



FINANCIAL REPORT
(Audited)

Year Ended June 30, 2017

LIFT FOR LIFE ACADEMY, INC.

Our Philosophy

MISSION:

LIFT FOR LIFE ACADEMY is a challenging learning community where all students are empowered to maximize their full potential as students and citizens.

VISION:

LIFT FOR LIFE ACADEMY is an exciting learning community where students, staff and families work together to ensure that every student soars to lifelong excellence in academics and character.

COMMITMENTS:

We All Count: We are committed to providing a safe, positive, nurturing environment to explore, understand and appreciate differences. We encourage people to share their ideas openly, have them heard and empower them to make an impact.

Respect: We are committed to practicing open, honest communication and acting ethically with kindness in all we do. We will promote the practice of being self-aware, self-managed and self-directed.

Teamwork: We are committed to empowering each individual to make a positive impact by communicating with others, sharing and combining ideas in new ways to create solutions that can't be achieved by one person alone.

Excellence: We are committed to supporting a desire for knowledge and lifelong learning. We are committed to creating new solutions to help personalize teaching and learning to improve outcomes across abilities. Each student will achieve strong self-esteem and high personal expectations.

LIFT FOR LIFE ACADEMY, INC.
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

November 30, 2017

The Board of Directors
LIFT FOR LIFE ACADEMY, INC.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major funds of the **LIFT FOR LIFE ACADEMY, INC.** (the Academy), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 of 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 as-

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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 Academy'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 Academy'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major funds of the Academy as of June 30, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

Basis of Accounting

We draw attention to Note A-3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The management's discussion and analysis and supplemental and state compliance information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental and state compliance information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A-3.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the Academy'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 to describe the scope of our testing of internal control over finan-

cial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Academy's internal control over financial reporting and compliance.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

LIFT FOR LIFE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

As management of **LIFT FOR LIFE ACADEMY, INC.** (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here along with the Academy's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the Academy exceeded its liabilities for the most recent fiscal year by \$3,647,173. The Academy's net position increased by \$728,690 for the fiscal year.
- As of the close of the current fiscal year, the Academy's governmental funds reported an increase in fund balances of \$443,679. The ending balance of the Academy's governmental funds was \$1,665,859.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The statement of net position - modified cash basis presents information on all of the Academy's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported when the cash is received or expended.

The government-wide financial statements distinguish functions of the Academy that are principally supported by state and Federal aid, student fundraising, special events (functions that are intended to recover all or a significant portion of their costs through charges for services), contributions, and grant revenues. The governmental activities of the Academy primarily include education of students and interest on debt.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other local governments and school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**LIFT FOR LIFE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financial decisions. Both the governmental funds balance sheet - modified cash basis and the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between the governmental funds and the government-wide governmental activities.

The Academy maintains three governmental funds and adopts an annual appropriated budget for its General Fund, Special Revenue Teacher's Fund, and Capital Projects Fund. A budgetary comparison statement has been provided for the funds to demonstrate legal compliance with the respective adopted budget.

The governmental funds financial statements can be found on pages 12 through 15 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 16 through 28 of this report.

Supplemental and state compliance information. This MD&A, budgetary comparison schedules (starting on page 29), and state compliance section (starting on page 36) represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of the Academy, assets exceeded liabilities by \$3,647,173 at the close of the most recent fiscal year.

The largest portion of the Academy's net position reflects its investment in capital assets, net of related debt, which totaled \$1,978,807 as of June 30, 2017.

A condensed version of the statement of net position follows:

LIFT FOR LIFE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	June 30		2017 Change	
	2017	2016	Amount	Percent
ASSETS				
Current and other assets	\$ 1,676,454	1,237,094	439,360	35.5 %
Capital assets, net	4,755,098	4,208,487	546,611	13.0
Total Assets	<u>6,431,552</u>	<u>5,445,581</u>	<u>985,971</u>	18.1
LIABILITIES				
Current liabilities	8,088	11,332	(3,244)	(28.6)
Long-term liabilities	<u>2,776,291</u>	<u>2,515,766</u>	<u>260,525</u>	10.4
Total Liabilities	<u>2,784,379</u>	<u>2,527,098</u>	<u>257,281</u>	10.2
NET POSITION				
Net investment in capital assets	1,978,807	1,692,721	286,086	16.9
Restricted	672,058	291,898	380,160	130.2
Unrestricted	<u>996,308</u>	<u>933,864</u>	<u>62,444</u>	6.7
Total Net Position	<u>\$ 3,647,173</u>	<u>2,918,483</u>	<u>728,690</u>	25.0 %

Governmental activities. Governmental activities increased the Academy's net position by \$728,690. Key elements of this are as follows:

