



Crossroads Charter Schools

December Board Meeting

Date and Time

Monday December 17, 2018 at 5:00 PM CST

Location

816 Broadway Boulevard, Kansas City, MO 64105

Agenda

I. Opening Items

Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

C. Approve Minutes

Approve minutes for November Board Meeting on November 19, 2018

II. Administration Board Report

A. December Admin. Board Report

III. November Financials

Advisory

A. November Financial Report

B. November Check Register

C. Audit Review

IV. Educational Excellence

A. Virtual Course Policy

V. Development

Governance

A. Development Update

VI. Closed Session

A. Pursuant to 610.021 (3) and 610.021 (6)

VII. Closing Items

A. Adjourn Meeting

Coversheet

Approve Minutes

Section: I. Opening Items
Item: C. Approve Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for November Board Meeting on November 19, 2018

APPROVED



Crossroads Charter Schools

Minutes

November Board Meeting

Date and Time

Monday November 19, 2018 at 5:00 PM

Location

816 Broadway Boulevard, Kansas City, MO 64105

Trustees Present

B. Sweetman, D. Charity, P. Crawford, R. Cattelino, R. Moore

Trustees Absent

None

Guests Present

C. Hughley, D. Johnson, Paul Greenwood, EdOps, R. Uptergrove

I. Opening Items**A. Record Attendance and Guests****B. Call the Meeting to Order**

B. Sweetman called a meeting of the board of trustees of Crossroads Charter Schools to order on Monday Nov 19, 2018 at 5:03 PM.

C. Approve Minutes

D. Charity made a motion to approve minutes from the October 2018 Board Meeting on 10-29-18 October 2018 Board Meeting on 10-29-18.

R. Cattelino seconded the motion.

The board **VOTED** unanimously to approve the motion.

II. Administration Board Report

A. November Admin. Board Report

Courtney Hughley discussed items on the Admin. Board Report.

III. October Financials

A. October Financial Report

Paul Greenwood with EdOps presented the November Financial Report.

Revenue: \$4,292,566

Expense: \$3,810,830

Net Operating Income: \$481,736

B. October Check Register

R. Cattelino made a motion to Approve.

D. Charity seconded the motion.

The board **VOTED** unanimously to approve the motion.

C. Pro Forma

R. Moore made a motion to Approve.

P. Crawford seconded the motion.

The board **VOTED** unanimously to approve the motion.

Paul Greenwood with EdOps discussed details outlined in the current ProForma, mentioning it is very reasonable. Board recommends another ProForma be presented in February or March 2019.

D. HVH Refinance

D. Charity made a motion to Approve the authorization of Dean Johnson to close on the refinance with Don Maxwell's approval and input.

R. Cattelino seconded the motion.

The board **VOTED** unanimously to approve the motion.

Dean discussed options to refinancing the current Historic Virginia Hotel (HVH) loan.

IV. Governance

A. Board Member Candidates

R. Cattelino made a motion to approve offering each candidate a position on the Board effective January 28, 2019.

D. Charity seconded the motion.

The board **VOTED** unanimously to approve the motion.

The Board discussed three potential candidates that were interviewed to be added to the Board.

V. Closing Items

A. Adjourn Meeting

D. Charity made a motion to adjourn the meeting.

R. Moore seconded the motion.

The board **VOTED** unanimously to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 5:48 PM.

Respectfully Submitted,

R. Uptergrove

Coversheet

December Admin. Board Report

Section: II. Administration Board Report
Item: A. December Admin. Board Report
Purpose: FYI
Submitted by:
Related Material: Admin. Board Report - December 2018 (1).pdf

Admin. Board Report

2018 – 2019 SMART Goals

| Goal | SMART GOAL | CURRENT STATUS |
|------|---|--|
| #1 | Students will master 85% of targeted learning goals by June 2019 (only reporting on QH and CS) | 68% |
| #2 | 2018 MAP Test Proficiency/Advanced goal: ELA : 64% Math: 59% Science: 55% | 2017 ELA score: 64% 2017 Math score: 42% 2017 Science score: 51% 2018 scores are released in Dec |
| #3 | Students will maintain an attendance rate of 95% during the 2018-2019 school year | 94.96% |
| #4 | Have \$25,000 of income/expense for FY19 | \$197,140 |
| #5 | Raise \$1,860,000 to fully fund Supplemental Operating Expenses by July 30, 2018 | \$1,804,377 committed |

Academic Report

Academic Program

This month, I'd like to highlight Crossroads' first annual Hispanic Heritage Night, honoring and recognizing the contributions of Hispanic Americans to our culture and the long and important presence of Hispanic Americans in America.

Background: Hispanic Heritage Week was first proclaimed by President Lyndon B. Johnson in 1968. The commemorative week was expanded to cover a 30-day period from September 15 to October 15 by President Ronald Reagan in 1988. It was enacted into law the same year. September 15 was selected as the start date because it is the anniversary of the declaration of independence of five Latin American countries: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Mexico, Chile and Belize celebrate their independence days on September 16, September 18, and September 21, respectively.

During Hispanic Heritage Month, Crossroads students learned about the cultural traditions, achievements and contributions of Hispanic and Latino people from across the world. Then on November 8, we held our first annual Hispanic Heritage Celebration at all three schools. We celebrated with performers, food, student work, face painting, and dance lessons! It was great seeing the honor and pride in the faces of our Hispanic students and their families. All those in attendance had a great time and enjoyed celebrating with each other.



Operations Report

| Student Enrollment | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE |
|-----------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|------|
| CACS: Goal 326 | 329 | 325 | 325 | 331 | | | | | | | |
| CAQH: Goal 278 | 270 | 273 | 273 | 273 | | | | | | | |
| CPA: Goal 190 | 197 | 197 | 197 | 194 | | | | | | | |

| FY19 YTD INCOME | FY19 YTD EXPENSES | FY19 YTD Income/Expense |
|-----------------|-------------------|-------------------------|
| \$5,677,374 | \$5,480,234 | \$197,140 |

Facilities Updates

Crossroads administration is continuing to work with MC Realty and BNIM to on major capital facilities repairs and maintenance at all three schools. The more significant projects include HVAC replacement at Central Street, exterior window repair/replacement at Quality Hill and exterior painting/wood rot repair at Crossroads Prep. This initial step is to prioritize specific projects and identify costs.

Human Resources

Hiring has begun for the 2019-2020 school year. There are several positions posted online. Additionally, we have immediate openings for a Middle/High School Paraprofessional and an elementary SPED teacher. All of the job descriptions can be found on the website at <http://www.crossroadsschoolskc.org/careers>.

2018-19 Development Report

| FY18 Development Report | Committed Operational | Off Budget | CPA Capital | Future Capital Commitments |
|--|-----------------------|------------|-------------|----------------------------|
| Grants Received FY18 | | | | |
| Sherman Family Foundation | | | \$250,000 | \$225,000 |
| Healthcare Foundation | \$6,179 | | | |
| Oppenstein Brothers Foundation | | | | |
| Kauffman Foundation | \$324,975 | | | |
| SchoolSmartKC | \$780,000 | | | |
| Kirk Family Foundation | \$15,000 | | \$85,000 | \$215,000 |
| Stanley H. Durwood Foundation | \$50,000 | | | |
| George K. Baum Family Foundation | | | | |
| Ron Cattelino - Music Program Grant | \$10,000 | | | |
| McGowan Charitable Foundation | | | | |
| SS&C (formerly DST Systems) | \$125,000 | | | |
| Francis Family Foundation | | | | |
| Spencer Fane | \$15,000 | | | |
| Francis Family (David Francis Discretionary) | | | \$100,000 | \$148,000 |
| Royals Charities | | | | |
| Early Education Grant Fund (pace) | \$50,000 | | | |
| U.S. Dept of Education - CSP Grant | \$46,250 | | | \$845,000 |
| Hall Family Foundation | | | \$600,000 | |
| W.T.Kemper Family Foundation | | | \$500,000 | \$500,000 |
| Jedel Foundation | | | \$10,000 | |
| 11th St. Neighborhood TIF fund | | | | |
| E-Rate Program | | | \$23,207 | \$14,827 |
| Gary Dickinson Family Foundation (CPA) | | | \$50,000 | |
| H&R Block Foundation | | | | |
| R and C Charitable Foundation | | | \$12,000 | |

| Fundraisers | | | | |
|--------------------------------------|-------------|--|-------------|-------------|
| Fall Fundraiser | \$153,449 | | | |
| Spring Fundraiser | | | | |
| Other Giving | | | | |
| Leverage Loan Interest | \$43,752 | | | |
| CAKC Real Estate | \$172,697 | | | |
| Individuals (non-fundraiser) | \$12,,075 | | | |
| Totals | \$1,804,377 | | \$1,630,207 | \$2,197,827 |
| 2018-19 Operational Fundraising Goal | \$1,860,000 | | | |
| % of 2018-19 Goal Committed-to-Date | 97% | | | |
| Pending Requests | | | | |
| | | | | |
| | | | | |
| | | | | |

Coversheet

November Financial Report

Section: III. November Financials
Item: A. November Financial Report
Purpose: Discuss
Submitted by:
Related Material: CROSS board.pdf



Crossroads Charter Schools

November 2018 Financials

PREPARED **DECEMBER 2018** BY



- **Key Performance Indicators**
- **Forecast Overview**
- **Cash Forecast**
- **Forecast History**
- **Key Forecast Changes This Month**
- **Notable Forecast Variances**
- **Appendix: Financials**

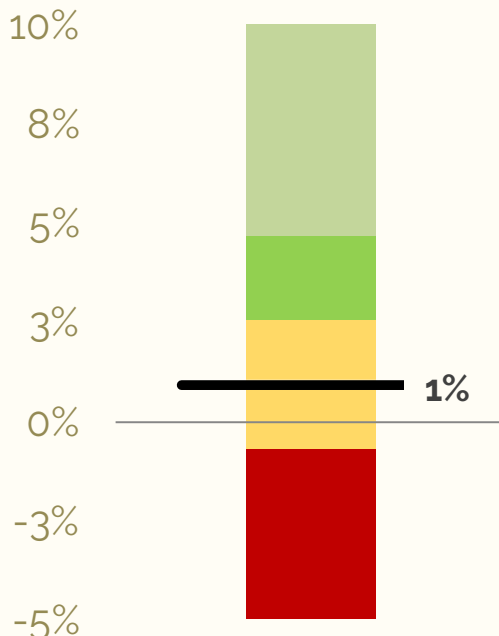
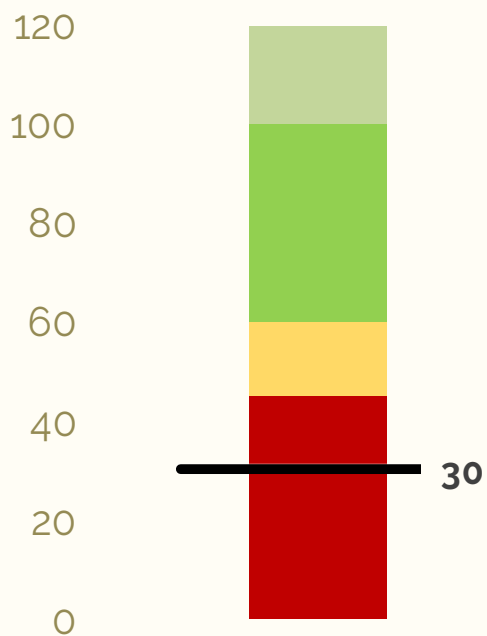
Key Performance Indicators

Days of Cash

Cash balance at year-end divided by average daily expenses

Gross Margin

Revenue less expenses, divided by revenue



30 DAYS OF CASH AT YEAR'S END

The school's 30 days of year-end cash is below the recommended 60 days.

