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AN EQUAL OPPORTUNITY EMPLOYER

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February 22, 2024

Charter School Board
KIPP Indianapolis, Inc.
Marion County, Indiana

We have reviewed the audit report of KIPP Indianapolis, Inc., which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of KIPP Indianapolis, Inc. as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Greenwalt CPAs, Inc. prepared the audit report in accordance with guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for KIPP Indianapolis, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

KIPP INDIANAPOLIS, INC.
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
JUNE 30, 2023 AND 2022

KIPP INDIANAPOLIS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
KIPP Indianapolis, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KIPP Indianapolis, Inc. (an Indiana public charter school, "the School"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America (Government Auditing Standards), and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources* and *Guidelines for Audits for Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, Government Auditing Standards, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources* and *Guidelines for Audits for Charter Schools performed by Private Examiners*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2023, 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 School'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.

Greenwald CPAs, Inc.

December 4, 2023

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	\$ 5,689,765	\$ 4,390,009
Accounts receivable	83,035	57,427
Grants and contributions receivable	630,654	1,379,002
Prepaid expenses	82,524	185,519
<i>Total current assets</i>	<u>6,485,978</u>	<u>6,011,957</u>
CASH RESTRICTED FOR BOND REDEMPTION AND REPLACEMENT RESERVE	<u>1,170,074</u>	<u>1,058,227</u>
PROPERTY AND EQUIPMENT		
Building and improvements	11,379,820	11,267,984
Leasehold improvements	1,307,788	416,724
Books and education materials	518,430	434,348
Furniture and equipment	1,845,955	1,444,875
Computer equipment	1,127,131	1,063,853
Accumulated depreciation and amortization	<u>(3,661,745)</u>	<u>(2,586,889)</u>
<i>Total property and equipment, net</i>	<u>12,517,379</u>	<u>12,040,895</u>
RIGHT-OF-USE ASSETS - OPERATING LEASES	<u>287,045</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 20,460,476</u>	<u>\$ 19,111,079</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 698,729	\$ 413,021
Related party payable	77,105	70,616
Accrued personnel costs	1,106,726	712,815
Other accrued expenses	179,268	168,546
Deferred revenues	426,500	11,018
Accrued bond interest	279,900	279,900
Current portion of operating lease liabilities	113,332	-
Current portion of bonds payable	155,000	-
Current portion of notes payable	32,500	32,500
<i>Total current liabilities</i>	<u>3,069,060</u>	<u>1,688,416</u>
LONG TERM LIABILITIES		
Bonds payable, net of unamortized bond premium and deferred bond issuance costs	11,299,684	11,453,893
Operating lease liabilities, net of current portion	174,010	-
Notes payable, net of current portion	<u>81,250</u>	<u>113,750</u>
<i>Total long term liabilities</i>	<u>11,554,944</u>	<u>11,567,643</u>
<i>Total liabilities</i>	<u>14,624,004</u>	<u>13,256,059</u>
COMMITMENTS (NOTE 6)		
NET ASSETS		
Without donor restrictions		
Undesignated	4,579,146	4,302,123
Board designated	90,000	90,000
<i>Total net assets without donor restrictions</i>	<u>4,669,146</u>	<u>4,392,123</u>
With donor restrictions	<u>1,167,326</u>	<u>1,462,897</u>
<i>Total net assets</i>	<u>5,836,472</u>	<u>5,855,020</u>
<i>Total liabilities and net assets</i>	<u>\$ 20,460,476</u>	<u>\$ 19,111,079</u>