LIFT FOR LIFE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	For The Years Ended June 30		2017 Change	
	2017	2016	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 22,114	19,793	2,321	11.7 %
Operating grants and contributions	197,181	91,599	105,582	115.3
Capital grants and contributions	610,864	289,939	320,925	110.7
General revenues:				
State and federal aid	6,740,248	6,654,683	85,565	1.3
Grants and contributions not restricted for specific programs	524,582	421,950	102,632	24.3
Student activities	68,980	85,773	(16,793)	(19.6)
Interest income	1,475	1,461	14	1.0
Other	26,174	33,375	(7,201)	(21.6)
Gain on disposal of capital assets	17,448	-	17,448	100.0
Total Revenues	<u>8,209,066</u>	<u>7,598,573</u>	<u>610,493</u>	8.0
EXPENSES				
Education of students	7,363,291	7,260,608	102,683	1.4
Interest on long-term debt	117,085	121,520	(4,435)	(3.6)
Total Expenses	<u>7,480,376</u>	<u>7,382,128</u>	<u>98,248</u>	1.3
CHANGE IN NET POSITION	728,690	216,445	512,245	236.7
NET POSITION, JULY 1	<u>2,918,483</u>	<u>2,702,038</u>	<u>216,445</u>	8.0
NET POSITION, JUNE 30	<u><u>\$ 3,647,173</u></u>	<u><u>2,918,483</u></u>	<u><u>728,690</u></u>	25.0 %

Change in net position. The increase in net position was largely attributable to an increase in revenues relating to grants and contributions.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**LIFT FOR LIFE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental funds. The focus of the Academy's governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of an organization's net resources available for spending at the end of the fiscal year.

At June 30, 2017, there was a combined fund balance in the governmental funds of \$1,665,859.

The fund balance in the Academy's General Fund increased by \$86,414 or 8.9% from the prior year's fund balance. The change in the current year's fund balance is mainly due to an increase in development income.

CAPITAL ASSETS

The Academy has invested \$4,755,098 at June 30, 2017 in a broad range of capital assets, including land and construction in progress, buildings and improvements, and furniture and equipment. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$546,611. The Academy's capital assets, net of accumulated depreciation, consisted of:

	June 30	
	2017	2016
Land and construction in progress	\$ 1,002,416	442,875
Buildings and improvements	3,328,049	3,408,317
Furniture and equipment	424,633	357,295
Total Capital Assets, Net	\$ 4,755,098	4,208,487

Additional information on the Academy's capital assets can be found starting on page 21 in Note C in the notes to financial statements.

LONG-TERM DEBT

At year-end the Academy had \$2,776,291 in notes payable and capital leases outstanding. Additional information on the Academy's long-term debt can be found on page 23 in Note E in the notes to financial statements.

BUDGETARY HIGHLIGHTS

The General Fund ended the year with all current and debt service expenditures fully budgeted. Transfers out totaled \$369,710 to the Capital Projects Fund.

Differences between the General Fund original budget and the final budget consist of \$2,855,375 decrease in revenues and \$130,199 increase in expenditures. The highlights of these major differences were as follows:

- \$3,049,133 decrease in budgeted state and federal aid
- \$164,146 increase in budgeted development income

**LIFT FOR LIFE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

- \$76,849 increase in budgeted purchased services
- \$46,262 increase in budgeted transportation
- \$44,379 decrease in budgeted salaries
- \$39,676 increase in budgeted insurance

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Marshall Cohen, Executive Director
Lift for Life Academy, Inc.
1731 South Broadway
St. Louis, MO 63104

LIFT FOR LIFE ACADEMY, INC.
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,673,947
Loan fee, net of accumulated amortization	2,507
Capital assets:	
Land and construction in progress	1,002,416
Other capital assets, net of accumulated depreciation	3,752,682
Total Assets	6,431,552
LIABILITIES	
Withheld payroll taxes and group insurance	8,088
Noncurrent liabilities:	
Due within one year	229,336
Due in more than one year	2,546,955
Total Liabilities	2,784,379
NET POSITION	
Net investment in capital assets	1,978,807
Restricted	672,058
Unrestricted	996,308
Total Net Position	\$ 3,647,173

LIFT FOR LIFE ACADEMY, INC.
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses) And Change In Net Position</u>
	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>		
Governmental Activities					
Education of students	\$ 7,363,291	22,114	197,181	610,864	(6,533,132)
Interest on long-term debt	117,085	-	-	-	(117,085)
Total Governmental Activities	<u>\$ 7,480,376</u>	<u>22,114</u>	<u>197,181</u>	<u>610,864</u>	<u>(6,650,217)</u>
General Revenues					
State and federal aid					6,740,248
Grants and contributions not restricted for specific programs					524,582
Student activities					68,980
Interest income					1,475
Other					26,174
Gain on disposal of capital assets					17,448
Total General Revenues					<u>7,378,907</u>
CHANGE IN NET POSITION					728,690
NET POSITION, JULY 1					<u>2,918,483</u>
NET POSITION, JUNE 30					<u>\$ 3,647,173</u>

See notes to financial statements

LIFT FOR LIFE ACADEMY, INC.
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Teacher's Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,065,527	1,964	606,456	1,673,947
 LIABILITIES AND FUND BALANCES				
Liabilities				
Withheld payroll taxes and group insurance	\$ 6,124	1,964	-	8,088
 Fund Balances				
Restricted	65,602	-	606,456	672,058
Assigned	2,500	-	-	2,500
Unassigned	991,301	-	-	991,301
Total Fund Balances	1,059,403	-	606,456	1,665,859
Total Liabilities And Fund Balances	\$ 1,065,527	1,964	606,456	1,673,947