1% GROSS MARGIN

The forecasted net income is \$105k, which is \$80k above the budget. It yields a 1% gross margin.

Forecast Overview

Forecast Budget Variance Variance Graphic Comments

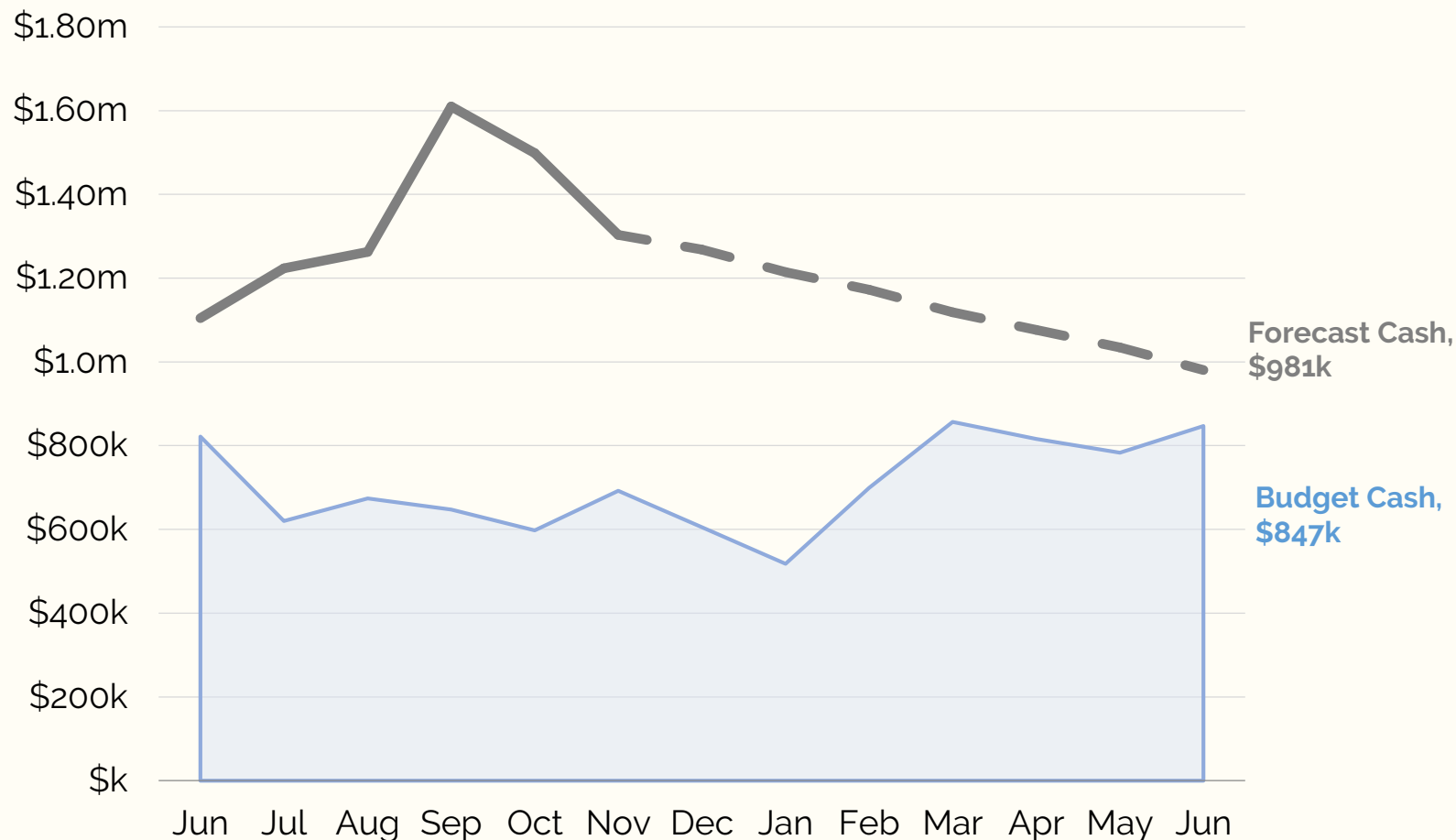
| | | | | | |
|-----------------------|------------|------------|-----------|--------|---|
| Revenue | 11,694,120 | 11,628,137 | 65,983 | \$66k | State revenue has been updated based on November payment and core data information. The school's WADA was adjusted based on DESE per WADA payment. |
| Expenses | 11,588,954 | 11,602,557 | 13,602 | \$14k | Have updated salaries and benefits to reflect current staffing levels and salaries as well as actual benefit selections |
| Net Income | 105,165 | 25,580 | 79,585 | \$80k | |
| Cash Flow Adjustments | (228,983) | 0 | (228,983) | | The balance in fund 40 at the end of FY 18 was 230K, meaning the school had 230K more in capital for Thayer than it had spent. This adjustment integrates FY 19 spending on Thayer into the cash forecast |
| Change in Cash | (123,818) | 25,580 | (149,398) | \$149k | |

Cash Flow Forecast

30 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$981k**, **\$134k** above budget.

The school's ending FY 18 cash balance was inflated to some degree by capital raised for Thayer that wasn't expensed as of 6/30/18. That being said, current FY 19 projected cash is favorable to budget due to state revenue paying \$100/WADA more than budget.



Forecast History of June 30, 2019 Cash Balance

| Source | Days of Cash at 6/30/19 | Change | Description of change |
|--------|-------------------------|--------|---|
| Budget | 26 | | From SY18-19 Budget |
| Jul | | | No report |
| Aug | 32 | 2 | Fy 18 ending cash high than anticipated at time budget was passed |
| Sep | 32 | 0 | |
| Oct | 29 | -3 | Made cash flow adjustment to true up fund 40 balances |
| Nov | 30 | 1 | Adjusted forecast based on actual spending for FY19. |
| Dec | | | |
| Jan | | | |
| Feb | | | |
| Mar | | | |
| Apr | | | |
| May | | | |
| Jun | | | |

| | Actual | Budget | Variance | Forecast | Budget | Variance | Remaining |
|-------------------------------------|------------------|------------------|------------------|-------------------|--------------------|------------------|------------------|
| Revenue | | | | | | | |
| Local Revenue | 2,054,048 | 1,290,411 | 763,637 | 2,699,870 | 2,699,752 | 118 | 645,822 |
| State Revenue | 3,449,531 | 3,156,865 | 292,666 | 8,336,373 | 8,270,508 | 65,865 | 4,886,842 |
| Federal Revenue | 173,796 | 204,048 | (30,252) | 657,877 | 657,877 | (0) | 484,081 |
| Total Revenue | 5,677,374 | 4,651,323 | 1,026,051 | 11,694,120 | 11,628,137 | 65,983 ① | 6,016,745 |
| Expenses | | | | | | | |
| Salaries | 2,092,434 | 2,120,713 | 28,279 | 5,188,034 | 5,218,656 | 30,622 | 3,095,599 |
| Benefits and Taxes | 615,706 | 644,150 | 28,444 | 1,541,844 | 1,545,960 | 4,116 | 926,138 |
| Staff-Related Costs | 48,245 | 42,833 | (5,412) | 102,800 | 102,800 | (0) | 54,555 |
| Rent | 248,263 | 332,450 | 84,187 | 577,880 | 797,880 | 220,000 | 329,617 |
| Occupancy Service | 1,266,314 | 612,966 | (653,348) | 1,195,448 | 1,471,119 | 275,671 | (70,866) |
| Student Expense, Direct | 496,906 | 359,402 | (137,504) | 1,073,286 | 862,564 | (210,722) | 576,380 |
| Student Expense, Indirect | 87,353 | 110,417 | 23,063 | 265,000 | 265,000 | (0) | 177,647 |
| Office & Business Expense | 325,610 | 285,450 | (40,160) | 729,689 | 685,080 | (44,609) | 404,079 |
| Transportation | 193,322 | 272,291 | 78,968 | 653,498 | 653,498 | (0) | 460,176 |
| Total Ordinary Expenses | 5,374,154 | 4,780,672 | (593,482) | 11,327,478 | 11,602,557 | 275,079 | 5,953,324 |
| Net Operating Income | 303,220 | (129,348) | 432,569 | 366,642 | 25,580 | 341,062 | 63,421 |
| Extraordinary Expenses | | | | | | | |
| Interest | 106,080 | - | (106,080) | 261,477 | - | (261,477) | 155,397 |
| Total Extraordinary Expenses | 106,080 | - | (106,080) | 261,477 | - | (261,477) | 155,397 |
| Total Expenses | 5,480,234 | 4,780,672 | (699,562) | 11,588,954 | 11,602,557 | 13,602 ② | 6,108,721 |
| Net Income | 197,140 | (129,348) | 326,489 | 105,165 | 25,580 | 79,585 ③ | (91,975) |
| Cash Flow Adjustments | 1,711 | - | 1,711 | (228,983) | - | (228,983) ④ | (230,693) |
| Change in Cash | 198,851 | (129,348) | 328,200 | 25,580 | (149,398) ⑤ | (149,398) | (322,669) |

① REVENUE: \$66K AHEAD

Summer School ADA was calculated lower than budget; will know more about state revenue drivers after September payment

② EXPENSES: \$14K AHEAD

Have updated salaries and benefits to reflect current staffing levels and salaries as well as actual benefit selections