KIPP INDIANAPOLIS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023 TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022 TOTAL
REVENUE AND SUPPORT						
Private funding	\$ 820,489	\$ 243,960	\$ 1,064,449	\$ 513,062	\$ 746,395	\$ 1,259,457
State funding	12,665,514	3,092,339	15,757,853	10,924,639	2,539,782	13,464,421
Federal funding	7,369,319	-	7,369,319	7,242,188	-	7,242,188
In-kind contributions	4,533,308	-	4,533,308	3,045,335	-	3,045,335
Other income	288,976	-	288,976	261,775	-	261,775
<i>Total</i>	25,677,606	3,336,299	29,013,905	21,986,999	3,286,177	25,273,176
	3,631,870	(3,631,870)	-	2,250,477	(2,250,477)	-
NET ASSETS RELEASED FROM RESTRICTIONS						
<i>Total revenue and support</i>	29,309,476	(295,571)	29,013,905	24,237,476	1,035,700	25,273,176
EXPENSES						
Instructional expenses						
Personnel costs	9,182,766	-	9,182,766	7,844,014	-	7,844,014
Professional services	1,056,324	-	1,056,324	851,247	-	851,247
Supplies and materials	804,167	-	804,167	811,298	-	811,298
Other	16,596	-	16,596	105,545	-	105,545
<i>Total instructional expenses</i>	11,059,853	-	11,059,853	9,612,104	-	9,612,104
Administration expenses						
Personnel costs	6,756,413	-	6,756,413	5,730,903	-	5,730,903
Professional services	1,026,743	-	1,026,743	805,432	-	805,432
Staff training	175,021	-	175,021	65,400	-	65,400
Community relations	137,428	-	137,428	115,239	-	115,239
Supplies and materials	235,887	-	235,887	246,557	-	246,557
Other	21,996	-	21,996	19,799	-	19,799
<i>Total administration expenses</i>	8,353,488	-	8,353,488	6,983,330	-	6,983,330
Other expenses						
Facilities	3,835,914	-	3,835,914	3,104,939	-	3,104,939
Technology	457,182	-	457,182	335,212	-	335,212
Interest	561,093	-	561,093	562,297	-	562,297
Depreciation and amortization	1,074,855	-	1,074,855	868,911	-	868,911
Student transportation and other	3,690,068	-	3,690,068	2,578,879	-	2,578,879
<i>Total other expenses</i>	9,619,112	-	9,619,112	7,450,238	-	7,450,238
<i>Total expenses</i>	29,032,453	-	29,032,453	24,045,672	-	24,045,672
CHANGE IN NET ASSETS						
	277,023	(295,571)	(18,548)	191,804	1,035,700	1,227,504
NET ASSETS, BEGINNING OF YEAR	4,392,123	1,462,897	5,855,020	4,200,319	427,197	4,627,516
NET ASSETS, END OF YEAR	\$ 4,669,146	\$ 1,167,326	\$ 5,836,472	\$ 4,392,123	\$ 1,462,897	\$ 5,855,020

See accompanying notes to financial statements.

NET CHANGE IN CASH

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from private funding	\$ 1,479,931	\$ 1,269,682
Cash received from state and federal funding	23,849,912	19,823,067
Cash received from other income sources	288,976	261,775
Cash paid to suppliers and employees	(22,315,530)	(19,735,131)
Interest paid	<u>(561,884)</u>	<u>(563,089)</u>
<i>Net cash provided by operating activities</i>	<u>2,741,405</u>	<u>1,056,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,298,093)</u>	<u>(653,028)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	<u>(31,709)</u>	<u>(32,500)</u>
NET CHANGE IN CASH	1,411,603	370,776
CASH AND RESTRICTED CASH EQUIVALENT, BEGINNING OF YEAR	<u>5,448,236</u>	<u>5,077,460</u>
CASH AND RESTRICTED CASH EQUIVALENT, END OF YEAR	6,859,839	5,448,236
RESTRICTED CASH EQUIVALENT	<u>(1,170,074)</u>	<u>(1,058,227)</u>
TOTAL CASH IN CURRENT ASSETS	<u>\$ 5,689,765</u>	<u>\$ 4,390,009</u>
NON-CASH OPERATING ACTIVITIES		
In-kind services	<u>\$ 4,533,308</u>	<u>\$ 3,045,335</u>
Operating lease ROU assets obtained in exchange for new operating lease liabilities	<u>\$ 387,377</u>	<u>\$ -</u>
NON-CASH INVESTING ACTIVITIES		
Purchases of property and equipment in accounts payable and other accrued expenses	<u>\$ 483,797</u>	<u>\$ 230,551</u>