LIFT FOR LIFE ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

Total Fund Balances - Governmental Funds \$ 1,665,859

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$6,616,921 and the accumulated depreciation is \$1,861,823. 4,755,098

Loan fees paid are not financial resources for governmental activities and, therefore, are expensed in the governmental funds. The cost of the asset is \$5,373 and accumulated amortization is \$2,866. 2,507

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Notes payable and capital leases outstanding (2,776,291)

Total Net Position Of Governmental Activities \$ 3,647,173

LIFT FOR LIFE ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Teacher's Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
State and federal aid	\$ 3,417,631	3,319,937	2,680	6,740,248
Development income	705,896	-	602,415	1,308,311
Student activities	93,629	-	-	93,629
Interest income	1,475	-	-	1,475
Other	47,955	-	-	47,955
Total Revenues	4,266,586	3,319,937	605,095	8,191,618
EXPENDITURES				
Current:				
Salaries	1,615,818	2,415,202	-	4,031,020
Employee pension	198,432	398,760	-	597,192
Employee benefits	218,835	308,376	-	527,211
Payroll taxes	126,503	197,599	-	324,102
Purchased services	455,853	-	-	455,853
Student activities	102,042	-	-	102,042
Property services	146,570	-	-	146,570
Insurance	132,997	-	-	132,997
Transportation	229,532	-	-	229,532
Communication	73,772	-	-	73,772
Dues and memberships	11,303	-	-	11,303
Supplies and materials	168,427	-	-	168,427
Food service	179,922	-	-	179,922
Development	79,675	-	-	79,675
Other expenses	70,383	-	-	70,383
Capital outlay	-	-	780,785	780,785
Debt service:				
Principal	-	-	199,975	199,975
Interest	398	-	116,687	117,085
Total Expenditures	3,810,462	3,319,937	1,097,447	8,227,846
REVENUES OVER (UNDER) EXPENDITURES	456,124	-	(492,352)	(36,228)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	369,710	369,710
Transfers out	(369,710)	-	-	(369,710)
Issuance of debt	-	-	460,500	460,500
Insurance proceeds	-	-	19,407	19,407
Total Other Financing Sources (Uses)	(369,710)	-	849,617	479,907
NET CHANGES IN FUND BALANCES	86,414	-	357,265	443,679
FUND BALANCES, JULY 1	972,989	-	249,191	1,222,180
FUND BALANCES, JUNE 30	\$ 1,059,403	-	606,456	1,665,859

See notes to financial statements

LIFT FOR LIFE ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Net Changes In Fund Balances - Governmental Funds \$ 443,679

Amounts reported for governmental activities in the statement of net position are different because:

Capital outlays are reported in the governmental funds as expenditures, however, in the the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold totaling \$780,791 exceeded depreciation of \$232,218 in the current year. 548,573

The net effect of various transactions involving capital assets (i.e., sales) is to decrease net position. (1,962)

Debt proceeds are reported as financing sources in the governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the liability in the statement of net position.

Debt issued during the current year:

 Note payable (300,000)

 Capital lease (160,500)

Repayments during the current year:

 Principal payments on notes payable and capital leases 199,975

 Amortization of loan fees (1,075)

Change In Net Position Of Governmental Activities \$ 728,690

LIFT FOR LIFE ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LIFT FOR LIFE ACADEMY, INC. (the Academy) was incorporated as a general not-for-profit corporation on March 9, 1990, and operates the first independent charter school in the City of St. Louis under Chapter 160.400 of Revised Statutes of the State of Missouri. The Academy, which first opened in August 2000, conducts classes for grades 6 through 12 and offers a safe and enriching alternative to St. Louis inner-city youth at risk of gang involvement and drug abuse through scholastic and social programs. The Academy is located in St. Louis, Missouri on South Broadway and operates under an Executive Director and Board of Directors. The Academy is sponsored through a charter by Southeast Missouri State University. The more significant accounting policies consistently applied by the Academy in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

The financial statements of the Academy include the financial activities of the Academy and any component units, entities which are financially accountable to the Academy. The Academy does not currently have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all activities of the primary government. Governmental activities, which normally are supported by state and federal aid, contributions, grants, and related revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support. The Academy has no business-type activities.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to consumers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State and federal aid, student fundraising, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. This basis differs from ac-

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

counting principles generally accepted in the United States of America primarily because the Academy has not recognized accounts receivable from third parties and accounts payable to vendors and their related effects on revenues in the accompanying financial statements.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized as soon as the cash is received. Expenditures generally are recorded when cash is paid to vendors for goods or services.

The Academy reports the following major governmental funds:

General Fund -- This fund is the general operating fund of the Academy. It is used to account for all general, operational, and administrative sources and uses of financial resources.

Special Revenue Teacher's Fund -- This fund is used to account for the salaries and benefits of the Academy's certified instructional and administrative staff.

Capital Projects Fund -- This fund is used to account for expenditures for capital outlay and the related debt principal and interest payments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include state and federal aid, grants and contributions not restricted to specific programs, and student fundraising.

