

**FRONTIER SCHOOLS
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**FRONTIER SCHOOLS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Frontier Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Frontier Schools (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frontier Schools as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note B, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

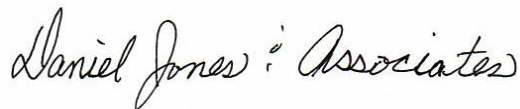
Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Assets, Liabilities and Fund Balances – Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds, Schedule of Revenues by Source, Schedule of Expenditures Paid by Object and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information presented on pages 12 through 15 are presented for purposes of complying with requirements of the Missouri Department of Elementary and Secondary Education and the schedule of expenditures of federal awards presented on page 27 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

November 25, 2019

FINANCIAL STATEMENTS

FRONTIER SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 8,534,489
Federal and state funds receivable	1,214,458
Prepaid expenses	111,663
Property and equipment, net	<u>18,065,997</u>
 Total Assets	 <u>\$ 27,926,607</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 1,068,235
Accrued personnel costs	844,279
Accrued interest	8,419
Note payable	<u>2,853,430</u>
 Total Liabilities	 4,774,363
 Net assets, without donor restrictions	 <u>23,152,244</u>
 Total Liabilities and Net Assets	 <u>\$ 27,926,607</u>

See accompanying notes.

**FRONTIER SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Government grants and contracts	\$ 24,137,942	\$ -	\$ 24,137,942
Fees and services	92,418	-	92,418
Investment income	36,297	-	36,297
Contributions	97,370	-	97,370
Other income	47,673	-	47,673
	<hr/>	<hr/>	<hr/>
Total revenues and support	24,411,700	-	24,411,700
Net assets released from restrictions	53,389	(53,389)	-
	<hr/>	<hr/>	<hr/>
Total revenues, support and reclassifications	24,465,089	(53,389)	24,411,700
	<hr/>	<hr/>	<hr/>
EXPENSES:			
Program services:			
Charter school	19,743,781	-	19,743,781
Management and general	3,153,941	-	3,153,941
	<hr/>	<hr/>	<hr/>
Total expenses	22,897,722	-	22,897,722
	<hr/>	<hr/>	<hr/>
Change in Net Assets	1,567,367	(53,389)	1,513,978
Net assets, beginning	21,584,877	53,389	21,638,266
	<hr/>	<hr/>	<hr/>
Net assets, ending	<u>\$ 23,152,244</u>	<u>\$ -</u>	<u>\$ 23,152,244</u>

See accompanying notes.

FRONTIER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Charter School	Management and General	Total
Salaries	\$ 9,747,318	\$ 2,025,684	\$ 11,773,002
Payroll taxes and benefits	2,381,758	521,105	2,902,863
Building and equipment maintenance	552,120	-	552,120
Conferences, meetings and travel	70,323	8,555	78,878
Contract and professional fees	1,671,504	250,826	1,922,330
Depreciation	896,796	17,204	914,000
Student transportation	2,459,497	-	2,459,497
Food supplies	48,074	-	48,074
Office supplies	-	158,234	158,234
Other supplies	719,935	34,255	754,190
Insurance	158,235	10,000	168,235
Interest	176,302	-	176,302
Utilities	395,027	-	395,027
Printing and publications	12,309	1,407	13,716
Textbooks and educational materials	135,472	-	135,472
Telephone and communications	62,928	6,197	69,125
Advertising	-	62,001	62,001
Rent expense	197,471	7,166	204,637
Other	58,712	51,307	110,019
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 19,743,781</u>	<u>\$ 3,153,941</u>	<u>\$ 22,897,722</u>

See accompanying notes.

**FRONTIER SCHOOLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 1,513,978
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	914,000
(Increase) decrease in:	
Federal and state funds receivable	(249,169)
Prepaid expenses	(14,854)
Increase (decrease) in:	
Accounts payable	(521,441)
Accrued interest	(2,473)
Accrued personnel costs	<u>25,569</u>
Net cash provided by operating activities	<u>1,665,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(501,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Debt reduction - note payable	<u>(1,142,658)</u>
NET INCREASE IN CASH	21,492
CASH, beginning	<u>8,512,997</u>
CASH, ending	<u>\$ 8,534,489</u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u>\$ 178,775</u>

See accompanying notes.