③ NET INCOME: \$80K ahead

④ CASH ADJ: \$229K BEHIND

⑤ NET CHANGE IN CASH: \$149K BEHIND

Monthly Financials

| | Actual | | | | | Forecast | | | | | | | |
|---------------------------|----------------|----------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Income Statement | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | TOTAL |
| Revenue | | | | | | | | | | | | | |
| Local Revenue | 387,492 | 358,181 | 417,770 | 308,458 | 582,147 | 92,260 | 92,260 | 92,260 | 92,260 | 92,260 | 92,260 | 92,260 | 2,699,870 |
| State Revenue | 550,777 | 547,142 | 900,980 | 688,931 | 761,701 | 698,120 | 698,120 | 698,120 | 698,120 | 698,120 | 698,120 | 698,120 | 8,336,373 |
| Federal Revenue | 3,809 | 0 | 65,080 | 63,947 | 40,961 | 69,154 | 69,154 | 69,154 | 69,154 | 69,154 | 69,154 | 69,154 | 657,877 |
| Total Revenue | 942,077 | 905,323 | 1,383,830 | 1,061,336 | 1,384,808 | 859,535 | 859,535 | 859,535 | 859,535 | 859,535 | 859,535 | 859,535 | 11,694,120 |
| Expenses | | | | | | | | | | | | | |
| Salaries | 368,866 | 405,558 | 434,086 | 450,098 | 433,826 | 437,300 | 448,800 | 437,300 | 448,800 | 437,300 | 437,300 | 448,800 | 5,188,034 |
| Benefits and Taxes | 117,378 | 121,517 | 126,380 | 127,200 | 123,231 | 126,508 | 133,535 | 133,008 | 133,535 | 133,008 | 133,008 | 133,535 | 1,541,844 |
| Staff-Related Costs | 19,498 | 5,083 | 12,056 | 6,613 | 4,995 | 7,794 | 7,794 | 7,794 | 7,794 | 7,794 | 7,794 | 7,794 | 102,800 |
| Rent | 46,072 | 53,432 | 49,618 | 48,943 | 50,199 | 47,088 | 47,088 | 47,088 | 47,088 | 47,088 | 47,088 | 47,088 | 577,880 |
| Occupancy Service | 40,606 | 135,981 | 169,681 | 189,119 | 730,927 | -10,124 | -10,124 | -10,124 | -10,124 | -10,124 | -10,124 | -10,124 | 1,195,448 |
| Student Expense, Direct | 70,699 | 97,366 | 132,595 | 120,465 | 75,780 | 82,340 | 82,340 | 82,340 | 82,340 | 82,340 | 82,340 | 82,340 | 1,073,286 |
| Student Expense, Indirect | 0 | 0 | 26,966 | 34,169 | 26,218 | 25,378 | 25,378 | 25,378 | 25,378 | 25,378 | 25,378 | 25,378 | 265,000 |
| Office & Business Expense | 86,980 | 86,691 | 50,904 | 53,787 | 47,247 | 57,726 | 57,726 | 57,726 | 57,726 | 57,726 | 57,726 | 57,726 | 729,689 |
| Transportation | 0 | 2,458 | 88 | 119,876 | 70,901 | 65,739 | 65,739 | 65,739 | 65,739 | 65,739 | 65,739 | 65,739 | 653,498 |
| Interest | 20,461 | 21,063 | 21,054 | 21,303 | 22,200 | 22,200 | 22,200 | 22,200 | 22,200 | 22,200 | 22,200 | 22,200 | 261,477 |
| Total Ordinary Expenses | 770,560 | 929,151 | 1,023,428 | 1,171,572 | 1,585,524 | 861,949 | 880,475 | 868,448 | 880,475 | 868,448 | 868,448 | 880,475 | 11,588,954 |
| Total Expenses | 770,560 | 929,151 | 1,023,428 | 1,171,572 | 1,585,524 | 861,949 | 880,475 | 868,448 | 880,475 | 868,448 | 868,448 | 880,475 | 11,588,954 |
| Net Income | 171,518 | -23,828 | 360,402 | -110,236 | -200,715 | -2,414 | -20,940 | -8,913 | -20,940 | -8,913 | -8,913 | -20,940 | 105,165 |
| Cash Flow Adjustments | -52,729 | 63,096 | -13,141 | -794 | 5,278 | -32,956 | -32,956 | -32,956 | -32,956 | -32,956 | -32,956 | -32,956 | -228,983 |
| Change in Cash | 118,789 | 39,268 | 347,261 | -111,030 | -195,437 | -35,370 | -53,897 | -41,870 | -53,897 | -41,870 | -41,870 | -53,897 | -123,818 |

| | Previous Year End | Current |
|--|-------------------|------------|
| | 6/30/2018 | 11/30/2018 |

Assets

Current Assets

| | | |
|-----------------------------|------------------|------------------|
| Cash | 1,104,449 | 1,301,266 |
| Intercompany Transfers | 0 | 0 |
| Accounts Receivable | 0 | 0 |
| Total Current Assets | 1,104,449 | 1,301,266 |
| Total Assets | 1,104,449 | 1,301,266 |

Liabilities and Equity**Liabilities**

Current Liabilities

| | | |
|----------------------------------|----------------|----------------|
| Other Current Liabilities | -33,084 | -33,480 |
| Accounts Payable | 4,422 | 5,512 |
| Total Current Liabilities | -28,662 | -27,968 |
| Total Long-Term Liabilities | 0 | 0 |
| Total Liabilities | -28,662 | -27,968 |

Equity

| | | |
|-------------------------|------------------|------------------|
| Unrestricted Net Assets | 1,133,109 | 1,133,109 |
| Net Income | 0 | 196,123 |
| Total Equity | 1,133,109 | 1,329,232 |

Coversheet

November Check Register

Section: III. November Financials
Item: B. November Check Register
Purpose: Vote
Submitted by:
Related Material: Copy of CheckRegisterbyType.pdf

Crossroads Academy of Kansas City, Inc.
12/11/2018 3:57 PM

Check Register by Type

Page: 1
User ID: PAUL

| Payee Type: Vendor | | Check Type: Automatic Payment | | | Checking Account ID: 1 | | |
|-------------------------------------|-------------------|--------------------------------------|-------------|------------------|-------------------------------|---|---------------------------------|
| <u>Check Number</u> | <u>Check Date</u> | <u>Cleared</u> | <u>Void</u> | <u>Void Date</u> | <u>Entity ID</u> | <u>Entity Name</u> | <u>Check Amount</u> |
| 1603696 | 11/01/2018 | X | | | CAKCESTAT | CROSSROADS REAL ESTATE COMPANY | 27,899.00 |
| 1603697 | 11/27/2018 | X | | | ATT | AT&T | 474.50 |
| 1603698 | 11/30/2018 | X | | | UHCBS | UHCBS REIMBURSEMENT | 2,563.01 |
| 1603699 | 11/05/2018 | X | | | BCBS | BLUE CROSS AND BLUE SHELDF OF KANSAS CITY | 51,580.53 |
| 1603700 | 11/14/2018 | X | | | UNUM | UNUM LIFE INSURANCE COMPANY OF AMERICA | 4,191.55 |
| 1603701 | 11/16/2018 | X | | | HVH | HISTORIC VIRGINIA HOTEL | 14,500.00 |
| 1603702 | 11/28/2018 | X | | | KCPL | KCP&L | 9,485.49 |
| 1603703 | 11/21/2018 | X | | | HARTFORD | THE HARTFORD INSURANCE COMPANY | 1,887.60 |
| 1603704 | 11/26/2018 | X | | | HANOVER | THE HANOVER INSURANCE CO | 7,520.27 |
| 1603705 | 11/13/2018 | X | | | REPUBLIC | REPUBLIC SERVICES #468 | 563.39 |
| 1603706 | 11/14/2018 | X | | | GOOGLEF | GOOGLE FIBER | 130.00 |
| 1603707 | 11/13/2018 | X | | | UNITED | UNITED HEALTH CARE INSURANCE COMPANY | 831.03 |
| 1603714 | 11/02/2018 | X | | | COMMERCECC | COMMERCE BANK - COMMERCIAL CARDS | 17,282.76 |
| 1603728 | 11/01/2018 | X | | | COMMERCE | COMMERCE BANK | 3,611.61 |
| 1603729 | 11/20/2018 | X | | | KCPL | KCP&L | 51,578.92 |
| Checking Account ID: 1 | | | | | Void Total: | 0.00 | Total without Voids: 194,099.66 |
| Check Type Total: Automatic Payment | | | | | Void Total: | 0.00 | Total without Voids: 194,099.66 |

| Payee Type: Vendor | | Check Type: Check | | | Checking Account ID: 1 | | |
|---------------------------|-------------------|--------------------------|-------------|------------------|-------------------------------|---|---------------------|
| <u>Check Number</u> | <u>Check Date</u> | <u>Cleared</u> | <u>Void</u> | <u>Void Date</u> | <u>Entity ID</u> | <u>Entity Name</u> | <u>Check Amount</u> |
| 1728 | 11/05/2018 | X | | | HINKSTA | STACEY HINKLE | 23.00 |
| 1751 | 11/26/2018 | X | | | BREWEMP | BREWEARY EMPERIAL | 124.00 |
| 1753 | 11/01/2018 | X | | | BAKERBAKER | AUDREY BAKER | 600.00 |
| 1755 | 11/16/2018 | X | | | RAMOMAR | MARIA RAMOS | 27.00 |
| 1756 | 11/26/2018 | X | | | SCHMDEN | DENISE SCHMIDT | 27.00 |
| 1757 | 11/13/2018 | X | | | MEYECH | CHELSEA MEYER | 199.22 |
| 72147657 | 11/06/2018 | X | | | SHERWINWM | SHERWIN WILLIAMS | 17.83 |
| 72147658 | 11/06/2018 | X | | | BRIDGGI | Bridging the Gap Interpreting | 255.45 |
| 72147659 | 11/06/2018 | X | | | UNIVERSITY | UNIVERSITY OF MISSOURI-COLUMBIA AR | 100.00 |
| 72147660 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 113.30 |
| 72147661 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 22.25 |
| 72147662 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 57.25 |
| 72147663 | 11/06/2018 | X | | | SPENCER | SPENCER FANE BRITT & BROWNE LLP | 1,400.00 |
| 72147664 | 11/06/2018 | X | | | BRIDGGI | Bridging the Gap Interpreting | 264.17 |
| 72147665 | 11/06/2018 | X | | | PARALLEL | Parallel Employment Group | 1,043.28 |
| 72147666 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 400.49 |
| 72147667 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 119.64 |
| 72147668 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 70.44 |
| 72147669 | 11/06/2018 | X | | | BRIDGGI | Bridging the Gap Interpreting | 264.17 |
| 72147670 | 11/06/2018 | X | | | BRIDGGI | Bridging the Gap Interpreting | 270.71 |
| 72147671 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 99.96 |
| 72147672 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 16.99 |
| 72147673 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 74.24 |
| 72147674 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 75.50 |
| 72147675 | 11/06/2018 | X | | | SWOPE | SWOPE CORRIDOR RENAISSANCE/UPPER ROOM, INC. | 20,206.73 |
| 72147676 | 11/06/2018 | X | | | ALLDREDGE | ALLDREDGE ORCHARDS | 101.50 |
| 72147677 | 11/06/2018 | X | | | THYSSELEV | THYSSENKRUPP ELEVATOR CORP | 321.06 |
| 72147678 | 11/06/2018 | X | | | CRITTERMO | Critter Control of KCMO | 69.00 |
| 72147679 | 11/06/2018 | X | | | STRASSER | STRASSER TRUE VALUE | 8.06 |
| 72147680 | 11/06/2018 | X | | | ROAD | ROAD RUNNER | 578.00 |
| 72147681 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 50.83 |
| 72147682 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 40.88 |
| 72147683 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 175.36 |
| 72147684 | 11/06/2018 | X | | | AMAZON | AMAZON.COM | 637.05 |
| 72147951 | 11/06/2018 | X | | | DEFFEN | DEFFENBAUGH DISPOSAL SERV | 578.32 |
| 72148268 | 11/06/2018 | X | | | QHA | QUALITY HILL ASSOCIATES LLC | 1,100.00 |

Crossroads Academy of Kansas City, Inc.