4. Cash and Cash Equivalents

The Academy considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Use of Estimates

The preparation of financial statements requires the Academy's management to make estimates and assumptions that affect the 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 additions to and deductions from assets during the reporting period. Actual results could differ from those estimates.

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

7. Capital Assets

Capital assets, which include land, construction in progress, building and improvements, and furniture and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are not recorded because they did not result from a cash transaction.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Depreciation of the assets is calculated using the straight-line basis over the estimated useful lives of the assets as follows:

Assets	Years
Buildings and improvements	7 - 40
Furniture and equipment	5 - 28

8. Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time in the various programs and services of the Academy. The value of these donated services was not reflected in the financial statements because they did not meet the criteria for recognition under current accounting standards. The Academy follows Missouri Department of Elementary and Secondary Education reporting rules of not recording in-kind donations in its financial statements.

9. Donated Capital Assets

The Academy received \$115,355 of donated equipment during the year ended June 30, 2017. Donated capital assets are not recorded in the Academy's financial statement under the modified cash basis of accounting.

10. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize proceeds received on debt issuances as other financing sources while payments on related debt are reported as debt service expenditures.

11. Compensated Absences

Vacation and sick leave will be paid only when in the employment of the Academy.

12. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types.

13. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action of the Board of Directors, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the Academy intends to use for a specific purpose as determined by the applicable Academy officials to which the Board of Directors has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the Academy will spend the most restricted amounts before the least restricted.

The fund balance of the Academy's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The Academy's basic goal is to maintain annual expenditure increases at a growth rate, and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The target is to maintain a 3% fund balance for the fiscal year.

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Refinement System of the City of St. Louis (PSRS) and additions to/deductions from PSRS' fiduciary net position have been determined on the same basis as they are reported by PSRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. PSRS' investments are reported at fair value.

Because of the accounting method used, the Academy does not record the net pension liability (asset), deferred outflows of resources, or deferred inflows of resources for the pension plan.

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Academy's deposits may not be returned or the Academy will not be able to recover collateral securities in the possession of an outside party.

As of June 30, 2017, the Academy's bank balances were entirely secured or collateralized with securities held by the Academy or by its agent in the Academy's name.

2. Investments

As of June 30, 2017, the Academy had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity 1 - 5 Years</u>	<u>Credit Risk</u>
Certificate of deposit	<u>\$ 164,253</u>	<u>164,253</u>	N/A

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Academy minimizes credit risk by prequalifying the financial institutions, brokers/dealers, and advisors with which the Academy will do business and diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Academy minimizes the risk by structuring the investment portfolio so that

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Academy invests operating funds primarily in shorter-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer. The Academy will diversify the portfolio so that potential losses on individual securities will be minimized.

3. Fair Value Measurements

The Academy categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

The Academy only has one certificate of deposit as of June 30, 2017; this investment is not measured at fair value and is excluded from the fair value hierarchy.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets:

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2017			
	Balance June 30 2016	Increases	Decreases	Balance June 30 2017
Capital assets not being depreciated:				
Land	\$ 372,512	-	-	372,512
Construction in progress	70,363	569,499	9,958	629,904
Total Capital Assets Not Being Depreciated	<u>442,875</u>	<u>569,499</u>	<u>9,958</u>	<u>1,002,416</u>
Capital assets being depreciated:				
Building and improvements	4,496,829	39,890	15,613	4,521,106
Furniture and equipment	961,750	181,360	49,711	1,093,399
Total Capital Assets Being Depreciated	<u>5,458,579</u>	<u>221,250</u>	<u>65,324</u>	<u>5,614,505</u>
Less - Accumulated depreciation for:				
Buildings and improvements	1,088,512	120,155	15,610	1,193,057
Furniture and equipment	604,455	112,063	47,752	668,766
Total Accumulated Depre- ciation	<u>1,692,967</u>	<u>232,218</u>	<u>63,362</u>	<u>1,861,823</u>
Total Capital Assets Being Depreciated, Net	<u>3,765,612</u>	<u>(10,968)</u>	<u>1,962</u>	<u>3,752,682</u>
Total Capital Assets, Net	<u>\$ 4,208,487</u>	<u>558,531</u>	<u>11,920</u>	<u>4,755,098</u>

Depreciation expense of \$232,218 was charged to the education of students' functions/programs of the primary government.