FRONTIER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - MISSION AND NATURE OF BUSINESS

The mission of Frontier Schools. is to provide a safe and collaborative environment which will cultivate the academic and social development of its students by emphasizing reading, math, science, and technology for the purpose of students setting and meeting future educational goals.

The School is governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature and is sponsored by the University of Missouri Kansas City.

During the year ended June 30, 2019, the School provided educational instruction for students in pre-kindergarten through the 12th grade.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents: For purposes of the statement of cash flows, the School considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

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

Furniture and Equipment	4 - 10 years
Improvements	10 - 15 years
Buildings	40 years

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recognition of Donor Restrictions: Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Vacation and Personal Leave: No vacation days are provided for employees. All full-time employees are granted eight personal leave days per year. Daily rate of an employee is deducted from the employee's paycheck for all personal days in excess of eight. At the end of the year, employees are compensated \$120 per day for the personal leave days that are not used.

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).

Functional Allocation of Expenses: Expenses consist of costs related to Organization activities and administrative functions. These costs have been summarized on a functional basis in the statements of activities without donor restrictions. Costs are directly charged to the functions they benefit.

FRONTIER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

The School adopted the provisions of FASB ASC 740-10-25 (formally FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ["FIN 48"]) on July 1, 2009. Under FIN 48, an organization must recognize the tax benefit associated with tax taken for tax return positions when it is more likely than not that position will be sustained. The implementation of FIN 48 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. For the year ended June 30, 2019, there were no interest or penalties recorded in its financial statements.

The School's Forms 990, Return for Organization Exempt from Income Taxes, for the years ended June 30, 2019, 2018, and 2017 are subject to examination by the IRS, generally three years after they were filed.

New Accounting Pronouncement: Effective July 1, 2018, the Organization adopted the requirements of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

Subsequent Events: Management has evaluated subsequent events through November 25, 2019, the date the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 2019, the bank balances of the School deposits totaled \$9,532,904 of this amount \$232,232 was covered by FDIC insurance and the remaining amount of \$9,300,672 was secured by Government Backed Securities.

NOTE D - RETIREMENT PLAN

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

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

Retirement System members were required to contribute 9.0% of their annual covered salary and the School is required to contribute a 10.5% to a general reserve account. The contribution requirements of members and the School are established, and may be amended, by the Board of Trustees. The School's required contributions to the System for the year ended June 30, 2019, was \$1,070,506 equal to the required contributions.

FRONTIER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE E - PROPERTY AND EQUIPMENT

Buildings and improvements	\$	20,655,655
Land		714,553
Furniture and equipment		1,945,227
		23,315,435
Accumulated depreciation		(5,249,438)
		\$ 18,065,997

Depreciation expense for the period ended June 30, 2019, was \$914,000. The depreciation expense was allocated to the related functions, building administration \$17,204, student services \$1,389, instruction \$128,004, instructional support \$ 230, operation of plant \$763,456 and security \$3,717.

NOTE F - INSURANCE

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect itself from such risks.

NOTE G - NOTES PAYABLE

On August 11, 2014, the School entered into a construction loan agreement to acquire property and renovate the building for a maximum of \$1,856,000. The note requires monthly interest only payments at a rate of 4.5% through March 11, 2016. The note is then payable in monthly installments of principal and interest in the amount of \$11,807, with a balloon payment for the remaining principal and interest due on February 21, 2021. At June 30, 2019, the outstanding balance of the note payable was \$1,645,680.

On August 11, 2014, the School entered into a promissory note to serve as a down payment for the purchase of real estate. The loan is payable in 60 monthly installments of principal and interest in the amount of \$9,511 beginning September 11, 2014 through September 11, 2020, at a rate of 5.25%. At June 30, 2019, the outstanding balance of the loan was \$18,887.

On December 1, 2015, the School entered into a promissory note to build a gymnasium in the amount of \$1,314,500. The note requires monthly interest only payments at a rate of 4.5% through July 31, 2016. The note is then payable in monthly installments principal and interest in the amount of \$8,363, with a balloon payment of for the remaining principal and interest due on July 1, 2020. As of June 30, 2019, the outstanding balance of the loan was \$1,188,863.