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| Payee Type: Vendor | | Check Type: Check | | | Checking Account ID: 1 | | |
|--------------------|------------|-------------------|------|-----------|------------------------|--|--------------|
| Check Number | Check Date | Cleared | Void | Void Date | Entity ID | Entity Name | Check Amount |
| 72148269 | 11/06/2018 | X | | | AMMICRO | American Micro Digital Document Management | 45.00 |
| 72148270 | 11/06/2018 | X | | | IRESQ | IResQ | 107.10 |
| 72148271 | 11/06/2018 | X | | | KIPP | KIPP ATHLETICS | 500.00 |
| 72148272 | 11/06/2018 | X | | | AMERDINING | AMERICAN FOOD & VENDING CORP | 5,465.60 |
| 72148532 | 11/06/2018 | X | | | ATRONIC | ATRONIC ALARMS INC | 84.00 |
| 72148533 | 11/06/2018 | X | | | BATENIK | NIKKI BATES | 500.00 |
| 72148534 | 11/06/2018 | X | | | PAYPOOL | PAYPOOL | 910.91 |
| 72148535 | 11/06/2018 | X | | | DATAMAX | DATAMAX, INC | 1,342.28 |
| 72148536 | 11/06/2018 | X | | | DATAMAX | DATAMAX, INC | 2,674.55 |
| 72148537 | 11/06/2018 | X | | | DONALD | DONALD E MAXWELL, LLC | 8,020.00 |
| 72148538 | 11/06/2018 | X | | | EDOPS | EdOps | 10,750.00 |
| 72218808 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 144.03 |
| 72218809 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 27.98 |
| 72218810 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 25.09 |
| 72218811 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 39.73 |
| 72218812 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 31.90 |
| 72218813 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 21.48 |
| 72218814 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 18.68 |
| 72218815 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 15.35 |
| 72218816 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 17.08 |
| 72218817 | 11/20/2018 | X | | | PARALLEL | Parallel Employment Group | 93.32 |
| 72218818 | 11/20/2018 | X | | | PARALLEL | Parallel Employment Group | 1,611.48 |
| 72218819 | 11/20/2018 | X | | | UNION | UNION STATION | 200.00 |
| 72218820 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 94.13 |
| 72218821 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 184.38 |
| 72218822 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 13.56 |
| 72218823 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 47.94 |
| 72218824 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 28.79 |
| 72218825 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 76.82 |
| 72218826 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 174.76 |
| 72218827 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 37.15 |
| 72218828 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 29.48 |
| 72218829 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 19.99 |
| 72218830 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 97.45 |
| 72218831 | 11/20/2018 | X | | | PARALLEL | Parallel Employment Group | 772.80 |
| 72218832 | 11/20/2018 | X | | | K12ITC | K12 ITC, INC. | 13,301.73 |
| 72218833 | 11/20/2018 | X | | | BONAPPETIT | BON APPETIT MANAGEMENT COMPANY | 464.52 |
| 72218834 | 11/20/2018 | X | | | TOWNPARK | Town Park, Ltd. | 1,275.00 |
| 72218835 | 11/20/2018 | X | | | MYBRIDGE | MY BRIDGE | 400.00 |
| 72218836 | 11/20/2018 | X | | | PROFESSTRA | PROFESSIONAL TRAINING SOLUTIONS, LLC | 100.00 |
| 72218837 | 11/20/2018 | X | | | KCBH | KANSAS CITY BEHAVIORAL HEALTH | 6,616.00 |
| 72218838 | 11/20/2018 | X | | | PARALLEL | Parallel Employment Group | 917.70 |
| 72218839 | 11/20/2018 | X | | | PLAZAACADE | THE PLAZA ACADEMY | 1,100.00 |
| 72218840 | 11/20/2018 | X | | | PLAZAACADE | THE PLAZA ACADEMY | 1,100.00 |
| 72218841 | 11/20/2018 | X | | | PLAZAACADE | THE PLAZA ACADEMY | 1,050.00 |
| 72218842 | 11/20/2018 | X | | | PLAZAACADE | THE PLAZA ACADEMY | 1,100.00 |
| 72218843 | 11/20/2018 | X | | | PLAZAACADE | THE PLAZA ACADEMY | 1,100.00 |
| 72218844 | 11/20/2018 | X | | | PLAZAACADE | THE PLAZA ACADEMY | 1,100.00 |
| 72218845 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 56.61 |
| 72218846 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 58.15 |
| 72218847 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 15.98 |
| 72218848 | 11/20/2018 | X | | | ATT | AT&T | 86.44 |
| 72218849 | 11/20/2018 | X | | | SMITHEREEN | SMITHEREEN PEST MANAGEMENT | 50.00 |
| 72218850 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 323.68 |
| 72218851 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 68.99 |
| 72218852 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 405.24 |
| 72218853 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 395.92 |
| 72218854 | 11/20/2018 | X | | | AMAZON | AMAZON.COM | 41.82 |
| 72218855 | 11/20/2018 | X | | | BUSIMPACT | BUSINESS IMPACT GROUP | 1,992.98 |

Crossroads Academy of Kansas City, Inc.
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| Payee Type: Vendor | | Check Type: Check | | | Checking Account ID: 1 | | |
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| Check Number | Check Date | Cleared | Void | Void Date | Entity ID | Entity Name | Check Amount |
| 72218856 | 11/20/2018 | X | | | ISS | ISS FACILITY SERVICES - KC | 1,242.48 |
| 72218857 | 11/20/2018 | X | | | MCREALTY | MC REALTY GROUP, LLC | 7,665.48 |
| 72218858 | 11/20/2018 | X | | | ISS | ISS FACILITY SERVICES - KC | 1,122.66 |
| 72218859 | 11/20/2018 | X | | | GRAINGER | GRAINGER | 9.36 |
| 72218860 | 11/20/2018 | X | | | UNIVERSITY | UNIVERSITY OF MISSOURI-COLUMBIA AR | 40.00 |
| 72218861 | 11/20/2018 | X | | | PROGRESSIV | PROGRESSIVE ELECTRONICS, INC. | 84.00 |
| 72218862 | 11/20/2018 | X | | | CCGROUP | C & C GROUP | 1,830.87 |
| 72218863 | 11/20/2018 | X | | | ISS | ISS FACILITY SERVICES - KC | 2,377.59 |
| 72218864 | 11/20/2018 | X | | | STRASSER | STRASSER TRUE VALUE | 30.90 |
| 72218865 | 11/20/2018 | X | | | VEOLIA | VEOLIA ENERGY | 362.80 |
| 72218866 | 11/20/2018 | X | | | FERGUSON | Ferguson Enterprises Inc # 215 | 399.98 |
| 72218867 | 11/20/2018 | X | | | KCWATER | KCMO WATER SERVICES DEPARTMENT | 526.12 |
| 72219511 | 11/20/2018 | X | | | MIDTOWN | MIDTOWN SIGNS | 713.64 |
| 72219512 | 11/20/2018 | X | | | OTIS | OTIS ELEVATOR | 747.50 |
| 72219513 | 11/20/2018 | X | | | WALSWORTH | WALSWORTH | 168.00 |
| 72219514 | 11/20/2018 | X | | | KCAV | KANSAS CITY AUDIO-VISUAL | 1,012.00 |
| 72219515 | 11/20/2018 | X | | | MEDELLIN | Medellin Landscaping & Gardening | 85.00 |
| 72219516 | 11/20/2018 | X | | | KCTG | DBA KANSAS CITY TRANSPORTATION GROUP INC | 6,318.00 |
| 72219517 | 11/20/2018 | X | | | OGLETREE | OGLETREE, DEAKINS, NASH, SMOAK & STEWART, P.C. | 627.30 |
| 72219518 | 11/20/2018 | X | | | FOLLY | FOLLY THEATER BUSINESS OFFICE | 395.00 |
| 72219519 | 11/20/2018 | X | | | YARDI | YARDI MARKETPLACE | 835.98 |
| 72219520 | 11/20/2018 | X | | | SOLI | SOLI AND SOLI INC | 603.00 |
| 72219521 | 11/20/2018 | X | | | AMERDINING | AMERICAN FOOD & VENDING CORP | 13,667.20 |
| 72219893 | 11/20/2018 | X | | | MORIJEN | Jennifer Moriarty | 25.00 |
| 72219894 | 11/20/2018 | X | | | ZETMIR | VIRGINIA ZETMEIR | 40.97 |
| 72219895 | 11/20/2018 | X | | | WILLNIC | NICK WILLIAMSON | 83.74 |
| 72219896 | 11/20/2018 | X | | | 21STCENT | 21ST CENTURY THERAPY, P.C. | 3,042.50 |
| 72219897 | 11/20/2018 | X | | | HIGENE | HI-GENE'S JANITORIAL | 5,189.60 |
| 72219898 | 11/20/2018 | X | | | HIGENE | HI-GENE'S JANITORIAL | 7,738.43 |
| 72219899 | 11/20/2018 | X | | | APPLEBUS | APPLE BUS COMPANY | 64,583.25 |
| 72219900 | 11/20/2018 | X | | | TIERNEY | TIERNEY OFFICE PRODUCTS | 511.35 |
| 72219901 | 11/20/2018 | X | | | KELLY | KELLY SERVICES, INC | 7,917.00 |
| 72219902 | 11/20/2018 | X | | | MIDCON | MID-CON MANAGEMENT-DST | 6,700.00 |
| 72231396 | 11/27/2018 | X | | | WESTERN SPE | WESTERN SPECIALITY CONTRACTORS | 439.28 |
| 72231397 | 11/27/2018 | X | | | GREENEXPEC | GREEN EXPECTATIONS LANDSCAPING | 195.00 |
| 72231398 | 11/27/2018 | X | | | STICDORI | Doris Stickney | 121.84 |
| 72231399 | 11/27/2018 | X | | | SPIRE | SPIRE | 1,309.97 |
| 72231400 | 11/27/2018 | X | | | CCGROUP | C & C GROUP | 7,500.00 |
| 72231401 | 11/27/2018 | X | | | STRASSER | STRASSER TRUE VALUE | 33.20 |
| 72231402 | 11/27/2018 | X | | | KCWATER | KCMO WATER SERVICES DEPARTMENT | 17.05 |
| 72231403 | 11/27/2018 | X | | | STRASSER | STRASSER TRUE VALUE | 0.40 |
| 72231404 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 56.00 |
| 72231405 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 41.66 |
| 72231406 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 99.99 |
| 72231407 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 6.49 |
| 72231408 | 11/27/2018 | X | | | PARALLEL | Parallel Employment Group | 1,028.67 |
| 72231409 | 11/27/2018 | X | | | PARALLEL | Parallel Employment Group | 54.19 |
| 72231410 | 11/27/2018 | X | | | PARALLEL | Parallel Employment Group | 328.44 |
| 72231411 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 23.93 |
| 72231412 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 13.32 |
| 72231413 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 20.98 |
| 72231414 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 28.26 |
| 72231415 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 76.43 |
| 72231416 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 86.99 |
| 72231417 | 11/27/2018 | X | | | AMAZON | AMAZON.COM | 633.52 |
| 72231418 | 11/27/2018 | X | | | MARSHM | MARSH & MCLENNAN AGENCY, LLC INC | 500.00 |
| 72231419 | 11/27/2018 | X | | | GILMOREBEL | GILMORE BELL | 48,850.00 |