NOTE D - BANK LINE OF CREDIT

The Academy has a line of credit available with BMO Harris Bank. The line has an available balance of \$400,000 at an interest rate of LIBOR plus 3%, maturing January 31, 2018. A summary of the line of credit activity is as follows:

	For The Year Ended June 30, 2017			
	Balance June 30 2016	Additions	Reductions	Balance June 30 2017
Line of credit	\$ -	835,520	835,520	-

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT

Long-term debt activity consisted of the following:

	For The Year Ended June 30, 2017			Balance June 30 2017	Amounts Due Within One Year
	Balance June 30 2016	Additions	Reductions		
Notes payable:					
BMO Harris Bank Loan Note I	\$ 1,795,938	-	61,891	1,734,047	64,966
BMO Harris Bank Loan Note II	104,914	-	73,404	31,510	31,510
Enterprise Bank Loan (formerly Eagle Bank)	92,972	-	5,241	87,731	5,430
Donor Loan 1825 S. Broadway, LLC	393,000	-	-	393,000	5,664
	-	300,000	-	300,000	60,000
Capital leases:					
American Capital Equipment Finance Lease I	128,942	-	29,858	99,084	31,390
American Capital Equipment Finance Lease II	-	160,500	29,581	130,919	30,376
Total Long-term Debt	<u>\$ 2,515,766</u>	<u>460,500</u>	<u>199,975</u>	<u>2,776,291</u>	<u>229,336</u>

Notes Payable

BMO Harris Bank Loan I -- In November 2014, the Academy acquired financing through BMO Harris Bank in the amount of \$1,888,000 to refinance existing notes payable and to purchase real and personal property. The note states interest of 4.792% and matures November 10, 2019 with 59 monthly principal and interest payments of \$12,316 and one lump sum payment of \$1,707,145 due November 2019. The note is secured by all real and personal property of the Academy.

BMO Harris Bank Loan II -- In November 2014, the Academy acquired financing through BMO Harris Bank in the amount of \$215,000 to refinance existing notes payable and to purchase real and personal property. The note states interest of 4.165% and matures December 10, 2017 with 35 monthly principal and interest payments of \$6,369 and one lump sum payment of \$6,180 due December 2017. The note is secured by all real and personal property of the Academy.

Eagle Bank Loan -- In December 2014, the Academy acquired financing through Eagle Bank and Trust Company of Missouri in the amount of \$100,000 to purchase building and land. The note states interest of 4% with 35 monthly principal and interest payments of \$743 and one lump sum payment of \$85,328 due January 2018. The note is secured by a second deed of trust on all real estate. The loan was refinanced and effectively paid off in May 2017.

Enterprise Bank Loan -- In May 2017, the Academy refinanced their Eagle Bank Loan when the bank was acquired by Enterprise Bank and Trust. The note was refinanced for \$88,174 at 4% interest with 35 monthly principal and interest payments of \$742 and one lump sum payment of \$71,806 due May 2020. The note is secured by a second deed of trust on all real estate.

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

Donor Loan -- In October 2014, the Academy acquired unsecured financing through an individual donor in the amount of \$393,000. The promissory note states interest of 3% and matures October 29, 2017 with monthly interest only. The loan was renewed on October 29, 2017, see Note K.

1825 S. Broadway, LLC Loan -- In April 2017, the Academy acquired financing through 1825 S. Broadway, LLC in the amount of \$300,000. The promissory note states an interest rate of 3% and matures April 2022. The note requires annual payments of accrued interest for the preceding twelve months and principal payments of \$60,000.

Capital Leases

American Capital Financial Services, Inc. Lease -- In July 2015, the Academy acquired financing through American Capital Financial Services, Inc. to purchase two buses under a capital lease in the amount of \$158,000. The lease is for five years, has an effective interest rate of 4.84%, and requires monthly payments of \$2,970. The lease is secured by the property (buses). The cost of the asset is \$158,250 and accumulated depreciation was \$37,914 for the year ended June 30, 2017.

American Capital Financial Services, Inc. Lease -- In July 2016, the Academy acquired financing through American Capital Financial Services, Inc. to purchase two buses under a capital lease in the amount of \$160,500. The lease is for five years, has an effective interest rate of 4.7%, and requires monthly payments of \$3,008. The lease is secured by the property (buses). The cost of the asset is \$160,500 and accumulated depreciation was \$20,063 for the year ended June 30, 2017.

Future principal payments are scheduled as follows:

For The Years Ending June 30	
2018	\$ 229,336
2019	205,167
2020	1,812,391
2021	469,397
2022	<u>60,000</u>
Total	<u><u>\$ 2,776,291</u></u>

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F - CONCENTRATIONS

Support of the Academy is received by way of contributions, grants, and contracts from individuals, businesses, organizations, and government agencies. During the year ended June 30, 2017, the Academy received contributions, grants, and contracts amounting to \$8,072,875. Of these grants \$6,740,248 came from governmental agencies in support of the Academy. The government agencies' grants and contracts received amounted to 83% of the total support received by the Academy at June 30, 2017.

NOTE G - CONTINGENCIES

The Academy is subject to claims and legal proceedings covering various matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect of the financial condition or results of operations of the Academy.

NOTE H - RESTRICTED NET POSITION AND FUND BALANCES

The Academy reports assigned fund balance of \$2,500 for a scholarship fund. The Academy reports restricted net position and fund balance in the General Fund for the following purposes:

	June 30 2017
Fundraising	\$ 49,035
Teacher award	5,838
Science	2,585
Improvements	2,490
College and career	2,146
Scholarship	1,494
Athletics	915
FACS	677
All other (each individually under \$500)	422
	<hr/>
Total	\$ 65,602

The Academy reports restricted net position and Capital Projects Fund balance of \$606,456 which is restricted for a capital campaign "Fulfilling Our Promise Campaign" with a goal of \$2.5 million. This capital campaign is intended to include funding for:

- Health and Wellbeing Center
- Purchase Flanagan Paint Store for additional classrooms, arts, and athletics
- Expansion of the John Mann High School Wing with additional classrooms

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I - RELATED PARTIES

The Academy received contributions from various board members and staff members totaling \$212,847 and \$4,699, respectively, during the fiscal year ended June 30, 2017. The Academy transacted business with staff members in exchange for services in the amount of \$5,313 during the fiscal year ended June 30, 2017.