KIPP INDIANAPOLIS, INC.STATEMENTS OF CASH FLOWS, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2023</u>	<u>2022</u>
CHANGE IN NET ASSETS	\$ (18,548)	\$ 1,227,504
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	1,074,855	868,911
<i>(Increase) decrease in operating assets</i>		
Accounts receivable	(25,608)	(19,606)
Grants and contributions receivable	748,348	(863,936)
Prepaid expenses	102,995	(77,102)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	(198,089)	(332,273)
Related party payable	6,489	(2,523)
Accrued personnel costs	393,911	130,414
Other accrued expenses	241,273	114,690
Deferred revenue	415,482	10,225
Operating lease liabilities, net	297	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,741,405</u>	<u>\$ 1,056,304</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

KIPP Indianapolis, Inc. (the "School") was incorporated March 21, 2003, under the laws of the State of Indiana and commenced operations in September 2004. The School is a network of tuition-free, open-enrollment, college preparatory, public charter schools. The School currently manages the KIPP Indy College Prep Middle School, KIPP Indy Unite Elementary School, and KIPP Indy Legacy High School. The School is dedicated to preparing students in the under-served communities of Indianapolis for success in college and life. A longer school day, academic and character development, a relentless focus on student outcomes and college completion - coupled with unparalleled professional development programs for teachers and school leaders - create "The KIPP Effect". The School's main sources of revenue are private funding and state and federal grants.

The academic program of the School is designed to challenge every student to achieve on or above grade level performance in all academic subjects. While students may enter the school below grade level in many areas, the school is prepared for the challenge of equipping students with the knowledge, skills, and habits necessary for success in an academically rigorous college preparatory high school.

The School provides an age-appropriate curriculum for reading, language arts, math, science, and social studies at each grade level. Grade levels kindergarten through twelfth grade are currently being served. All students are enrolled in physical education. Teachers also lead an advisory role, which consists of instruction in values, life skills, and study skills.

There are certain transactions that occur during the normal course of business between the three schools in the School's network. These transactions have been eliminated for reporting purposes.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$1,170,074 and \$1,058,227 at June 30, 2023 and 2022, respectively.

At June 30, 2023 and 2022, the School maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$6.4 million and \$5.4 million, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ACCOUNTS, GRANTS, AND CONTRIBUTIONS RECEIVABLE

Accounts receivable as of June 30, 2023 and 2022 represent the uncollected portion of shared space and services with a local community center. See Note 8.

Grants receivable represent the uncollected portion of funds from grants awarded to the School. Grants receivable are unsecured and are due from Indiana governmental entities and private funders. Grants receivable are stated at the amount determined by public statute or by the underlying private funding agreements. Generally, there is not significant risk of loss of these amounts due since they are statutorily determined and obligated. However, there is some risk that public funding from the State of Indiana could be reduced from amounts previously determined during periods of prolonged economic downturn.

Contributions and grants are recognized when the School receives an unconditional promise to give. Conditional promises to give are recognized when the condition is met.

Grants and contributions receivable are reported net of an allowance for doubtful accounts. The School reviews grants and contributions receivable and writes off any amount to be deemed uncollectible. There were no allowances as of June 30, 2023 and 2022. All grants, contributions, and accounts receivable were due within one year at June 30, 2023 and 2022.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or, if contributed, at the estimated fair value at the date of the gift. The School capitalizes additions of property and equipment in excess of \$1,000. Depreciation of property and equipment is computed using the straight-line method and is based upon the estimated useful lives of the assets ranging from 3 to 40 years. Expenditures for property and equipment and improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

NET ASSETS

The financial statements report amounts separately by class of net assets:

Without Donor Restrictions

These include revenue and expenses from the regular operations of the School, which are at the discretion of management and the Board of Directors.

Without Donor Restriction: Board Designated

KIPP operated three schools during the fiscal years 2023 and 2022 which received their authorization through the Office of Education Innovation (OEI). The OEI requires that each school establish an account held in escrow of \$30,000 no later than December of third year of operations. The escrow account is designated for any potential dissolution of the School.