Crossroads Academy of Kansas City, Inc.
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| Payee Type: Vendor | | Check Type: Check | | | Checking Account ID: 1 | | |
|---------------------------|-------------------|--------------------------|-------------|------------------|-------------------------------|--------------------------------|---------------------------------|
| <u>Check Number</u> | <u>Check Date</u> | <u>Cleared</u> | <u>Void</u> | <u>Void Date</u> | <u>Entity ID</u> | <u>Entity Name</u> | <u>Check Amount</u> |
| 72231918 | 11/27/2018 | X | | | INFORMED | INFORMED IMPROVEMENT LLC INC | 1,269.00 |
| 72231919 | 11/27/2018 | X | | | IRESQ | IResQ | 628.20 |
| 72231920 | 11/27/2018 | X | | | AMERDINING | AMERICAN FOOD & VENDING CORP | 7,084.80 |
| 72232126 | 11/27/2018 | X | | | ARNOANN | ANNA ARNOLD | 9.00 |
| 72232127 | 11/27/2018 | X | | | VANDMOR | MORIAH VANDERBURG | 11.65 |
| 72232128 | 11/27/2018 | X | | | DATAMAX | DATAMAX, INC | 86.44 |
| 72232129 | 11/27/2018 | X | | | BATENIK | NIKKI BATES | 500.00 |
| 72232130 | 11/27/2018 | X | | | CLAYADR | ADRIANNE CLAYTON | 1,000.00 |
| 72232131 | 11/27/2018 | X | | | KELLY | KELLY SERVICES, INC | 4,524.00 |
| 72232132 | 11/27/2018 | X | | | HIGENE | HI-GENE'S JANITORIAL | 6,953.07 |
| 72232133 | 11/27/2018 | X | | | FERGUSON | Ferguson Enterprises Inc # 215 | 251.15 |
| 72232134 | 11/27/2018 | X | | | TIERNEY | TIERNEY OFFICE PRODUCTS | 534.30 |
| Checking Account ID: 1 | | | | | Void Total: | 0.00 | Total without Voids: 317,890.17 |
| Check Type Total: | | Check | | | Void Total: | 0.00 | Total without Voids: 317,890.17 |
| Payee Type Total: | | Vendor | | | Void Total: | 0.00 | Total without Voids: 511,989.83 |
| Grand Total: | | | | | Void Total: | 0.00 | Total without Voids: 511,989.83 |

Coversheet

Audit Review

Section: III. November Financials
Item: C. Audit Review
Purpose: Vote
Submitted by:
Related Material: 06-30-18 Crossroads Charter School DESE.docx.pdf
Audut Talking Poiints.pdf

Crossroads Charter Schools and Affiliates

CONSOLIDATED FINANCIAL STATEMENTS
Together with Auditors' Report
Year Ended June 30, 2018

KPM
CPAS & ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Crossroads Charter Schools
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of Crossroads Charter Schools (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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.

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500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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To the Board of Directors
Crossroads Charter Schools
Kansas City, Missouri

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Crossroads Charter Schools, as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note P to the financial statements, the School changed its basis of accounting from modified cash basis to the accrual basis to conform with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018, on our consideration of Crossroads Charter Schools' 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 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 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 Crossroads Charter Schools' internal control over financial reporting and compliance.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The data contained under Supplementary Information 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 combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 8, 2018

CROSSROADS CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS

| | |
|--|-----------------------------|
| Cash and cash equivalents | \$ 1,348,726 |
| Deposit held in trust | 1,018,986 |
| Contributions receivable, net | 831,679 |
| Interest receivable | 22,549 |
| Notes receivable | 1,842,613 |
| Property and equipment, net of accumulated depreciation | <u>13,089,862</u> |
| TOTAL ASSETS | <u><u>\$ 18,154,415</u></u> |

LIABILITIES

| | |
|---------------------------------|------------------|
| Accounts payable | \$ 643,782 |
| Accrued expenses | 508,611 |
| Compensated absences | 69,307 |
| Notes payable, current portion | 6,000,000 |
| Loan payable, long-term portion | <u>6,435,000</u> |
| TOTAL LIABILITIES | 13,656,700 |

NET ASSETS

| | |
|----------------------------------|-----------------------------|
| Temporarily restricted | 1,057,241 |
| Unrestricted | <u>3,440,474</u> |
| TOTAL NET ASSETS | <u>4,497,715</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 18,154,415</u></u> |

See accompanying notes

CROSSROADS CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|---|-------------------|---------------------------|-------------------|
| REVENUES AND OTHER SUPPORT | | | |
| Government grants and contracts | \$ 8,041,237 | \$ - | \$ 8,041,237 |
| Contributions and non-governmental grants | 2,586,938 | 1,018,986 | 3,605,924 |
| Fees and services | 83,780 | - | 83,780 |
| Rental income | 250,000 | - | 250,000 |
| Investment income | 63,211 | - | 63,211 |
| Miscellaneous | 91,156 | - | 91,156 |
| TOTAL REVENUES AND OTHER SUPPORT | 11,116,322 | 1,018,986 | 12,135,308 |
| EXPENSES | | | |
| Instruction | 5,164,376 | - | 5,164,376 |
| Student services | 392,542 | - | 392,542 |
| Instructional staff support | 180,217 | - | 180,217 |
| Building level administration | 558,541 | - | 558,541 |
| General administration and central services | 966,546 | - | 966,546 |
| Operation of plant | 1,141,447 | - | 1,141,447 |
| Transportation | 638,491 | - | 638,491 |
| Food service | 231,170 | - | 231,170 |
| Community service | 297,219 | - | 297,219 |
| Facilities acquisition and construction | 203,035 | - | 203,035 |
| Debt service | | | |
| Interest and fees | 104,455 | - | 104,455 |
| TOTAL EXPENSES | 9,878,039 | - | 9,878,039 |
| CHANGE IN NET ASSETS | 1,238,283 | 1,018,986 | 2,257,269 |
| Net assets, beginning of year, as restated | 2,202,191 | 38,255 | 2,240,446 |
| Net assets, end of year | \$ 3,440,474 | \$ 1,057,241 | \$ 4,497,715 |

See accompanying notes

CROSSROADS CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

| | <u>Total</u> |
|--|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in net assets | \$ 2,257,269 |
| Item not requiring operating activities cash flows | |
| Depreciation | 203,036 |
| Changes in | |
| Accounts and interest receivable | 5,435 |
| Contributions receivable, net | (454,679) |
| Accounts payable | 546,179 |
| Accrued expenses | <u>110,860</u> |
| | NET CASH PROVIDED BY |
| | OPERATING ACTIVITIES |
| | 2,668,100 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | (7,044,391) |
| Purchase of deposit in trust | <u>(1,018,986)</u> |
| | NET CASH (USED) BY |
| | INVESTING ACTIVITIES |
| | (8,063,377) |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Proceeds from issuance of notes payable | 6,000,000 |
| Issuance of notes receivable | <u>(250,000)</u> |
| | NET CASH PROVIDED BY |
| | FINANCING ACTIVITIES |
| | <u>5,750,000</u> |
| | NET INCREASE IN CASH |
| | 354,723 |
| CASH AND CASH EQUIVALENTS, beginning | <u>994,003</u> |
| CASH AND CASH EQUIVALENTS, ending | <u><u>\$ 1,348,726</u></u> |

See accompanying notes

CROSSROADS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE A – BUSINESS ACTIVITY

Crossroads Charter Schools (the “School”) is a Missouri not-for-profit public benefit corporation organized on August 5, 2011. The purpose of the corporation is to operate a charter school, which is sponsored by the University of Central Missouri. The School is legally separate from the Kansas City, Missouri School District and is not financially accountable to it.

The School’s mission is to prepare students to excel in high school by providing an academically rigorous K-8 education. The School’s charter allows for the provision of education for students in kindergarten through eighth grade. In the fiscal year 2017-2018 the School served students in kindergarten through eighth grade.

During 2016, the School formed two new entities, Crossroads Real Estate Company, LLC and Washington Street Management Company, both of which are organizations operated exclusively for the benefit of Crossroads Charter Schools.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements are presented in accordance with ASC 958-205. Under ASC 958-205, the School is required to report information regarding its assets and net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The School does not have permanently restricted net assets as of June 30, 2018.

It is the School’s policy to first use restricted net assets prior to use of unrestricted net assets when disbursements are made for purposes for which both restricted and unrestricted net assets are available.