A related organization, Lift for Life Foundation, Inc., was formed on March 1, 2017. There were no activities during the current fiscal year. The organization applied for exempt status qualification under IRS Code Section 501(c)(3). The organization was established to raise funding and manage long-term support for the Academy.

NOTE J - PENSION PLANS

General Information - Public School Retirement System of the City of St. Louis (PSRS)

Plan description. All full-time staff at the Academy are provided with pension benefits through the PSRS -- a cost-sharing multiple-employer defined benefit pension plan.

Benefits provided. Upon retirement at age 65, or at any age if age plus years of credited service equals or exceeds 85 (Rule of 85), members receive monthly payments for life of yearly benefits equal to years of credited service multiples by 2% of average final compensation, but not to exceed 60% of average final compensation. Early retirement can occur at age 60 with 5 years of service. The service retirement allowance is reduced five ninths of one percent for each month of commencement prior to age 65 or the age at which the Rule of 85 would have been satisfied had the employee continued working until that age, if earlier.

In lieu of the benefit paid over the lifetime of the participant, reduced benefit options are available for survivor and beneficiary payments.

Members are eligible, after accumulation of five years of credited service, for disability benefits prior to eligibility of normal retirement. Survivor benefits are available for beneficiaries of members who die after at least 18 months of active membership.

Contributions. Employees are required to contribute 5% of their annual pay. The Academy's contractually required contribution rate for the year ended June 30, 2017, was 15.14% of annual payroll. The amount is actuarially determined that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year along with any additional amount to finance the unfunded accrued liability. Contributions to the pension plan from the Academy were \$597,192 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At December 31, 2016, the Academy had a liability of \$6,663,959 (or 1.6%) for its proportionate share of the PSRS net position liability. The Academy's proportion of the net pension liability was based on a projection of the Academy's long-term

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE J - PENSION PLANS (Continued)

share of contributions to the pension plan relative to the projected contributions of all participating schools, actuarially determined.

For the year ended December 31, 2016, the actuarially-determined pension expense was \$1,332,816, and reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
Net difference between projected and actual investment earnings on pension plan investments	\$1,283,064	-
Changes in assumptions	848,048	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	230,960	-
Net difference between expected and actual experience	76,860	88,015

Actuarial assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:		Frozen entry age
Investment rate of return:	7.5%, net of pension plan investment expense, including inflation	
Mortality rates:		RP-2014 Combined Healthy Mortality Table for active members, and deferred vested members, projected fully generationally using projection scale MP-2015. RP-2014 Combined Healthy Mortality Table for inactive members adjusted by an additional 10% to account for the higher mortality experienced by the Plan, projected fully generationally using projection scale MP-2015.
Disability rates:		RP-2014 Disability Mortality Table
Retirement age:		Various based on actual experience of the System
Salary increases:	5.0% per year for the first five years of employment, 3.5% per year thereafter, including inflation	
Asset valuation method:		The assumed yield method of valuing assets

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions will continue to follow the current funding policy. Based on those assumptions, the fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members.

LIFT FOR LIFE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE J - PENSION PLANS (Continued)

Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate

The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point-higher (8.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability	\$8,657,458	6,663,959	4,948,307

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSRS financial report.

General Information - CSD Multiple Employer 403(b) Plan

The Academy has a Section 403(b) Plan available to all employees. The only contributions made to the Plan are employee contributions which are subject to annual limits set by the IRS.

NOTE K - SUBSEQUENT EVENTS

Subsequent to the end of the year, the Academy signed a contract with a construction company for design and construction of a new gymnasium at an estimated contract cost of \$840 thousand.

Management has evaluated subsequent events through November 30, 2017, the date which the financial statements were available for issue.

Subsequent to the end of the year, the donor loan in the amount of \$393,000 was renewed at 3%, with a new maturity date of October 29, 2020. The renewed loan requires quarterly principal and interest payments of \$4,500 and a final principal payment of \$373,621.

