be amended, by the KCPSRS Board of Trustees. The School's required contributions to the System for the year ended June 30, 2021, was \$754,689, equal to the required contributions.

NOTE E - PROPERTY AND EQUIPMENT

Building and improvements	\$3,048,341
Land	1,201,008
Equipment	<u>913,508</u>
	5,162,857
Accumulated depreciation	<u>(1,313,675)</u>
	\$3,849,182

Depreciation expense for the year ended June 30, 2021, was \$111,848. The depreciation expense was allocated to building and improvements in the amount of \$70,690, instruction and related equipment in the amount of \$5,078, and non-instruction related equipment in the amount of \$36,080.

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 itself from such risks.

NOTE G – OPERATING LEASES

On January 13, 2015, the School entered into two 120 month lease agreements with Brightergy Leasing, LLC for the installation of two Solar Panel Systems for the schools. Each lease calls for one \$37,500 initial payment. The initial payment is a rebate payment received from Missouri Kansas City Power and Light for the installation of solar panels. The lease requires monthly payments of \$200 per lease.

On November 2, 2016, the school entered into an operating lease with Toshiba Business Solutions. This lease replaced four of their other copier leases to consolidate them. There remained one copier on the lease with a monthly payment of \$929.73, until the lease was terminated April 28, 2021.

On February 28, 2017, the School entered into an operating lease for a Digital Mailing system with Pitney Bowes. The term is for 60 months for an amount of \$179.64 billed quarterly. The school added a new lease to the agreement on April 10, 2019 which runs for 60 months at an amount of 181.59 billed quarterly.

HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE G – OPERATING LEASES (concluded)

On May 1, 2019, the School entered into a lease agreement with Swope Corridor Renaissance Upper Room, Inc. to lease property at 300 E. 51st St, Kansas City MO 64111 for the Charter School’s elementary school. The first-year lease called for an annual payment of \$1. The school exercised its option to renew the lease with monthly payments of \$12,500.

On July 9, 2021, the school entered into a two-year lease agreement with SSKC Educational Support, Inc. 2803 E. 51st Street, Kansas City, MO 64130. The lease calls for monthly payments of \$16,667.

On April 29, 2020 the school entered into an operating lease for copiers with Sumner One. The lease provides 7 copiers for 60 months at a monthly amount of \$1,239.63

The future minimum lease payments under these leases are as follows:

Year Ended	<u>Copiers</u>	<u>Postage Machine</u>	<u>Solar Panels</u>	<u>2803 East 51st St</u>	<u>Total</u>
2022	\$17,665	\$1,086	\$ 4,800	\$200,000	\$223,550
2023	14,876	726	4,800	200,000	220,402
2024	14,876	726	4,800	-	20,402
2025	14,876	726	4,800	-	20,402
	<u>\$62,293</u>	<u>\$3,264</u>	<u>\$19,200</u>	<u>\$400,000</u>	<u>\$484,756</u>

NOTE H – CLAIMS AND ADJUSTMENTS

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. As of June 30, 2021, significant amounts of grants disbursements have not been audited by grantor governments, but the School believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

The following table reflects the Organization’s financial assets as of June 30, 2021, 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.

**HOGAN PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONCLUDED)

Cash	\$	5,945,002
Donor Restricted Assets		-
Financial assets available to meet cash needs for general expenditure within one year	\$	5,945,002

NOTE J – CONTINGENCIES

Hogan Preparatory Academy, Inc. was not involved in pending litigation as of the audit report date.

The continued operation of the Hogan Preparatory Academy, Inc. is dependent upon the guidelines set forth by sections 160.400 to 160.425 and 167.349, RSMo 2012, 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 K – NOTES PAYABLE

On January 15, 2013, the School executed a secured promissory note to a bank for \$520,000. Proceeds from this note were used to purchase a new facility. The note was restructured on September 15, 2018 with a new maturity date of December 12, 2023, bearing interest rate of 6.75%. The balance on the note at June 30, 2021 was \$129,377.