Principles of Consolidation

The financial statements combine the accounts of Crossroads Charter Schools with the affiliated organizations Crossroads Real Estate Company and Washington Street Management Company. The organizations share common management and some board members. Crossroads Real Estate Company was created for the exclusive purpose of holding title to property and collecting income from the property. Washington Street Management Company was created to facilitate transactions with the unrelated third party organization, Virginia Historic Hotel.

CROSSROADS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. These assets have been recorded at historical cost. It is the policy of the Organization to capitalize expenditures for equipment, furniture and fixtures in excess of \$5,000 per item. Interest costs are capitalized when incurred on debt where the proceeds were used to finance the construction of assets. No interest was capitalized in the current year.

Recognition of Donor Restrictions

Contributions are recognized when they are unconditionally received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the School reports the support as unrestricted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the School defines its cash and equivalents to include only cash in demand deposits.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

CROSSROADS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits Held in Trust

Construction funds are being held by a third party in relation with the Commerce Bank loan. The funds are available to the School based on a drawdown process.

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).

Accounting for Uncertainty in Income Taxes

The School complies with the provisions of FASB ASC 740-10-25. Under this standard, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FASB ASC 740-10-25 had no impact on the School's financial statements. The School does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of June 30, 2018, as a result of the adoption of this standard.

Compensated Absences

Staff are awarded personal time of 66 hours per contract year which can be cashed out at \$10 per hour or converted to sick time. Staff are awarded 66 hours of sick time each contract year. Once 270 hours of sick time are accrued, staff may cash out at \$10 per hour, but no more than 60 hours at a time. Staff may continue to accrue sick time up to 540 hours. Any hours over 540 will be automatically cashed out at the end of the contract year at \$10 per hour. Employees earn vacation time based on the number of years' service to the School. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Financial Position.

Subsequent Events

Management has evaluated subsequent events through November 8, 2018, the date the financial statements were available to be issued.

CROSSROADS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE C – CASH AND CASH EQUIVALENTS – CONCENTRATION OF CREDIT RISK

At June 30, 2018, the total bank balances of the School and its affiliate were collateralized or covered by federal depository insurance.

NOTE D – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2018 consisted of the following unconditional promises to give discounted at a rate of 4%:

| | |
|---|--------------------------|
| Gross unconditional contributions receivable | \$ 975,000 |
| Less: Allowance for uncollectible contributions | (97,500) |
| Less: Unamortized discount | <u>(45,821)</u> |
| Net unconditional contributions receivable | <u><u>\$ 831,679</u></u> |
| Gross amounts due: | |
| Within one year | 750,000 |
| Within one to five years | <u>225,000</u> |
| | <u><u>\$ 975,000</u></u> |

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, net assets were temporarily restricted in the amount of \$38,255 for replacement reserves in relation to the loans held by Crossroads Real Estate. Additionally, \$1,018,986 was temporarily restricted for capital expenses related to the high school building project. Total temporarily restricted net assets at June 30, 2018, was \$1,057,241.

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.

CROSSROADS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE G – LOAN PAYABLE

In November 2015, Crossroads Real Estate Company entered into four loan agreements. The Company entered into Qualified Low Income Community Investment (QLICI) loans A and B with Enterprise Sub-CDE XVIII, LLC in the total amount of \$4,950,000. At the same time, the Company entered into QLICI loans A and B with USBCDE Sub-CDE 134, LLC in the amount of \$1,485,000. These loans were originated with \$4,375,600 from the School as the leveraged lender and \$2,129,400 from U.S. Bancorp Community Development Corporation as a New Market Tax Credit investor. These funds created the USBCDC Investment Fund 129, LLC which subsequently sent the funds to the Enterprise Sub-CDE XVIII, LLC for a qualified equity interest in the amount of \$5,000,000 and the USBCDE Sub-CDE 134, LLC for a qualified equity interest in the amount of \$1,500,000. The loans cannot be paid before September 30, 2022. Interest will be paid quarterly at the rate of 1.88% on the Enterprise QLICI loans A and B and 0.76% on the USBCDE QLICI loans A and B. After September 30, 2022, principal and interest will be paid quarterly until all loans are paid off and shall not exceed the maturity date of November 16, 2045.

Under the current assessment, the future loan requirements are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2019 | \$ - | \$ 104,460 | \$ 104,460 |
| 2020 | - | 104,460 | 104,460 |
| 2021 | - | 104,460 | 104,460 |
| 2022 | 94,281 | 104,342 | 198,623 |
| 2023 | 229,643 | 101,469 | 331,112 |
| 2024-2028 | 1,204,795 | 450,765 | 1,655,560 |
| 2029-2033 | 1,305,451 | 350,109 | 1,655,560 |
| 2034-2038 | 1,415,305 | 240,255 | 1,655,560 |
| 2039-2043 | 1,535,266 | 120,294 | 1,655,560 |
| 2044-2045 | 650,259 | 11,924 | 662,183 |
| | <u>\$ 6,435,000</u> | <u>\$ 1,692,538</u> | <u>\$ 8,127,538</u> |

NOTE H – NOTES PAYABLE

On June 28, 2018, the School entered into a short-term interest free note agreement with Commerce Bank in the amount of \$6,000,000 for purchase and renovations of the high school building. The note is due on December 28, 2018, at which time, the School intends to obtain permanent financing. The School has \$1,018,986 on deposit with First American Title in relation to this note to be requested during the renovation process.

CROSSROADS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE I – NOTES RECEIVABLE

In March 2016, the School created the Limited Liability Company, Washington Street Management, LLC for the purpose of lending funds to an unrelated company, The Historic Virginia Hotel, LLC which built a building leased through an operating lease to the School. The promissory notes in the total amount of \$1,842,613 were loaned through promissory notes to Washington Street Management, LLC and subsequently loaned to The Historic Virginia Hotel, LLC. Payments are due monthly to Washington Street Management, LLC and the School with an interest rate of 1.4% through 2022. The School received \$25,797 during the year ended June 30, 2018.

NOTE J – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018, consisted of the following:

| | |
|---|----------------------|
| Construction in progress - Crossroads Charter Schools | \$ 7,044,391 |
| Buildings and improvements - Crossroads Real Estate | 6,555,000 |
| | <u>13,599,391</u> |
| Accumulated depreciation | (509,529) |
| | <u>\$ 13,089,862</u> |

NOTE K – 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 are also covered by Social Security. The Retirement System is administered by a twelve-member Board of Trustees. 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.

CROSSROADS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE K – RETIREMENT PLAN (continued)

The Retirement System members are required to contribute 9% of their annual covered salary and the School is required to contribute a matching amount. 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 years ended June 30, 2018, was \$392,563.

NOTE L – COMMITMENTS AND CONTINGENCIES

Commitments: The School is committed to the following companies for the high school improvement project:

- Alexander Mechanical Inc. for mechanical and plumbing in the amount of \$65,056.
- Mark One Electric Co. for electrical in the amount of \$106,381.
- Turner Construction Company for general construction in the amount of \$555,681.
- 4 Gen Construction for drywall and general trades in the amount of \$65,217.
- Metal One for metal railings in the amount of \$64,810.

Litigation: The School is not involved in pending litigation at June 30, 2018.

NOTE M – 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, 2018, significant amounts of grant 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 N – FUNCTIONAL EXPENSES

The School has only one program service, which is the operation of a charter school district. For the year ended June 30, 2018, program service expenses were \$8,352,952 and management expenses were \$1,525,087.

CROSSROADS CHARTER SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE O – OPEN TAX YEARS

The School's informational and tax returns are subject to examination by taxing authorities for a period of 3 years from the date they are filed. As of June 30, 2018, the following tax years are subject to examination:

| <u>Jurisdiction</u> | <u>Open Year for Filed Returns</u> | <u>Return to be filed in 2018</u> |
|---------------------|------------------------------------|-----------------------------------|
| Federal | 2014, 2015 and 2016 | 2017 |
| Missouri | 2014, 2015 and 2016 | 2017 |

NOTE P – RESTATEMENT

Net assets were restated as follows to convert from the cash basis of accounting to the accrual basis to conform with accounting principles generally accepted in the United States of America:

| | |
|--|---------------------|
| NET ASSETS, as previously stated June 30, 2017 | \$ 994,003 |
| Contributions receivable, net | 377,000 |
| Grants receivable | 4,141 |
| Interest receivable | 23,842 |
| Notes receivable | 1,592,613 |
| Property and equipment, net | 6,248,507 |
| Accounts payable | (97,603) |
| Accrued expenses | (439,213) |
| Compensated absences | (27,844) |
| Loan payable | (6,435,000) |
| NET ASSETS, as restated July 1, 2017 | <u>\$ 2,240,446</u> |

SUPPLEMENTARY INFORMATION

CROSSROADS CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2018

| | Crossroads Charter Schools | Crossroads Real Estate LLC | Washington Street Management Company | Eliminations | Combined |
|--|----------------------------------|----------------------------------|---|--------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,132,147 | \$ 216,579 | \$ - | \$ - | \$ 1,348,726 |
| Deposit held in trust | 1,018,986 | - | - | - | 1,018,986 |
| Contributions receivable, net | 831,679 | - | - | - | 831,679 |
| Interest receivable | - | - | 22,549 | - | 22,549 |
| Interorganization receivables (payables) | 1,865,162 | - | (1,865,162) | - | - |
| Notes receivable | - | - | 1,842,613 | - | 1,842,613 |
| Property and equipment, net of accumulated depreciation | 7,044,391 | 6,045,471 | - | - | 13,089,862 |
| TOTAL ASSETS | \$ 11,892,365 | \$ 6,262,050 | \$ - | \$ - | \$ 18,154,415 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 643,782 | \$ - | \$ - | \$ - | \$ 643,782 |
| Accrued expenses | 508,611 | - | - | - | 508,611 |
| Compensated absences | 69,307 | - | - | - | 69,307 |
| Notes payable | 6,000,000 | - | - | - | 6,000,000 |
| Loan payable | - | 6,435,000 | - | - | 6,435,000 |
| TOTAL LIABILITIES | 7,221,700 | 6,435,000 | - | - | 13,656,700 |
| NET ASSETS | | | | | |
| Temporarily restricted | 1,057,241 | - | - | - | 1,057,241 |
| Unrestricted | 3,613,424 | (172,950) | - | - | 3,440,474 |
| TOTAL NET ASSETS | 4,670,665 | (172,950) | - | - | 4,497,715 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 11,892,365 | \$ 6,262,050 | \$ - | \$ - | \$ 18,154,415 |

