

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

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

**FOR THE YEAR ENDED JUNE 30, 2023**

**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

### Report on the Audit of the Financial Statements

#### Opinion

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, 2023, 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.

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, 2023 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.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of Matter - Basis of Accounting

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

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting as 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 13 through 16, 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 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 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 November 3, 2023, 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.

*Westbrook & Co., P.C.*

Richmond, Missouri  
November 3, 2023

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**STATEMENT OF ACTIVITIES, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

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**ASSETS**

Cash and cash equivalents	\$ 2,284,786
Property and equipment, net	<u>3,701,773</u>
Total Assets	<u><u>\$ 5,986,559</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Notes payable, net	\$ 810,575
Net Assets:	
Without donor restrictions	<u>5,175,984</u>
Total Liabilities and Net Assets	<u><u>\$ 5,986,559</u></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, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES:</b>			
Government grants and contracts	\$ 9,338,237	\$ -	\$ 9,338,237
Grants and donations	443,800	-	443,800
Other revenue	64,970	-	64,970
Investment income	7,050	-	7,050
Total revenues	9,854,057	-	9,854,057
Net assets released from restrictions	10,000	(10,000)	-
Total revenues and reclassifications	9,864,057	(10,000)	9,854,057
<b>EXPENSES:</b>			
Program expenses:			
Charter school	8,571,500	-	8,571,500
Management and general	981,113	-	981,113
Fundraising	234,924	-	234,924
Total expenses	9,787,537	-	9,787,537
Change in net assets	76,520	(10,000)	66,520
Net assets, beginning of year	5,099,464	10,000	5,109,464
Net assets, end of year	\$ 5,175,984	\$ -	\$ 5,175,984

See accompanying notes.

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Charter School	Management and General	Fundraising	Total
Salaries	\$ 4,255,903	\$ 440,834	\$ 105,410	\$ 4,802,147
Payroll taxes and benefits	1,225,245	211,070	25,159	1,461,474
Building and equipment maintenance	81,633	1,002	-	82,635
Conferences, meetings and travel	-	2,263	-	2,263
Contract and professional fees	1,129,193	174,618	103,129	1,406,940
Depreciation	154,777	-	-	154,777
Student transportation	74,243	-	-	74,243
Food service	378,511	-	-	378,511
Supplies	458,821	86,158	1,226	546,205
Insurance	85,774	-	-	85,774
Interest and fees	26,380	-	-	26,380
Utilities	98,400	-	-	98,400
Printing and publications	89	-	-	89
Textbooks and educational materials	158,797	-	-	158,797
Telephone and communications	-	16,841	-	16,841
Rent expense	363,952	45,457	-	409,409
Building improvements not capitalized	72,532	-	-	72,532
Other	7,250	2,870	-	10,120
Total expenses	<u>\$ 8,571,500</u>	<u>\$ 981,113</u>	<u>\$ 234,924</u>	<u>\$ 9,787,537</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, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 66,520
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	<u>153,473</u>
Net cash provided by operating activities	<u>219,993</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of property and equipment	<u>(48,537)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on notes payable	<u>(70,724)</u>
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**NET INCREASE IN CASH**

100,732

**CASH AND CASH EQUIVALENTS, beginning**

2,184,054

**CASH AND CASH EQUIVALENTS, ending**

\$ 2,284,786

See accompanying notes.

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE A - BUSINESS ACTIVITY**

Progress in Education, Inc. - North Side Community School (the School), was incorporated in July 2007 and began operations in August 2009. It is a not-for-profit corporation whose purpose is to serve the neighborhood families to ensure that their children gain the skills, knowledge and personal qualities needed for success in middle and high school and beyond. The School is sponsored by the University of Missouri - St. Louis. The School's charter provides for the education of students in kindergarten through seventh grades. For the year ended June 30, 2023, the School provided services to students in pre-kindergarten through eighth 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.

Subsequent Events: The School has evaluated subsequent events through November 3, 2023, the date which the financial statements were available to be issued.

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE C - CASH AND CASH EQUIVALENTS**

The School maintains its cash balances at one financial institution. At June 30, 2023, the bank balances of the School's deposits were covered by FDIC insurance and pledged collateral.

**NOTE D - PROPERTY AND EQUIPMENT**

Buildings	\$ 3,092,085
Building Improvements	1,028,307
Equipment and Vehicles	145,179
Land	<u>450,400</u>
	4,715,971
Accumulated depreciation	<u>(1,014,198)</u>
	<u>\$ 3,701,773</u>

Depreciation expense for the year ended June 30, 2023 was \$154,777.

**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 9.0% for the year ended June 30, 2023, and the School is required to contribute at a rate which changes each calendar year. The contribution rate for the year ended June 30, 2023 was 13.5%. 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, 2023 were \$564,732.

**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.

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE G - NOTES PAYABLE**

On April 15, 2020, the School entered into a line of credit note payable with Midwest BankCentre in the amount of \$2,776,727 to pay off existing debt and to renovate facilities. The note is secured by real estate and assignment of a deposit account. Beginning May 5, 2020, the note requires six monthly interest payments, then 59 principal and interest payments of \$23,134 beginning November 5, 2020 and then remaining principal and interest due October 5, 2025, with interest at 3.07%.

