

## Independent Auditors' Report

---

Board of Directors  
Kairos Academies

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of Kairos Academies, which comprise the statement of assets, liabilities and net assets – modified cash basis as of June 30, 2022, the related statements of revenues, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis, 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 – modified cash basis of Kairos Academies and as of June 30, 2022, and its revenues, expenses and changes in net assets – modified cash basis and its cash flows for the year then ended in accordance with the modified cash basis of accounting as 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 Kairos Academies 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 drew attention to Note B of the financial statements, which described 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 these financial statements in accordance with the modified cash basis of accounting as described in Note B, and for 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 Kairos Academies ability to continue as a going concern for one year after the date that the financial statements are 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 *Governmental 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 *Governmental 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 Kairos Academies' 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 Kairos Academies' 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.

## **Other Information**

Management is responsible for the other information. The other information comprises the schedule of revenues, expenditures, and changes in fund balances – cash basis – governmental funds, schedule of revenues collected by source –cash basis – governmental funds, and schedule of expenditures paid by object –cash basis – governmental funds but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of Kairos Academies' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing, and not to provide an opinion on the effectiveness of Kairos Academies' 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 Kairos Academies' internal control over financial reporting and compliance.

*Kerber, Eck & Brackel LLP*

St. Louis, Missouri  
December 28, 2022

**Kairos Academies**  
**SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES – CASH BASIS**  
**GOVERNMENTAL FUNDS – UNAUDITED**  
**Year ended June 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Funds</u>
<b>Revenues</b>				
Local	\$ 682,261	\$ 243,935	\$ -	\$ 926,196
State	3,033,260	957,410	-	3,990,670
Federal	2,779,865	-	-	2,779,865
Other	2,804	-	-	2,804
	<hr/>			
Total revenues	6,498,190	1,201,345	-	7,699,535
<b>Expenditures</b>				
Instruction	1,236,116	1,194,848	-	2,430,964
Student Services	92,521	-	-	92,521
Instructional Staff Support	387,536	6,497	-	394,033
General Administration	1,096,329	-	-	1,096,329
Building Administration	443,634	-	-	443,634
Operation of Plant	1,040,565	-	149,821	1,190,386
Transportation	1,655	-	-	1,655
Food Service	93,700	-	-	93,700
Community Services	227,066	-	-	227,066
	<hr/>			
Total expenditures	4,619,122	1,201,345	149,821	5,970,288
	<hr/>			
<b>Excess of revenues over expenditures</b>	1,879,068	-	(149,821)	1,729,247
<hr/>				
<b>Other sources (uses)</b>				
Transfers in (out)	(149,821)	-	149,821	-
	<hr/>			
<b>Net change in fund balance</b>	1,729,247	-	-	1,729,247
	<hr/>			
<b>Fund balances at July 1, 2021</b>	1,785,119	-	-	1,785,119
	<hr/>			
<b>Fund balances at June 30, 2022</b>	\$ 3,514,366	\$ -	\$ -	\$ 3,514,366
	<hr/> <hr/>			