CROSSROADS CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

| | Crossroads Charter Schools | Crossroads Real Estate LLC | Washington Street Management Company | Eliminations | Total |
|--|----------------------------------|----------------------------------|---|------------------|---------------------|
| REVENUES AND OTHER SUPPORT | | | | | |
| Government grants and contracts | \$ 8,041,237 | \$ - | \$ - | \$ - | \$ 8,041,237 |
| Contributions and non-governmental grants | 3,780,934 | - | - | (175,010) | 3,605,924 |
| Fees and services | 83,780 | - | - | - | 83,780 |
| Rental income | 250,000 | 334,788 | 25,797 | (360,585) | 250,000 |
| Investment income | 63,211 | - | - | - | 63,211 |
| Miscellaneous | 91,156 | - | - | - | 91,156 |
| TOTAL REVENUES AND OTHER SUPPORT | 12,310,318 | 334,788 | 25,797 | (535,595) | 12,135,308 |
| EXPENSES | | | | | |
| Instruction | 5,164,376 | - | - | - | 5,164,376 |
| Student services | 392,542 | - | - | - | 392,542 |
| Instructional staff support | 180,217 | - | - | - | 180,217 |
| Building level administration | 966,546 | - | - | - | 966,546 |
| General administration and central services | 547,289 | 11,252 | - | - | 558,541 |
| Operation of plant | 1,476,235 | - | - | (334,788) | 1,141,447 |
| Transportation | 638,491 | - | - | - | 638,491 |
| Food service | 231,170 | - | - | - | 231,170 |
| Community service | 297,219 | - | - | - | 297,219 |
| Facilities acquisition and construction | - | 378,045 | - | (175,010) | 203,035 |
| Debt service Interest and fees | - | 104,455 | 25,797 | (25,797) | 104,455 |
| TOTAL EXPENSES | 9,894,085 | 493,752 | 25,797 | (535,595) | 9,878,039 |
| CHANGE IN NET ASSETS | 2,416,233 | (158,964) | - | - | 2,257,269 |
| Net assets, beginning of year, as restated | 2,254,432 | (13,986) | - | - | 2,240,446 |
| Net assets, end of year | <u>\$ 4,670,665</u> | <u>\$ (172,950)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,497,715</u> |

CROSSROADS CHARTER SCHOOLS
 STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – CASH BASIS
 June 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|-------------------|----------------------------|-----------------------------|---------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 887,548 | \$ - | \$ 244,599 | \$ 1,132,147 |
| TOTAL ASSETS | <u>\$ 887,548</u> | <u>\$ -</u> | <u>\$ 244,599</u> | <u>\$ 1,132,147</u> |
| FUND BALANCES | | | | |
| Restricted for debt service | \$ 38,255 | \$ - | \$ - | \$ 38,255 |
| Assigned to capital outlay | - | - | 244,599 | 244,599 |
| Unassigned | 849,293 | - | - | 849,293 |
| TOTAL FUND BALANCE | <u>\$ 887,548</u> | <u>\$ -</u> | <u>\$ 244,599</u> | <u>\$ 1,132,147</u> |
| Total fund balance | | | | \$ 1,132,147 |
| Total assets on the Consolidating Statement of Financial Position, less cash and cash equivalents | | | | 10,760,218 |
| Total liabilities on the Consolidating Statement of Financial Position | | | | <u>(7,221,700)</u> |
| Net assets on the Consolidating Statement of Financial Position | | | | <u>\$ 4,670,665</u> |

NOTE: The supplementary cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report.

CROSSROADS CHARTER SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – CASH BASIS
For the Year Ended June 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|-------------------|----------------------------|-----------------------------|---------------------|
| RECEIPTS | | | | |
| Local | \$ 2,250,746 | \$ 254,364 | \$ 1,737,091 | \$ 4,242,201 |
| State | 2,439,232 | 4,347,496 | - | 6,786,728 |
| Federal | 582,146 | - | - | 582,146 |
| TOTAL RECEIPTS | 5,272,124 | 4,601,860 | 1,737,091 | 11,611,075 |
| DISBURSEMENTS | | | | |
| Instruction | 1,164,226 | 3,999,967 | - | 5,164,193 |
| Student services | 347,144 | 45,398 | - | 392,542 |
| Instructional staff support | 113,115 | 56,602 | - | 169,717 |
| Building level administration | 534,646 | 382,172 | - | 916,818 |
| General administration and central services | 354,702 | 117,721 | - | 472,423 |
| Operation of plant | 1,470,282 | - | - | 1,470,282 |
| Transportation | 638,491 | - | - | 638,491 |
| Food service | 231,170 | - | - | 231,170 |
| Community service | 297,219 | - | - | 297,219 |
| Facility acquisition & construction | - | - | 1,547,569 | 1,547,569 |
| TOTAL DISBURSEMENTS | 5,150,995 | 4,601,860 | 1,547,569 | 11,300,424 |
| EXCESS OF RECEIPTS OVER DISBURSEMENTS | 121,129 | - | 189,522 | 310,651 |
| FUND BALANCE, beginning | 766,419 | - | 55,077 | 821,496 |
| FUND BALANCE, ending | <u>\$ 887,548</u> | <u>\$ -</u> | <u>\$ 244,599</u> | <u>\$ 1,132,147</u> |
| Excess of receipts over disbursements per ASBR | | | | \$ 310,651 |
| Changes in: | | | | |
| Deposit held in trust | | | | 1,018,986 |
| Grants receivable | | | | (4,141) |
| Contributions receivable, net | | | | 454,679 |
| Interest receivable | | | | (1,295) |
| Note receivable | | | | 250,000 |
| Capital assets | | | | 7,044,391 |
| Accounts payable | | | | (546,179) |
| Accrued expenses | | | | (69,396) |
| Compensated absences | | | | (41,463) |
| Notes payable | | | | (6,000,000) |
| Change in net assets per Consolidating Statement of Activities | | | | <u>\$ 2,416,233</u> |

NOTE: The supplementary cash basis financial statement above has been provided for purposes of reporting to the State of Missouri Department of Elementary and Secondary Education. This statement conforms to the presentation of the Annual Secretary of the Board Report.

CROSSROADS CHARTER SCHOOLS
SCHEDULE OF RECEIPTS COLLECTED BY SOURCE
For the Year Ended June 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|---------------------|----------------------------|-----------------------------|----------------------|
| LOCAL | | | | |
| School district trust fund (Prop C) | \$ 422,815 | \$ 253,689 | \$ - | \$ 676,504 |
| Earnings on investments | 63,211 | - | - | 63,211 |
| Food service program | 50,524 | - | - | 50,524 |
| Student activities | 1,884 | - | - | 1,884 |
| Community service | 31,373 | - | - | 31,373 |
| Gifts | 1,616,255 | - | 1,710,000 | 3,326,255 |
| Miscellaneous local revenue | 64,684 | 675 | 27,091 | 92,450 |
| TOTAL LOCAL | 2,250,746 | 254,364 | 1,737,091 | 4,242,201 |
| STATE | | | | |
| Basic formula | 2,110,295 | 4,347,496 | - | 6,457,791 |
| Transportation | 60,662 | - | - | 60,662 |
| Basic formula - classroom trust fund | 264,021 | - | - | 264,021 |
| Food service | 2,151 | - | - | 2,151 |
| Other | 2,103 | - | - | 2,103 |
| TOTAL STATE | 2,439,232 | 4,347,496 | - | 6,786,728 |
| FEDERAL | | | | |
| Medicaid | 71,725 | - | - | 71,725 |
| IDEA entitlement funds, Part B | 124,448 | - | - | 124,448 |
| School lunch program | 147,075 | - | - | 147,075 |
| Title I - ESEA | 199,612 | - | - | 199,612 |
| Title IV.A | 9,960 | - | - | 9,960 |
| Title II, Part A&B, ESEA | 29,326 | - | - | 29,326 |
| TOTAL FEDERAL | 582,146 | - | - | 582,146 |
| TOTAL RECEIPTS | <u>\$ 5,272,124</u> | <u>\$ 4,601,860</u> | <u>\$ 1,737,091</u> | <u>\$ 11,611,075</u> |
| Receipts per ASBR | | | | \$ 11,611,075 |
| Changes in: | | | | |
| Grants receivable | | | | (4,141) |
| Contributions receivable, net | | | | 454,679 |
| Interest receivable | | | | (1,295) |
| Note receivable | | | | 250,000 |
| Revenues and other sources per Consolidating Statement of Activities | | | | <u>\$ 12,310,318</u> |

The Schedule of Receipts by Source agrees to the Annual Secretary of the Board Report (ASBR).

CROSSROADS CHARTER SCHOOLS
SCHEDULE OF DISBURSEMENTS PAID BY OBJECT
For the Year Ended June 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|---------------------|----------------------------|-----------------------------|----------------------|
| Salaries | \$ 922,958 | \$ 3,634,511 | \$ - | \$ 4,557,469 |
| Employee benefits | 284,115 | 967,349 | - | 1,251,464 |
| Purchased services | 3,380,234 | - | - | 3,380,234 |
| Supplies | 563,688 | - | - | 563,688 |
| Capital outlay | - | - | 1,547,569 | 1,547,569 |
| | <u>\$ 5,150,995</u> | <u>\$ 4,601,860</u> | <u>\$ 1,547,569</u> | <u>\$ 11,300,424</u> |
| Disbursements per ASBR | | | | \$ 11,300,424 |
| Changes in: | | | | |
| Deposit held in trust | | | | (1,018,986) |
| Capital assets | | | | (7,044,391) |
| Accounts payable | | | | 546,179 |
| Accrued expenses | | | | 69,396 |
| Compensated absences | | | | 41,463 |
| Notes payable | | | | <u>6,000,000</u> |
| Expenses per Consolidating Statement of Activities | | | | <u>\$ 9,894,085</u> |

CROSSROADS CHARTER SCHOOLS 048-926
SCHEDULE OF SELECTED STATISTICS
 For the Year Ended June 30, 2018

1. CALENDAR (Sections 160.041 and 171.031, RSMo)

A. The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time was as follows:

| | |
|------------|--------|
| Grades K-8 | 6.0000 |
| Grade 9 | 6.5000 |

B. The number of hours classes were in session and pupils were under the direction of teachers during the year was as follows:

| | |
|------------|----------|
| Grades K-8 | 1,044.00 |
| Grade 9 | 1,121.50 |

C. The number of days classes were in session and pupils were under the direction of teachers during the year was 174 days.