On June 10, 2021, the above mentioned note payable was modified and renewed with Midwest BankCentre in the amount of \$1,424,935. The note is secured by real estate. The note bears interest at 3.07% and requires monthly payments of \$8,203 through September 5, 2026 and a final balloon payment on October 5, 2026. At June 30, 2023 the outstanding balance was \$819,703.

Unamortized debt issue costs at June 30, 2023 are \$9,128.

Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 73,906	\$ 24,533	\$ 98,439
2025	76,306	22,133	98,439
2026	78,715	19,724	98,439
2027	<u>590,775</u>	<u>6,042</u>	<u>596,817</u>
Total	819,702	<u>\$ 72,432</u>	<u>\$ 892,134</u>
Less unamortized debt issuance costs	<u>(9,127)</u>		
Note payable, net	<u>\$ 810,575</u>		

**NOTE H - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The School strives to maintain liquid financial assets sufficient to cover general expenditures and maintain financial stability. At June 30, 2023, the School had \$2,284,786 of cash financial assets available to meet cash needs for general expenditures within one year of the statement of assets, liabilities and net assets-modified cash basis date.

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE I - LEASE COMMITMENTS**

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 October 21, 2020, the School entered into an agreement to lease copier equipment from a third party under a non-cancellable lease agreement. The lease requires 60 monthly payments of \$1,515 starting September 2022 through August 2027.

Future lease payments are shown below:

Year ending June 30,	Building	Copiers	Total
2024	\$ 200,000	\$ 18,180	\$ 218,180
2025	-	18,180	18,180
2026	-	18,180	18,180
2027	-	3,030	3,030
Total	<u>\$ 200,000</u>	<u>\$ 57,570</u>	<u>\$ 257,570</u>

Lease expense for the year ended June 30, 2023 was \$274,472.

## **SUPPLEMENTARY INFORMATION**

**PROGRESS IN EDUCATION, INC.  
 NORTH SIDE COMMUNITY SCHOOL  
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
 MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,284,786	\$ -	\$ -	\$ 2,284,786
<b>FUND BALANCES</b>				
Fund Balances:				
Unassigned	\$ 2,284,786	\$ -	\$ -	\$ 2,284,786

**PROGRESS IN EDUCATION, INC.**  
**NORTH SIDE COMMUNITY SCHOOL**  
**STATEMENT OF REVENUS, EXPENDITURES AND CHANGE IN**  
**FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>REVENUES:</b>				
Local	\$ 695,133	\$ 537,939	\$ -	\$ 1,233,072
State	3,253,482	2,940,002	-	6,193,484
Federal	2,427,501	-	-	2,427,501
Total Revenues	<u>6,376,116</u>	<u>3,477,941</u>	<u>-</u>	<u>9,854,057</u>
<b>EXPENDITURES:</b>				
Instruction	1,488,477	2,718,215	64,810	4,271,502
Student activities	7,214	20,067	-	27,281
Student services	409,622	-	-	409,622
Instructional staff support	282,809	402,535	-	685,344
General administration and central services	1,068,820	-	-	1,068,820
Building administration	205,156	297,795	-	502,951
Operation of plant	1,140,498	-	52,992	1,193,490
Transportation	755,703	-	-	755,703
Food service	474,401	-	3,270	477,671
Community services	223,204	39,329	-	262,533
Debt service:				
Principal	-	-	70,724	70,724
Interest and fees	-	-	27,684	27,684
Total Expenditures	<u>6,055,904</u>	<u>3,477,941</u>	<u>219,480</u>	<u>9,753,325</u>
Revenues Over (Under) Expenditures	320,212	-	(219,480)	100,732
<b>Other Financing Sources (Uses):</b>				
Transfers	<u>(219,480)</u>	<u>-</u>	<u>219,480</u>	<u>-</u>
Net change in fund balance	100,732	-	-	100,732
Fund balance, beginning	<u>2,184,054</u>	<u>-</u>	<u>-</u>	<u>2,184,054</u>
Fund balance, ending	<u>\$ 2,284,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,284,786</u>



**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF REVENUES COLLECTED BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
<b>LOCAL:</b>				
Sales tax	\$ 179,313	\$ 537,939	\$ -	\$ 717,252
Earnings on investments	7,050	-	-	7,050
Donations	443,800	-	-	443,800
Other local revenue	<u>64,970</u>	<u>-</u>	<u>-</u>	<u>64,970</u>
Total Local	<u>695,133</u>	<u>537,939</u>	<u>-</u>	<u>1,233,072</u>
<b>STATE:</b>				
Basic formula	2,756,410	2,940,002	-	5,696,412
Transportation	288,572	-	-	288,572
Basic formula - classroom trust fund	206,852	-	-	206,852
Food service	<u>1,648</u>	<u>-</u>	<u>-</u>	<u>1,648</u>
Total State	<u>3,253,482</u>	<u>2,940,002</u>	<u>-</u>	<u>6,193,484</u>
<b>FEDERAL:</b>				
Title I	393,857	-	-	393,857
Title II	38,239	-	-	38,239
Title IV	33,555	-	-	33,555
Medicaid	39,546	-	-	39,546
Individuals with Disabilities	279,256	-	-	279,256
Early childhood special education	1,618	-	-	1,618
Child Nutrition Program	457,833	-	-	457,833
Education Stabilization Fund	1,126,664	-	-	1,126,664
ARP - IDEA 611 Entitlement Funds	26,933	-	-	26,933
Child Care Development Fund Grant	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total Federal	<u>2,427,501</u>	<u>-</u>	<u>-</u>	<u>2,427,501</u>
<b>Total Revenues</b>	<u><u>\$ 6,376,116</u></u>	<u><u>\$ 3,477,941</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,854,057</u></u>