On January 14, 2016, the School entered in to a promissory note to purchase building in the amount of \$1,000,000. The loan is payable in 60 monthly installments of principal and interest in the amount of \$6,326 beginning February 14, 2016 through January 14, 2021 at a rate of 4.50%. The remaining principal and interest is due in a balloon payment on February 14, 2021. At June 30, 2019, the outstanding balance of the loan was zero.

FRONTIER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - NOTES PAYABLE (concluded)

Debt service requirements at June 30, 2019, to maturity are:

Year ending June 30,	Principal	Interest	Total
2020	\$ 1,711,512	\$ 66,067	\$ 1,777,579
2021	<u>1,141,918</u>	<u>4,285</u>	<u>1,146,203</u>
Total	<u>\$ 2,853,430</u>	<u>\$ 70,352</u>	<u>\$ 2,923,782</u>

NOTE H- FEDERAL AND STATE FUNDS RECEIVABLE

Federal and state funds receivable at June 30, 2019, consist of the following:

Basic Formula	\$ 838,523
Federal Programs	309,266
Federal Food Service	<u>66,669</u>
Total	<u>\$ 1,214,458</u>

NOTE I - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

The following table reflects the School's financial assets as of June 30, 2019, reduced by amounts not available to meet general expenditures within one year of the statement financial position date because of donor restrictions.

Cash	\$ 8,534,489
Federal and state funds receivable	1,214,458
Prepaid expenses	<u>111,663</u>
Total financial assets	9,860,610
Donor restricted assets	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,860,610</u>

FRONTIER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE J - CONTINGENCIES

The Frontier Schools was not involved in any pending litigation as of June 30, 2019.

The continued operation of the Frontier Schools is dependent upon the guidelines set forth by RSMo, Department of Elementary and Secondary Education, and the continued support of the School's sponsor. The School may cease to exist upon infringement of the aforementioned agreements.

NOTE K - SUBSEQUENT EVENTS

On August 16, 2019, the school purchased a building located at 2015 E 72nd Street for \$1,210,000.

SUPPLEMENTARY INFORMATION

FRONTIER SCHOOLS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and cash equivalents	\$ 7,787,193	\$ 740,540	\$ 6,756	\$ 8,534,489
Federal and state funds receivable	1,214,458	-	-	1,214,458
Prepaid expenses	111,663	-	-	111,663
Total assets	<u>\$ 9,113,314</u>	<u>\$ 740,540</u>	<u>\$ 6,756</u>	<u>\$ 9,860,610</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,061,479	\$ -	\$ 6,756	\$ 1,068,235
Accrued personnel costs	103,739	740,540	-	844,279
Total liabilities	<u>1,165,218</u>	<u>740,540</u>	<u>6,756</u>	<u>1,912,514</u>
Fund Balances:				
Unreserved	7,948,096	-	-	7,948,096
Total liabilities and fund balances	<u>\$ 9,113,314</u>	<u>\$ 740,540</u>	<u>\$ 6,756</u>	<u>\$ 9,860,610</u>