2. AVERAGE DAILY ATTENDANCE (ADA)

Average daily attendance:

Regular term:

| | |
|------------|--------------|
| Grades K-8 | 615.34 |
| Grade 9 | 32.52 |
| Remedial | <u>47.20</u> |

Total regular term 695.06

Summer school average daily attendance 45.34

Total Average Daily Attendance 740.40

3. SEPTEMBER MEMBERSHIP

September Resident Membership 687.00

4. FREE AND REDUCED PRICE LUNCH FTE COUNT (Section 163.011(6), RSMo)

Free and Reduced Price Eligible Students:

| | |
|---------|--------------|
| Free | 320.00 |
| Reduced | <u>56.00</u> |

Total 376.00

CROSSROADS CHARTER SCHOOLS 048-926
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2018

5. FINANCE

- A. An insurance policy as required by Section 162.401, RSMo., has been purchased by the School covering employee theft.
- B. The School's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. The School does not have a Debt Service Fund.
- C. Salaries reported for educators in the October Core Data Cycle are supported by payroll/contract records.
- D. The School did not make a \$162,326 or 7% x SAT x WADA transfer.
- E. The School is not required to publish a summary of the 2016-2017 audit report pursuant to Section 165.121, RSMo.
- F. The School is not required to have 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.
- G. The School is not required to spend for approved professional development committee plan activities.

There were no findings noted above.

6. TRANSPORTATION (Section 163.161, RSMo)

- A. The allowable costs for school transportation substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- B. The School's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 373.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 0.
- D. The School's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.
- E. Based on the actual odometer records, the total mileage for the year was 133,813. Of this total, the eligible non-disabled student route miles were 119,297 and the ineligible non-route and disapproved miles (combined) were 14,516.
- F. The School operated the school transportation system for 174 days during the school year.

There were no findings noted above.

INTERNAL CONTROL AND COMPLIANCE



**INDEPENDENT ACCOUNTANTS' REPORT ON MANAGEMENT'S
ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

Board of Directors
Crossroads Charter Schools
Kansas City, Missouri

We have examined management's assertions that Crossroads Charter Schools complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2018. Crossroads Charter Schools' management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, 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.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Education, District management, 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 8, 2018

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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**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***

Board of Directors
Crossroads Charter Schools
Kansas City, Missouri

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 combined financial statements of Crossroads Charter Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Crossroads Charter Schools' basic financial statements and have issued our report thereon dated November 8, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crossroads Charter Schools' internal control over financial reporting (internal control) to determine the 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.

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Board of Directors
Crossroads Charter Schools
Kansas City, Missouri

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 a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crossroads Charter Schools' 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 8, 2018



Board of Directors
Crossroads Charter Schools
Kansas City, Missouri

In planning and performing our audit of the basic financial statements of Crossroads Charter Schools, for the year ended June 30, 2018, we considered the School's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

In addition to the 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*, we became aware of some additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters. This letter does not affect our report dated November 8, 2018, on the financial statements of Crossroads Charter Schools.

1. Periodic Internal Control Review

As the School evolves, policies and procedures change, the School should periodically conduct a review of its internal control procedures to determine if any changes are necessary in order to protect the School's assets.

We Recommend:

The School conduct a review of its internal control procedures to determine opportunities for strengthening safeguards over the School's assets. The School may want to consider conducting reviews on cash management, computer information systems, mail distribution procedures, purchasing procedures, new vendor procedures, and other areas the School considers necessary.

Board of Directors
 Crossroads Charter Schools
 Kansas City, Missouri
 Page Two

2. Account Code Structure Changes

Beginning on July 1, 2018, DESE implemented a new mandatory account code structure for Missouri school districts. The account code structure changes are designed to satisfy many uses by segmenting the code into several dimensions. School personnel are responsible for proper coding and recording in accordance with the new requirements. In addition, DESE is implementing a newly formatted Annual Secretary of the Board Report (ASBR) effective for the year ending June 30, 2019. The new ASBR requires all components to be electronically uploaded using the School's software. Correct use of the new account code structure is imperative for a successful ASBR upload.

We Recommend:

School personnel ensure that the School's software has been updated to reflect the new account structure. All personnel within the School who have management and disbursement coding responsibilities need to monitor activity within the general ledger to ensure appropriate codes are utilized in order to ensure a successful ASBR upload. Furthermore, we recommend School personnel continue training throughout the year on the new coding and ASBR changes.

3. Implementation of FASB ASU 2016-14: Presentation of Financial Statements of Not-for-Profit Entities

The Financial Accounting Standards Board has released new standards regarding presentation of financial information. Some significant changes will include the presentation of net assets (from three categories to two, donor restricted and net assets without restrictions) and disclosure of new qualitative information regarding liquidity risk. The effective date is for fiscal years beginning after December 15, 2017.

We Recommend:

The School become familiar with the requirements of FASB ASU 2016-14 in order to assess the steps necessary to ensure successful implementation of this statement on the effective date.

4. Attendance and Free/Reduced Lunch Reporting

During our audit, we noted that the School attendance and free/reduced lunch software currently does not produce reports necessary to verify information in Core Data for summer school, remedial hours, and free/reduced lunch count. The software should be capable of producing attendance summary reports showing the total hours of attendance by grade and a detailed listing of free/reduced lunch participants. These reports are necessary to provide management with a proper audit trail. These reports should then be reconciled to the information on Core Data.

We Recommend:

The School contact its software provider and request the necessary modifications in order to produce the reports discussed above or manually track summer school, remedial hours, and free/reduced lunch counts.

Board of Directors
Crossroads Charter Schools
Kansas City, Missouri
Page Three

We appreciate this opportunity to serve as Crossroads Charter Schools' independent auditor and the courtesies and assistance extended to us by the School's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 8, 2018

Page 3/4 which is opinion indicates on page 4 auditors have offered a clean opinion. They also noted on page 4 the change in accounting principle from modified cash basis to the accrual basis. See the first two paragraphs on page 4. So, we have what I would call a plain vanilla audit report.

Page 5 is a consolidated balance sheet which now indicates all assets, all liabilities and net assets using the accrual basis. We have over \$18 mil in assets, about \$13.5 mil in liabilities, therefore, resulting in net assets of almost \$4.5 mil.

Page 6 is a consolidated statement of activities indicating over \$12 mil in revenue, \$9.8 mil in expenses resulting in a change of net assets of \$2.2 mil. Please note that Facilities line item includes depreciation which is a non-cash item. We have requested that auditors show depreciation as a separate line item in the future.

Page 11 footnote C- cash confirms that all bank balances were collateralized or covered by FDIC insurance.

Page 19 is cash basis report for reporting to DESE.

Page 27 is auditor report on internal reporting and indicating no deficiencies were identified. Management letter bringing four items to our attention with their recommendation. We have asked Courtney to prepare a written response to each on what action will be taken regarding the four items.

We asked about internal controls related to fraud review and they advised that Crossroads has very good controls in place for a small institution. Segregation of duties is a very common problem in a small institution like Crossroads, but with our use of EdOps in our accounting process we have an external layer in addition to our internal systems in place. This is a very positive step in segregation of duties.

Auditors confirmed there are no issues that they need to discuss with only the board due to some concerns.

They were very complimentary of the Crossroads staff.

So, congrats to the Crossroads staff on a successful audit.

Move we accept the 6/30/18 audit by KPM

Coversheet

Virtual Course Policy

Section: IV. Educational Excellence
Item: A. Virtual Course Policy
Purpose: Vote
Submitted by:
Related Material: Virtual - Online Coursework Policy - Revised.pdf

APPENDIX CCC

Missouri Course Access and Virtual School Program

SECTION 1. As required by Missouri statute, any student under the age of twenty-one in grades kindergarten through twelve shall be allowed to enroll in Missouri course access and virtual school program courses of his or her choice as part of the student's annual course load each year or a full-time virtual school option.

SECTION 2. Crossroads shall pay the costs associated with the course or courses if:

The student is enrolled full-time in and has attended, for at least one semester immediately prior to enrolling in the Missouri course access and virtual school program, Crossroads except if the student has a documented medical or psychological diagnosis or condition that prevented the student from attending Crossroads the previous semester; and

Crossroads approves the student's enrollment in a Missouri course access and virtual school program course or courses. If Crossroads disapproves the student's enrollment, Crossroads shall provide the reason in writing and it shall be for "good cause." The student's family shall be notified they have a right to appeal to the Board of Directors of Crossroads during a meeting of the Board of Directors. The family of the student shall be given an opportunity to present their reasons for their child or children to enroll in the Missouri course access and virtual school program and Crossroads shall provide its "good cause" justification for denial. The family and Crossroads shall also provide their reasons in writing and these documents shall be entered into the official minutes of the meeting of the Board of Directors of Crossroads. The Board of Directors of Crossroads shall issue their decision in writing within thirty calendar days, and then an appeal may be made by the family of the student to the department of elementary and secondary education. For purposes of this Policy, the term "good cause" shall be defined as a determination that doing so is not in the best educational interest of the student.

SECTION 3. Crossroads shall inform parents of their child's right to participate in the Missouri course access and virtual school program. There shall be information available in the parent handbook, registration documents and on Crossroads' website.

SECTION 4. Crossroads shall pay the content provider directly on a pro rata monthly basis based on the student's completion of assignments and assessments. Crossroads shall not pay more than the market necessary costs but in no case shall pay more than fourteen percent of the state adequacy target as defined in RSMo 163.011 (as amended), as calculated at the end of the most recent school year for any single, year-long course and no more than seven percent of the state adequacy target for any single semester equivalent course.

SECTION 5. If a student is a candidate for A+ tuition reimbursement, Crossroads shall attribute no less than ninety-five percent attendance to any such student who completed a virtual course.

SECTION 6. Pursuant to rules to be promulgated by the department of elementary and secondary education, Crossroads shall allow the following:

If a student transfers into Crossroads while enrolled in a Missouri course access and virtual school program course or full-time virtual school, the student shall continue to be enrolled in such course or school.

When a student transfers into Crossroads, credits previously gained through successful passage of approved courses under the Missouri course access and virtual school program shall be accepted by Crossroads.

SECTION 7. Crossroads shall monitor student progress and success and take into account the department of elementary and secondary education's and provider's recommendations regarding a student's enrollment in the program. Crossroads may terminate or alter the course offering if it is found the course or full-time virtual school is not meeting the educational needs of the students enrolled in the course.

SECTION 9. Crossroads shall monitor student progress and success, and course or full-time virtual school quality and annually provide feedback to the department of elementary and secondary education regarding course quality.

SECTION 10. Crossroads shall not be required to provide computers, equipment or internet access to any student enrolled in virtual school program courses unless required by an eligible student with a disability in compliance with state or federal law.

SECTION 11. Crossroads shall have no obligation to provide or otherwise publish an online catalog of courses available for enrollment in virtual school coursework. It shall be and remain the obligation of the parent and/or student to determine the availability of virtual school program courses.