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING 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:			
School Breakfast Program	10.553	115-913	\$ 141,172
National School Lunch Program	10.555	115-913	<u>316,661</u>
Total Child Nutrition Cluster			<u>457,833</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	84.027	115-913	137,086
COVID-19 - Special Education - Grants to States	84.027X	115-913	26,933
Special Education - Preschool Grants	84.173	115-913	1,761
COVID-19 - Special Education - Preschool Grants	84.173X	115-913	<u>1,887</u>
Total Special Education Cluster (IDEA)			<u>167,667</u>
Title I - Grants to Local Educational Agencies	84.010	115-913	399,229
Education Stabilization Fund:			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	115-913	21,103
COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	115-913	<u>1,105,561</u>
Total Education Stabilization Fund			<u>1,126,664</u>
Total U.S. Department of Education			<u>1,693,560</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Care and Development Block Grant	93.575	115-913	<u>30,000</u>
Total Expenditures of Federal Awards			<u>\$ 2,181,393</u>

**Note 1. 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. - North Side Community School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 2. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Progress In Education, Inc. - North Side Community School under programs of the federal government for the year ended June 30, 2023. 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. - North Side Community School, it is not intended to and does not present the financial position, change in net assets or cash flows of Progress In Education, Inc. - North Side Community School.

## **INTERNAL CONTROL AND COMPLIANCE**

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

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

We have examined the administration's assertions, included in its representation letter dated November 3, 2023, that Progress in Education, Inc. - North Side Community School complied with the requirements of Missouri Laws and Regulations regarding accurate disclosure by the School's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2022 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2023; 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 actual odometer miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2023. As discussed in that representation letter, the administration is responsible for the School's assertion. Our responsibility is to express an opinion on the administration's assertion about the School's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the administration's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether the administration's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of administration's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the School's compliance with the specified requirements.

In our opinion, the administration's assertion that the School complied with the aforementioned requirements for the year ended June 30, 2023, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Governing Board, administration the 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.*

Richmond, Missouri  
November 3, 2023

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF SELECTED STATISTICS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2023**

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		7.0000	168	1,176.00
6970	5	8		7.1000	168	1,192.80

**2. ATTENDANCE HOURS**

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6965	PK-4	305,712	0.00			14,263	319,975
6970	5-8	172,583	0.00			5,826	178,409
<b>Grand Total</b>		<b>478,295</b>	<b>0.00</b>			<b>20,089</b>	<b>498,384</b>

**3. SEPTEMBER MEMBERSHIP**

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6965	PK-4	283.00	0.00		283.00
6970	5-8	170.00	0.00		170.00
<b>Grand Total</b>		<b>453.00</b>	<b>0.00</b>		<b>453.00</b>

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

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF SELECTED STATISTICS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2023**

County District Number 115-913

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6965	265.00	0.00			265.00
6970	163.00	0.00			163.00
<b>Grand Total</b>	<b>428.00</b>	<b>0.00</b>			<b>428.00</b>

**5. FINANCE**

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, 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)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF SELECTED STATISTICS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2023**

County District Number 115-913

<b>5.4</b>	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
<b>5.5</b>	As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:	\$500,000
<b>5.6</b>	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
<b>5.7</b>	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
<b>5.8</b>	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	True
<b>5.9</b>	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
<b>5.10</b>	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
<b>5.11</b>	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. (Not applicable to charter schools.)	N/A
<b>5.12</b>	The amount spent for approved professional development committee plan activities was:	N/A
<b>5.13</b>	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF SELECTED STATISTICS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2023**

County District Number 115-913

**6. TRANSPORTATION (SECTION 163.161, RSMO)**

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

<b>Section</b>	<b>Question</b>	<b>Answer</b>
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	357.0
	Ineligible ADT	5.0
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	53,950
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	49,662
	Ineligible Miles (Non-Route/Disapproved)	4,288
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	168



**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 (a nonprofit organization) for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 3, 2023.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Westbrook & Co., P.C.*

Richmond, Missouri  
November 3, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT 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**

***Opinion on 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, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Westbrook & Co., P.C.*

Richmond, Missouri  
November 3, 2023

**PROGRESS IN EDUCATION, INC.  
NORTH SIDE COMMUNITY SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**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:  
Education Stabilization Fund AL No. 84.425

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