

## Notice & Agenda

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### Meeting Notice

Notice of time and virtual login information for this meeting was posted on [www.kairosacademies.org/board](http://www.kairosacademies.org/board) at least one day prior to the meeting.

With the spectre of Coronavirus is keeping us apart, we invite you to join us in conducting the public's business virtually. Please join this Kairos Academies board committee at the above date & time by going to [Kairos Board Calendar](#), clicking "More Details" on the relevant event, and clicking "Join with Google Meet."

Pursuant to Missouri Revised State Statute Section 610.021, the Committee may close this meeting for an Executive Session to discuss permissible subjects.

### Agenda

#### Audit Presentation by KEB

- [Governance Communications](#)
- [Key Points for Financial Statements](#)
- [State Reporting](#)
- Internal Controls
  - [Deficits](#)
  - Responses for discussion

#### Review of Financial Statements

- YTD + October Income Statement
- YTD Balance Sheet
- YTD Cash Flows
- WADA
- Receipt Register
- Check Register, Outstanding Invoices, Brex, Bill.com, Expensify

### Actions

- Direct the Committee Chair to Review Discussion with Full Board

## Minutes

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A virtual meeting of this Kairos Academies Board Committee of Kairos Academies was held at the above date and time.

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## Attendees

The following were in attendance:

- Eloise Schlafly (Treasurer, Board Member)
- Katie Owen (Board Member)
- Gavin Schiffres (Management Support)
- Brittany Kelleher (Management Support)
- Nick Johnson (Management Support)

## Agenda

### Audit Presentation by KEB

- [Governance Communications](#)
- [Key Points for Financial Statements](#)
- [State Reporting](#)
- Internal Controls
  - [Deficits](#)
  - Responses for discussion
- **Report to the Board of Directors**
  - KEB's responsibility = expressing opinion on combined financials (including on internal controls, to ID higher risk areas)
  - Didn't identify any material deficiencies but did identify areas for improvement, found in another report
  - Significant accounting policies didn't change from year to year
  - Sensitive accounting estimate
    - Functional accounting (putting in buckets to program, MGMT + General, Fundraising)
    - Depreciation (only for shade structure; not capitalized this year)
  - No sensitive difficulties in dealing with management
  - Representations for
    - Entry related to 29K for shade structure. Ed Ops treated as cash and they converted to modified cash

### Review of Financial Statements

- YTD + October Income Statement
- YTD Balance Sheet
- YTD Cash Flows
- WADA
- Receipt Register
- Check Register, Outstanding Invoices, Brex, Bill.com, Expensify
- **Financial Statements**
  - Combining - removed revenue for KAV related to salaries and expenses on KA related to salaries

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- Opinion - clean/unmodified. Fairly presented in all respects for modified cash basis of accounting
- Supplementary information - combining schedule is fairly stated
- Other Matters - page 16 and 18 is not part of the audit, but is what is shared with DESE as part of ASBR
- **Reports**
  - Assets, Liabilities, and Net Assets
    - 1.8M vs. .5M in net assets (FY22 vs. FY21)
  - Combined Statement of Revenues, Expenses, and Changes in Net Assets
    - Revenues
      - 2.5M in State
      - 656K in Federal, 426K of which is CSP; 97K in Cares Funding; 71K of IDEA
      - 552 in Contributions; TOT of 293K; NSVF of 200K
    - Expenses
    - Net
      - 1.3M increase in net assets
  - Statement of Functional Expenses
    - Required for all not for profits
    - No fundraising costs
    - Largest expenditures is salaries and benefits (1.7M (63%); Rent is 14%)
      - Rent is not allocated b/c majority of Vanguard is done remotely
    - Program is 88% (which is likely high; improvements to allocation in place for FY22)
  - Statement of Cash flow
    - Net cash provided by operating activities → want that number to be positive because otherwise eating into net assets. Unusually high this year so may see negative number next year
  - Footnotes
    - Pg.11:
      - No subsequent events; if anything needs to be disclosed that comes up later, alert KEB
      - Liquidity - reports any liquid assets available for expenditure for the next year. In FY21, cost the org 218K. Currently, can operate at 8 months without an revenue
    - Pg. 13: Commitment to operating lease
      - 3.2 M in commitments related to leases
      - Will look different b/c operating balances need to move to balance sheet next year
    - Pg. 13: PPP loan
      - Reported in balance sheet last year; forgiven in current year so reported in other revenue line item in combined statement of revenue
- **State + Federal Reporting Package**
  - Replied in all material respects
  - Had to reply "false" related to whether the schools deposits were fully secured / collateralized

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- Mngmt notified of a first-time requirement in Oct. and has taken action. Meeting with PNC
  - Traditional instruction will be changed to virtual
  - Opinion on Internal Control: Did not identify material weaknesses or significant deficiencies and will, therefore, not need to follow-up next year
- **Segregation of cash receipts**
  - Need to separate the person who is opening and endorsing vs. the person making the deposit vs. the person who is managing the database/GL
    - Described process inaccurately
    - Checks need to be restrictively endorsed
    - Look into a formal and secure methodology for tracking donor database, including restrictions (Don't have a response for this yet)
    - Nick:
      - Ben opens mail; endorses; put in a spreadsheet, which Nick doesn't have modification
      - Nick deposits
      - Britt compares the tracker to deposits
  - Timely deposits (Nick: will endeavor to do so)
  - Donor Acknowledgement
    - Gavin: almost all donations come through Paypal or Facebook. Those automatically generate a donation letter.
    - Need to document when received, date received, and restriction. Required of anyone who provides
  - Functional allocation of expenditures
    - Improper allocation among functional expenses, requiring re-allocation
    - Didn't have allocation related to KAV
    - Nick's response:
      - Vanguard expenses were in executive and administration (basically management)
      - Every payroll that has been booked has been invoiced to the school and salaries has been apportioned
      - Gina: consider whether we should allocate rent
        - Nick: rent has its own functional code. What would it look like for us to chop that rent?
        - Gina: Yes, just for the audit. Has to be allocated regardless of reporting to DESE
  - Board of Directors
    - Currently has 2 board members; bylaws require 3 that are independent
    - Gavin: As of today, have for Board Members on KAV. Gavin will be resigning as management so will no longer be an employee. We're working with the Wash U. legal clinic to restructure the KAV bylaws and to formalize a contract between KAV and KA.
  - Gina: 88% in terms of program is high. Should not fall below 80%. In terms of operation, things are great. We're very sharp, know what we're doing, know that have struggled with EdOps and taking in house. Have other schools that have struggled with EdOps as well, so believe it is a good idea.
- **Financial statement**

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- Overall
- -.9M in revenue; 1.8M in expenses.
- Expecting at a minimum ~\$112K decrease in state revenue, but eating into a large net of \$2.4M (per budget)

## **Actions**

- The committee directed the Committee Chair to Review Discussion with Full Board
- At 9 a.m. on November 16, 2021 the Treasurer adjourned the meeting.