On December 31, 2013, the School executed a secured promissory note to a bank for \$234,100. Proceeds from this note were used to purchase air conditioner system upgrades. The note has a maturity date of January 1, 2024, bearing interest at 3.5%. The balance on the note at June 30, 2021, was \$68,518.

On April 15, 2020, the school was awarded a loan through the Paycheck Protection Program of \$1,412,300. This loan was forgiven during the 2021 fiscal year.

Future obligations on notes payable are as follows:

Year End June 30,	Principal	Interest	Total
2022	\$74,911	\$9,323	\$84,234
2023	79,297	4,936	84,233
2024	43,687	744	44,431
Total	\$197,895	\$15,003	\$212,898

NOTE L – SUBSEQUENT EVENTS

There are no subsequent events to report as of the audit report date.

SUPPLEMENTARY INFORMATION

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and cash equivalents	\$ 5,945,002	\$ -	\$ -	\$ 5,945,002
Other assets	79,253	-	-	79,253
Total assets	\$ 6,024,255	\$ -	\$ -	\$ 6,024,255
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances:				
Unassigned	6,024,255	-	-	6,024,255
Total liabilities and fund balances	\$ 6,024,255	\$ -	\$ -	\$ 6,024,255

HOGAN PREPARATORY ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 3,854,340	\$ 465,261	\$ -	\$ 4,319,601
State	3,792,813	5,991,547	-	9,784,360
Federal	2,057,522	-	-	2,057,522
Other	1,542	-	-	1,542
Total Revenues	<u>9,706,218</u>	<u>6,456,808</u>	<u>-</u>	<u>16,163,026</u>
EXPENDITURES:				
Instruction	1,202,307	4,287,222	-	5,489,529
Student services	291,445	287,381	3,825	582,651
Instructional staff support	368,380	540,918	-	909,298
General administration & central services	1,585,382	430,342	-	2,015,724
Building level administration	326,361	910,945	-	1,237,306
Operation of plant	952,278	-	1,035,276	1,987,554
Transportation	172,421	-	-	172,421
Food service	254,365	-	-	254,365
Community service	-	-	-	-
Facility construction and acquisition	-	-	77,859	77,859
Amortization	-	-	-	-
Debt service:				
Principal payments	-	-	70,785	70,785
Interest and fees	-	-	13,449	13,449
Total Expenditures	<u>5,152,940</u>	<u>6,456,808</u>	<u>1,201,194</u>	<u>12,810,942</u>
Revenues Over (Under) Expenditures	<u>4,553,278</u>	<u>-</u>	<u>(1,201,194)</u>	<u>3,352,084</u>
Other Financing Sources (Uses):				
Sale of Property Proceeds	-	-	-	-
Transfers	(1,201,194)	-	1,201,194	-
Total Other Financing Sources (Uses)	<u>(1,201,194)</u>	<u>-</u>	<u>1,201,194</u>	<u>-</u>
Net change in fund balances	3,352,084	-	-	3,352,084
Fund balance, beginning	<u>2,672,171</u>	<u>-</u>	<u>-</u>	<u>2,672,171</u>
Fund balance, ending	<u>\$ 6,024,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,024,255</u>