KIPP INDIANAPOLIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

Without Donor Restriction: Board Designated, Continued

At June 30, KIPP held the following amounts in escrow which have been presented as board designated net assets without donor restrictions in the statements of financial position:

	<u>2023</u>	<u>2022</u>
KIPP Indy College Prep Middle School	\$ 30,000	\$ 30,000
KIPP Indy Unite Elementary School	30,000	30,000
KIPP Indy Legacy High School	30,000	30,000
	<u>\$ 90,000</u>	<u>\$ 90,000</u>

With Donor Restrictions

These include donations and grant revenues with restrictions specified by the donors or grantors. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions were held for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Charter grant program	\$ -	\$ 967,821
The Mind Trust - Support	-	1,067
School lunch program	1,084,435	434,708
Advocacy Fellowship	8,138	-
Textbook program	18,151	47,889
Mental health & wellness	20,000	-
KF Network	-	3,056
ACE	5,489	8,356
Summer learning program	31,113	-
Total	<u>\$ 1,167,326</u>	<u>\$ 1,462,897</u>

ADVERTISING

Advertising expenses totaled \$137,428 and \$115,239 for fiscal years 2023 and 2022, respectively. The School's policy is to record advertising expenditures in the period in which they are incurred.

KIPP INDIANAPOLIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

EXPENSE ALLOCATION

Expenses have been classified as program services, management and general, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by personnel and programs.

A summary of expenses by functional classification for the year ended June 30, 2023 is as follows:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 9,182,766	\$ 6,756,413	\$ -	\$ 15,939,179
Professional services	1,056,324	1,026,743	-	2,083,067
Supplies and materials	820,763	257,883	-	1,078,646
Staff training	-	175,021	-	175,021
Community relations	-	137,428	-	137,428
Facilities	3,835,914	-	-	3,835,914
Technology	457,182	-	-	457,182
Interest	561,093	-	-	561,093
Depreciation and amortization	1,074,855	-	-	1,074,855
Student transportation and other	<u>3,668,072</u>	<u>21,996</u>	<u>-</u>	<u>3,690,068</u>
Total	<u>\$ 20,656,969</u>	<u>\$ 8,375,484</u>	<u>\$ -</u>	<u>\$ 29,032,453</u>

A summary of expenses by functional classification for the year ended June 30, 2022 is as follows:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 7,844,014	\$ 5,730,903	\$ -	\$ 13,574,917
Professional services	851,247	805,432	-	1,656,679
Supplies and materials	811,298	246,557	-	1,057,855
Staff training	-	65,400	-	65,400
Community relations	-	114,939	300	115,239
Facilities	3,104,939	-	-	3,104,939
Technology	335,212	-	-	335,212
Interest	562,297	-	-	562,297
Depreciation and amortization	868,911	-	-	868,911
Student transportation and other	<u>2,684,424</u>	<u>19,799</u>	<u>-</u>	<u>2,704,223</u>
Total	<u>\$ 17,062,342</u>	<u>\$ 6,983,030</u>	<u>\$ 300</u>	<u>\$ 24,045,672</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INCOME TAXES

The School is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509 (a) of the Internal Revenue Code.

LEASES

Management determines if an arrangement is a lease at inception. The operating leases are included as right of use (ROU) assets, short-term lease liabilities, and long-term lease liabilities on the statements of financial position.

The ROU asset represents the School's right to use an underlying asset for the lease term and the lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The School elected the available practical expedients to use a risk-free rate when discounting future lease payments to measure leases at present value on the statement of financial position when the implicit rate is unknown and to account for lease and non-lease components as a single lease component.

In addition, the School elected to not apply the recognition requirements in the lease standard to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not contain a purchase option that the lessee is reasonably certain to exercise).

NEW ACCOUNTING PRONOUNCEMENT

In July 2022, the School adopted ASU 2016-02, *Leases* (Topic 842), which among other things, requires the recognition of right-of-use assets and lease liabilities on the statement of financial position of lessees for operating leases, along with the disclosure of key information about leasing arrangements.

The School adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in Topic 840.

The School elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The School leases office space as well as office equipment. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NEW ACCOUNTING PRONOUNCEMENT, CONTINUED

As a result of the adoption of the new lease accounting guidance, the School recognized on July 1, 2022, operating lease ROU assets of \$387,377 and corresponding lease liabilities of \$385,303 which represents the present value of the remaining operating lease payments of \$408,311, discounted using risk-free rates ranging from 2.66% to 4.49%.

The standard had a material impact on the School's statement of financial position but did not have an impact on the statements of activities and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for the operating leases.