SUPPLEMENTAL INFORMATION SECTION

LIFT FOR LIFE ACADEMY, INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
State and federal aid	\$ 6,466,764	3,417,631	3,417,631	-
Development income	541,750	705,896	705,896	-
Student activities	70,786	93,629	93,629	-
Interest income	1,967	1,475	1,475	-
Other	40,694	47,955	47,955	-
Total Revenues	<u>7,121,961</u>	<u>4,266,586</u>	<u>4,266,586</u>	<u>-</u>
EXPENDITURES				
Current:				
Salaries	1,660,197	1,615,818	1,615,818	-
Employee pension	222,451	198,432	198,432	-
Employee benefits	244,569	218,835	218,835	-
Payroll taxes	138,752	126,503	126,503	-
Purchased services	379,004	455,853	455,853	-
Student activities	82,446	102,042	102,042	-
Property services	144,416	146,570	146,570	-
Insurance	93,321	132,997	132,997	-
Transportation	183,270	229,532	229,532	-
Communication	68,937	73,772	73,772	-
Dues and memberships	9,141	11,303	11,303	-
Supplies and materials	134,484	168,427	168,427	-
Food service	180,500	179,922	179,922	-
Development	73,740	79,675	79,675	-
Other expenses	59,635	70,383	70,383	-
Debt service - interest	5,400	398	398	-
Total Expenditures	<u>3,680,263</u>	<u>3,810,462</u>	<u>3,810,462</u>	<u>-</u>
REVENUES OVER EXPENDITURES	3,441,698	456,124	456,124	-
OTHER FINANCING USES				
Transfers out	<u>(319,506)</u>	<u>(12,418)</u>	<u>(369,710)</u>	<u>357,292</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,122,192</u>	<u>443,706</u>	86,414	<u>(357,292)</u>
FUND BALANCE, JULY 1			<u>972,989</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,059,403</u>	

LIFT FOR LIFE ACADEMY, INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - SPECIAL REVENUE TEACHER'S FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
State and federal aid	\$ 288,100	3,319,937	3,319,937	-
EXPENDITURES				
Salaries	2,417,018	2,415,202	2,415,202	-
Employee pension	401,196	398,760	398,760	-
Employee benefits	336,485	308,376	308,376	-
Payroll taxes	205,418	197,599	197,599	-
Total Expenditures	3,360,117	3,319,937	3,319,937	-
NET CHANGE IN FUND BALANCE	\$ (3,072,017)	-	-	-
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			\$ -	

LIFT FOR LIFE ACADEMY, INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
State and federal aid	\$ -	2,680	2,680	-
Development income	50,000	602,415	602,415	-
Total Revenues	<u>50,000</u>	<u>605,095</u>	<u>605,095</u>	<u>-</u>
EXPENDITURES				
Capital outlay	215,300	780,785	780,785	-
Debt service:				
Principal	199,504	199,975	199,975	-
Interest	116,702	116,687	116,687	-
Total Expenditures	<u>531,506</u>	<u>1,097,447</u>	<u>1,097,447</u>	<u>-</u>
REVENUES UNDER EXPENDITURES	<u>(481,506)</u>	<u>(492,352)</u>	<u>(492,352)</u>	<u>-</u>
OTHER FINANCING SOURCES				
Transfers in	319,506	12,445	369,710	357,265
Issuance of debt	158,000	460,500	460,500	-
Insurance proceeds	4,000	19,407	19,407	-
Total Other Financing Sources	<u>481,506</u>	<u>492,352</u>	<u>849,617</u>	<u>357,265</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	357,265	<u>357,265</u>
FUND BALANCE, JULY 1			<u>249,191</u>	
FUND BALANCE, JUNE 30			<u>\$ 606,456</u>	

LIFT FOR LIFE ACADEMY, INC.
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Budgets and Budgetary Accounting

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The proposed budget is submitted to the Board of Directors for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenues of the preceding year plus any fund balance at the end of such year.
- b. The budget must be adopted by the affirmative vote of a majority of the Board of Directors for each fiscal year.
- c. All appropriations not spent at year-end lapse.
- d. During the year the Board of Directors authorized supplemental appropriations to the budget.

LIFT FOR LIFE ACADEMY, INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF THE ACADEMY'S
PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Academy's Proportion of Net Pension Liability	1.60 %	1.50	1.47
Academy's Proportionate Share of Net Pension Liability	\$ 6,663,959	4,844,158	3,886,250
Academy's Covered Employee Payroll	\$ 3,636,601	3,387,447	3,222,562
Academy's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	183.25 %	143.00	120.60
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.16 %	72.94	77.95

Notes:

The amounts presented were determined as of the Plan's year-end (December 31).
The schedule will reflect ten years of data as it becomes available.

LIFT FOR LIFE ACADEMY, INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF
FUNCTIONAL EXPENSES - INCOME TAX BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	Program Expenses	Management And General Expenses	Fundraising Expenses	Total
Compensation of officers	\$ 174,939	57,892	-	232,831
Other salaries and wages	3,448,133	-	193,299	3,641,432
Pension plan contributions	563,925	9,031	29,397	602,353
Other employee benefits	520,567	3,194	17,435	541,196
Payroll taxes	303,977	4,631	15,464	324,072
Accounting fees	-	78,158	-	78,158
Advertising	-	-	23,218	23,218
Amortization	1,075	-	-	1,075
Depreciation	232,218	-	-	232,218
Development	-	-	89,172	89,172
Dues and subscriptions	11,303	-	-	11,303
Food service	179,922	-	-	179,922
Insurance	121,355	-	-	121,355
Interest	117,085	-	-	117,085
Legal fees	-	14,361	-	14,361
Miscellaneous	-	9,568	-	9,568
Other fees for services	451,875	-	-	451,875
Printing and binding	19,748	-	-	19,748
Rent	47,613	-	-	47,613
Repairs and maintenance	192,669	-	-	192,669
Student activities	138,827	-	-	138,827
Supplies	65,279	-	-	65,279
Telephone	28,605	3,178	-	31,783
Textbooks and materials	129,835	-	-	129,835
Transportation	80,461	-	-	80,461
Travel	1,230	-	-	1,230
Utilities	101,737	-	-	101,737
	<u>101,737</u>	<u>-</u>	<u>-</u>	<u>101,737</u>
Total Functional Expenses	<u>\$ 6,932,378</u>	<u>180,013</u>	<u>367,985</u>	<u>7,480,376</u>