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF REVENUES COLLECTED BY SOURCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
LOCAL:				
Sales tax	\$ 775,435	\$ 465,261	\$ -	\$ 1,240,697
Food Service	-	-	-	-
Student activities	1,555	-	-	1,555
Interest income	1,889	-	-	1,889
Donations	2,194,103	-	-	2,194,103
Rental	-	-	-	-
Other local revenue	881,358	-	-	881,358
	<u>3,854,340</u>	<u>465,261</u>	<u>-</u>	<u>4,319,601</u>
STATE:				
Basic formula	3,177,273	5,991,547	-	9,168,820
Transportation	149,053	-	-	149,053
Basic formula - classroom trust fund	435,430	-	-	435,430
Food service	5,807	-	-	5,807
Special education high need fund	-	-	-	-
Other state revenue	25,250	-	-	25,250
Total State	<u>3,792,813</u>	<u>5,991,547</u>	<u>-</u>	<u>9,784,360</u>
FEDERAL:				
Medicaid	137,194	-	-	137,194
Title I	861,097	-	-	861,097
Special Education High Needs Fund	-	-	-	-
IDEA grants	179,038	-	-	179,038
Child Nutrition Cluster	260,862	-	-	260,862
CARES Cluster	513,823	-	-	513,823
Title II, Part A	59,735	-	-	59,735
Title IV.A	45,774	-	-	45,774
Total Federal	<u>2,057,522</u>	<u>-</u>	<u>-</u>	<u>2,057,522</u>
OTHER:				
Sale of Vehicle	-	-	-	-
Sale of Property	-	-	-	-
Transportation from other LEA's	1,542	-	-	1,542
Loan Proceeds	-	-	-	-
Total Other	<u>1,542</u>	<u>-</u>	<u>-</u>	<u>1,542</u>
Total Revenues	<u>\$ 9,706,218</u>	<u>\$ 6,456,808</u>	<u>\$ -</u>	<u>\$ 16,163,026</u>

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF EXPENDITURES BY OBJECT - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	2021 TOTALS
Salaries	\$ 1,310,674	\$ 5,148,251	\$ -	\$ 6,458,925
Employee Benefits	411,667	1,308,558	-	1,720,225
Purchased Services	2,689,790	-	-	2,689,790
Supplies	740,810	-	-	740,810
Capital Outlay	-	-	1,116,960	1,116,960
Principal	-	-	70,785	70,785
Interest and fees	-	-	13,449	13,449
	<u>\$ 5,152,941</u>	<u>\$ 6,456,809</u>	<u>\$ 1,201,194</u>	<u>\$ 12,810,943</u>

STATE COMPLIANCE SECTION



**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
Hogan Preparatory Academy, Inc.

Report on Compliance with State Requirements

We have examined management's assertions that Hogan Preparatory Academy, Inc. ("School") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the School's records of pupil 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, 2021.

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 Hogan Preparatory Academy, Inc. complied with the aforementioned requirements for the year ended June 30, 2021, are fairly stated, in all material respects.

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

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

November 18, 2021

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021

Type of audit performed: Yellow Book ___ Single Audit X

1. CALENDAR (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
6910	PK	PK	-	6.1667	174	1073.0100
6910	K	5	-	6.8500	163	1116.5500
3945	6	8	-	6.6833	163	1113.8300
1935	9	12	-	6.6833	163	1089.3300

2. AVERAGE DAILY ATTENDANCE (ADA)

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6910	PK	28,165.3000					28,165.3000
6910	K-5	269,011.2210				400.4400	269,411.6610
3945	6-8	167,110.9090				664.7680	167,775.6770
1935	9-12	229,364.1480				789.5972	230,153.7452
Grand Total		693,651.5780				1,854.8052	695,506.3832

3. SEPTEMBER MEMBERSHIP

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6910	PK-5	386.00			386.00
3945	6-8	246.00			246.00
1935	9-12	364.00			364.00
Grand Total		996.00			996.00

**HOGAN PREPARATORY ACADEMY, INC.
 CHARTER NUMBER 048-904
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2021**

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6910	347.00				347.00
3945	217.00				217.00
1935	340.00				340.00
Grand Total	904.00				904.00

5. FINANCE

Section	Question	Answer
5.1	The 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 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

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021

	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
5.3	The 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 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 charter school's employee theft coverage in the total amount of:	\$250,000
5.6	The charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The charter school maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board 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 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

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021

5.11	The charter 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. 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	314.50
	Ineligible ADT	0.00
6.4	The 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 charter-operated and contracted mileage for the year was:	
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:	73,915
	Eligible Miles	47,572
	Ineligible Miles (Non-Route/Disapproved)	26,343
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	79

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

I. Chapter 67 RSMO (Budget Statute)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

There were no budget findings.