FRONTIER SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:				
Local	\$ 1,675,523	\$ 841,059	\$ -	\$ 2,516,582
State	9,759,406	9,654,161	-	19,413,567
Federal	<u>1,363,785</u>	<u>1,076,011</u>	<u>41,755</u>	<u>2,481,551</u>
 Total Revenues	 <u>12,798,714</u>	 <u>11,571,231</u>	 <u>41,755</u>	 <u>24,411,700</u>
 EXPENDITURES:				
Instruction	2,117,316	8,759,620	72,381	10,949,317
Student services	619,697	370,989	1,275	991,961
Instructional staff support	459,334	1,176,926	-	1,636,260
Building level administration	856,336	661,842	3,862	1,522,040
General administration and central services	1,089,167	529,391	3,862	1,622,420
Operation of plant	1,522,018	-	241,080	1,763,098
Pupil transportation	2,459,497	-	-	2,459,497
Food service	934,022	-	-	934,022
Community services	177,206	72,463	-	249,669
Facility acquisition and construction	-	-	180,597	180,597
Debt service:				
Principal retirement	-	-	1,142,657	1,142,657
Interest and fees	<u>-</u>	<u>-</u>	<u>178,775</u>	<u>178,775</u>
 Total Expenditures	 <u>10,234,593</u>	 <u>11,571,231</u>	 <u>1,824,489</u>	 <u>23,630,313</u>
 Revenues Over (Under) Expenditures	 2,564,121	 -	 (1,782,734)	 781,387
 Other Financing Sources (Uses):				
Loan proceeds	-	-	-	-
Transfers	<u>(1,782,734)</u>	<u>-</u>	<u>1,782,734</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(1,782,734)</u>	 <u>-</u>	 <u>1,782,734</u>	 <u>-</u>
 Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 781,387	 -	 -	 781,387
 Fund balances, beginning	 <u>7,166,709</u>	 <u>-</u>	 <u>-</u>	 <u>7,166,709</u>
 Fund balances, ending	 <u>\$ 7,948,096</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 7,948,096</u>

FRONTIER SCHOOLS
SCHEDULE OF REVENUES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
LOCAL:				
Sales tax	\$ 1,401,765	\$ 841,059	\$ -	\$ 2,242,824
Earnings on investments	36,297	-	-	36,297
Food service	223	-	-	223
Student activities	92,195	-	-	92,195
Contributions	97,371	-	-	97,371
Other	47,672	-	-	47,672
Total Local	<u>1,675,523</u>	<u>841,059</u>	<u>-</u>	<u>2,516,582</u>
STATE:				
Basic formula	8,742,894	9,654,161	-	18,397,055
Basic formula - classroom trust fund	650,165	-	-	650,165
Food service	7,818	-	-	7,818
Transportation	339,755	-	-	339,755
Other	18,774	-	-	18,774
Total State	<u>9,759,406</u>	<u>9,654,161</u>	<u>-</u>	<u>19,413,567</u>
FEDERAL:				
Title I	168,317	769,155	-	937,472
Title II.A	65,209	50,257	-	115,466
Title III - LEP	41,169	9,464	41,755	92,388
Title IV.A	30,508	-	-	30,508
Individuals with Disabilities	34,529	242,634	-	277,163
ECSE	423	4,501	-	4,924
Special Education - High Need	512	-	-	512
Medicaid	30,234	-	-	30,234
Food Service	992,884	-	-	992,884
Total Federal	<u>1,363,785</u>	<u>1,076,011</u>	<u>41,755</u>	<u>2,481,551</u>
 Total Revenues	 <u>\$ 12,798,714</u>	 <u>\$ 11,571,231</u>	 <u>\$ 41,755</u>	 <u>\$ 24,411,700</u>

FRONTIER SCHOOLS
SCHEDULE OF EXPENDITURES PAID BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Salaries	\$ 2,479,821	\$ 9,293,182	\$ -	\$ 11,773,003
Employee benefits	624,814	2,278,049	-	2,902,863
Purchased services	5,726,145	-	-	5,726,145
Supplies	1,403,813	-	-	1,403,813
Capital outlay	-	-	503,057	503,057
Principal	-	-	1,142,657	1,142,657
Interest and fees	-	-	178,775	178,775
	<u>\$ 10,234,593</u>	<u>\$ 11,571,231</u>	<u>\$ 1,824,489</u>	<u>\$ 23,630,313</u>

STATE COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

To the Board of Directors
Frontier Schools

Report on Compliance with State Requirements

We have examined management's assertions that Frontier Schools ("School") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the School's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for the School's compliance with the aforementioned requirements.

Auditor's Responsibility

Our responsibility is to express an opinion on management's assertions about the School's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the School's compliance with specified requirements.

Opinion on Compliance with State Requirements

In our opinion, management's assertions that Frontier Schools complied with the aforementioned requirements for the year ended June 30, 2019, are fairly stated, in all material respects.