The financial information presented above was prepared on the income tax basis of accounting, which is the basis of accounting used by the Academy to prepare its annual 990 Exempt Organization return with the Internal Revenue Service.

STATE COMPLIANCE INFORMATION SECTION



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH STATE REQUIREMENTS**

November 30, 2017

The Board of Directors
LIFT FOR LIFE ACADEMY, INC.

We have audited the financial statements of the **LIFT FOR LIFE ACADEMY, INC.** (the Academy) as of and for the year ended June 30, 2017, and have issued our report thereon dated November 30, 2017.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7) RSMo). The management of the Academy is responsible for the compliance with those requirements. Our responsibility is to express an opinion on the Academy's compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material compliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Academy's pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September, and average daily transportation of pupils in compliance with state and administrative rules.

This report is intended for the information of the Board of Directors, 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.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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Schedule of Selected Statistics
Year Ended June 30, 2017

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard day length (SDL) - 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. Reported with 4 decimal places.

Kindergarten - A.M.	_____	SDL	Grades	<u>6-8</u>	<u>6.5</u>	SDL
Kindergarten - P.M.	_____	SDL	Grades	<u>9-12</u>	<u>6.5</u>	SDL
Kindergarten - Full-day	_____	SDL	Grades	_____	_____	SDL

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

Kindergarten - A.M.	_____	Hours	Grades	<u>6-8</u>	<u>1,057.5</u>	Hours
Kindergarten - P.M.	_____	Hours	Grades	<u>9-12</u>	<u>1,068.8</u>	Hours
Kindergarten - Full-day	_____	Hours	Grades	_____	_____	Hours

C. The number of days classes were in session and pupils were under the direction of teachers during this school year was as follows:

Kindergarten - A.M.	_____	Days	Grades	<u>6-8</u>	<u>175</u>	Days
Kindergarten - P.M.	_____	Days	Grades	<u>9-12</u>	<u>178</u>	Days
Kindergarten - Full-day	_____	Days	Grades	_____	_____	Days

Notes:

2. Average Daily Attendance (ADA)

Regular Term	Full-Time & Part-Time	Remedial	Deseg In	Federal Lands	Total	Deseg Out
Kindergarten - A.M.	_____	_____	_____	_____	_____	_____
Kindergarten - P.M.	_____	_____	_____	_____	_____	_____
Kindergarten - Full-day	_____	_____	_____	_____	_____	_____
Grades <u>6-8</u>	<u>237.77</u>	_____	_____	_____	<u>237.77</u>	_____
Grades <u>9-12</u>	<u>288.68</u>	_____	_____	_____	<u>288.68</u>	_____
Grades _____	_____	_____	_____	_____	_____	_____
Subtotal Regular Term	<u>526.45</u>	_____	_____	_____	<u>526.45</u>	_____
		Resident	Deseg In	Federal Lands	Total	
Summer School Subtotal		<u>18.97</u>	_____	_____	<u>18.97</u>	_____
Total Regular Term Plus Summer School ADA					<u>545.42</u>	_____

Notes:

Schedule of Selected Statistics
Year Ended June 30, 2017

3. September Membership

	Full-Time & Part-Time	Deseg In	Federal Lands	Total	Deseg Out
September Membership FTE Count	576			576	

Notes:

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

	Full-Time & Part-Time	Deseg In	Total
State FTE Total			
	Free 580		580
	Reduced		
	Total 580		580

Notes:

5. Finance

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

- A. As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of: \$500,000
- B. The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- C. The district maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. N/A
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve 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. N/A
- F. The district 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
- G. 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. N/A

Schedule of Selected Statistics
Year Ended June 30, 2017

H. The amount spent for approved professional development committee plan activities was: \$ N/A

All above "false" answers must be supported by a finding or management letter comment.

Finding #: _____

Management Letter Comment #: _____

Notes:

N/A

6. Transportation (Section 163.161, RSMo)

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True

B. The district's school transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. True

C. 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** # 549
▪ **Ineligible ADT** # _____

D. The district'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

E. Actual odometer records show the total district-operated and contracted mileage for the year was: # 188,752

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** # 144,991
- **Ineligible Miles (Non-Route/Disapproved)** # 43,761

F. Number of days the district operated the school transportation system during the regular school year: 177

All above "False" answers must be supported by a finding or management letter comment.

Finding #: _____

Management Letter Comment #: _____

Notes:

N/A