II. Other Findings

There were no other state findings for the year ended June 30, 2021.

FEDERAL COMPLIANCE SECTION



**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
Hogan Preparatory Academy, Inc.

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 Hogan Preparatory Academy, Inc. (a nonprofit organization) ("School"), which comprise the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis as of June 30, 2021, and the related Statements of Revenues, 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 18, 2021.

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) as a basis for designing 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 financial statements. 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 18, 2021



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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Hogan Preparatory Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited Hogan Preparatory Academy, Inc.'s ("School") 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, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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 types of 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, 2021.

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 a 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 on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

November 18, 2021

HOGAN PREPARATORY ACADEMY, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Cash Federal Expenditures

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Passed-through Missouri Department of Elementary and Secondary Education				
Special Education Cluster				
Special Education Grants to States	84.027	048-904	\$ -	\$ 213,340.33
Special Education - Preschool Grants	84.173	048-904	-	5,643.00
Special Education Cluster			-	218,983.33
Title I Grants to Local Education Agencies	84.010	048-904	-	640,768.00
Supporting Effective Instruction State Grants	84.367	048-904	-	62,309.00
Student Support and Academic Enrichment Program	84.424	048-904	-	47,766.00
School Improvement Grant	84.377	048-904	-	246,421.27
COVID-19: Education Stabilization Fund - Student Connectivity	84.425C	048-904	-	29,704.00
COVID-19: Education Stabilization Fund - ESSER Funds	84.425D	048-904	-	372,092.00
Total Educational Stabilization Fund			-	401,796.00
<u>Total U.S. Department of Education</u>			-	1,618,043.60
<u>U.S. Department of Treasury</u>				
Passed-through Missouri Department of Elementary and Secondary Education				
COVID-19: CARES K-12 Support CRF	21.019	048-904	-	71,005.00
<u>Total U.S. Department of Treasury</u>			-	71,005.00
<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	048-904	-	79,637.88
National School Lunch Program	10.555	048-904	-	126,867.60
COVID-19: CARES Food & Nutrition Lunch Program	10.555	048-904	-	33,387.30
COVID-19: CARES Food & Nutrition Breakfast Program	10.555	048-904	-	20,969.18
Total National School Lunch Program			-	181,224.08
Total Child Nutrition Cluster			-	260,861.96
<u>Total U.S. Department of Agriculture</u>			-	260,861.96
Total Federal Expenditures			\$ -	\$ 1,949,910.56

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

HOGAN PREPARATORY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Hogan Preparatory Academy, Inc. under programs of the federal government for the year ended June 30, 2021. 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 Hogan Preparatory Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hogan Preparatory Academy, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the School’s accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$ 2,057,522
Total	<u>\$ 2,057,522</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

NOTE 6 –MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – SUBRECIPIENTS

The School provided no federal awards to subrecipients during the year ended June 30, 2021.

NOTE 8 – DONATED PPE

The School received no donated PPE during the year ended June 30, 2021.

HOGAN PREPARATORY ACADEMY, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiency(ies) identified? Yes None Reported
3. Noncompliance material to financial statements noted? Yes No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiency(ies) identified? Yes None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

4. Identification of major federal programs:

CFDA Number(s):

21.019
 84.010
 84.425D, 84, 425C

Name of Federal Program or Cluster:

COVID-19: CARES K-12 Support CRF
 Title I
 COVID-19: Education Stabilization Fund

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? Yes No

HOGAN PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

II. FINDINGS – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings to report.

III. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards to report.

HOGAN PREPARATORY ACADEMY, INC.
CHARTER NUMBER 048-904
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2021

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

There were no financial statement findings to report.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

There were no findings related to and questioned costs related to the federal awards to report.