This report is intended solely for the information and use of the Governing Board, administration, University of Missouri – Columbia and the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Daniel Jones & Associates

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

November 25, 2019

**FRONTIER SCHOOLS
CHARTER NUMBER 048-922
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number – 048-922

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
6975	PK	PK		6.1667	172	1,042.6724
6975	K	5		6.7833	172	1,151.1279
3940	6	8		6.2500	172	1,060.7503
3935	6	8		6.7833	172	1,151.1279
1985	9	12		6.7166	172	1,142.9558
1920	9	12		6.2500	172	1,060.7503

2. AVERAGE DAILY ATTENDANCE (ADA)

Report the total number of PK-12 student ADA allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
6975	PK	17.63					17.63
6975	K-5	598.96				42.04	641.00
3940	6-8	90.55				7.90	98.45
3935	6-8	282.94				20.80	303.74
1985	9-12	308.02				11.69	319.71
1920	9-12	175.78				11.48	187.26
Grand Total		1,473.88				93.91	1,567.79

3. SEPTEMBER MEMBERSHIP

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by

**FRONTIER SCHOOLS
CHARTER NUMBER 048-922
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6975	PK-5	673.00			673.00
3940	6-8	99.00			99.00
3935	6-8	308.00			308.00
1985	9-12	345.00			345.00
1920	9-12	201.00			201.00
Grand Total		1,626.00			1,626.00

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6975	638.00				638.00
3940	95.00				95.00
3935	296.00				296.00
1985	327.00				327.00
1920	191.00				191.00
Grand Total	1,547.00				1,547

5. FINANCE

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True

**FRONTIER SCHOOLS
CHARTER NUMBER 048-922
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's\charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and	True

**FRONTIER SCHOOLS
CHARTER NUMBER 048-922
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

	contract records.	
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	N/A

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	1,314
	Ineligible ADT	0

**FRONTIER SCHOOLS
 CHARTER NUMBER 048-922
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2019**

6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	349,075
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	281,041
	Ineligible Miles (Non-Route/Disapproved)	68,034
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	172

**FRONTIER SCHOOLS
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Chapter 67 RSMO (Budget Statute)

There were no budget findings.

II. Other Findings

1. There were no other state findings for the year ended June 30, 2019.

FEDERAL COMPLIANCE SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Frontier Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Frontier Schools (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

November 25, 2019



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Frontier Schools

Report on Compliance for Each Major Federal Program

We have audited Frontier Schools' ("School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

November 25, 2019

FRONTIER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	048-922	\$ 237,450
National School Lunch Program	10.555	048-922	748,278
National School Snack Program	10.555	048-922	<u>7,156</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>992,884</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027A	048-922	277,163
Special Education - Preschool Grants	84.173A	048-922	<u>4,924</u>
Total Special Education Cluster			<u>282,087</u>
Title I - Grants to Local Educational Agencies	84.010A	048-922	937,473
English Language Acquisition State Grants	84.365A	048-922	92,388
Improving Teacher Quality State Grants	84.367A	048-922	115,466
Student Support and Academic Enrichment Program	84.424A	048-922	<u>30,508</u>
Total U.S. Department of Education			<u>1,457,922</u>
Total Expenditures of Federal Awards			<u>\$ 2,450,806</u>

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

FRONTIER SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Frontier Schools. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Frontier Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Frontier Schools.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

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

<u>Federal Sources</u>	
General Fund	\$1,363,785
Capital Projects Fund	41,755
Special Revenue Fund	<u>1,076,011</u>
Total	<u>\$2,481,551</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 6 –MATCHING REVENUES

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

NOTE 7 – NON-CASH PROGRAMS

The commodities, if and when received, are non-cash revenues and they are valued using prices provided by the United States Department of Agriculture.

NOTE 8 – SUBRECIPIENTS

The School District provided no federal awards to subrecipients during the year ended June 30, 2019.

**FRONTIER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

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

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? Yes No
 - b. Significant deficiency(ies) identified? Yes None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes No

4. Identification of major federal programs:

CFDA Number(s):

84.010A

Name of Federal Program or Cluster:

Title I program

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

**FRONTIER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the financial statements for the year ended June 30, 2019.

III. FINDINGS – FEDERAL AWARDS

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2019.

**FRONTIER SCHOOLS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the financial statements for the year ended June 30, 2018.

II. FINDINGS – FEDERAL AWARDS– PRIOR YEAR

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2018.