SUBSEQUENT EVENTS

Subsequent events have been considered through December 4, 2023, which was the date the financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

The School regularly monitors liquidity required to meet its operations and other commitments. The School has various sources of liquid assets at its disposal. Per Office of Education Innovation (OEI) guidelines, the School is required to have 45 days cash on hand.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to ongoing activities as well as the supporting operations to be general expenditures.

Financial assets available for general expenditure, within one year, consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash	\$ 5,689,765	\$ 4,390,009
Accounts receivable	83,035	57,427
Grants and contributions receivable	<u>630,654</u>	<u>1,379,002</u>
Total financial assets	<u>6,403,454</u>	<u>5,826,438</u>
Cash designated by the Board for the OEI requirements	(90,000)	(90,000)
Net assets with donor restrictions	<u>(1,167,326)</u>	<u>(1,462,897)</u>
Total financial assets not available for use within one year	<u>(1,257,326)</u>	<u>(1,552,897)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,146,128</u>	<u>\$ 4,273,541</u>

3. IN-KIND CONTRIBUTIONS

Pursuant to the Not-for-Profit Organizations Revenue Recognition Accounting Standards for contributed services, contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

In-kind contributions consisted of the following during the years ended June 30:

	<u>2023</u>	<u>2022</u>
School-based health services	\$ 64,566	\$ 67,315
Building rent and other related services	2,933,510	2,128,784
Transportation services	<u>1,535,232</u>	<u>849,236</u>
Total financial assets	<u>\$ 4,533,308</u>	<u>\$ 3,045,335</u>

All services received were utilized for programs. In-kind contributions have been reported separately in the statements of activities. They have been treated as non-cash activities for the purposes of the statements of cash flows.

Volunteers provide services throughout the year that do not meet the recognition criteria for contributed services. These services include volunteering at events, picking up donations, and various clerical tasks. The effect of these services has not been reflected in the statements of activities.

4. RELATED PARTY PAYABLE

The School has an agreement with the KIPP Foundation for licensing, regional, and authorizer fees. The KIPP Foundation is the networking body to which the School belongs and from which the School receives support. At June 30, 2023 and 2022, the School had outstanding payables to the KIPP Foundation in the amount of \$77,105 and \$70,616, respectively. The School paid networking fees of \$167,888 and \$128,422 in fiscal years 2023 and 2022, respectively.

5. BONDS AND NOTES PAYABLE

The School obtained loans from the State of Indiana through the Charter and Innovation School Advance Program totaling \$325,000 in February 2016. The loans mature in January 2026 and bear interest at 1.0% per annum. The total outstanding balance on the loans at June 30, 2023 and 2022 was \$113,750 and \$146,250 respectively.

In July 2020, the School refinanced its construction loans with the Indiana Finance Authority via Educational Facilities Multipurpose Revenue Bonds. The bonds include Series A and Series B bonds, totaling \$11,120,000 and \$360,000, respectively. The bonds payable bear interest at 4.0% through July 1, 2030 and 5.0% through July 1, 2055 with varying principal payments beginning in July 1, 2023. The bonds include a premium that will be amortized over the life of the bonds and also require the accumulation of a debt reserve fund. The bonds are collateralized by assets of the School.

5. BONDS AND NOTES PAYABLE, CONTINUED

The bonds require the establishment of a debt reserve fund that will assist with final payment of the bonds. The balance of the debt reserve fund was \$716,518 at June 30, 2023 and 2022, respectively. A bond escrow account was also established in conjunction with the bond agreement to secure against defeasance on the bonds. The bond escrow account had a balance of \$435,006 and \$279,962 at June 30, 2023 and 2022, respectively. A bond repair and replacement account was also established in conjunction with the bond agreement to pay for costs of improvements, additions, or repairs. The bond repair and replacement account had a balance of \$18,550 and \$61,747 at June 30, 2023 and 2022, respectively. These escrow accounts are reported as cash restricted for bond redemption and replacement reserve in the statements of financial position.

The future aggregate minimum principal payments on the notes and bond payables are as follows for the years ending June 30:

2024	\$ 187,500
2025	192,500
2026	197,500
2027	191,250
2028	180,000
Thereafter	<u>10,645,000</u>
Total	11,593,750
Add: unamortized bond premiums	503,060
Less: unamortized bond issuance costs	<u>(528,376)</u>
Total debt	<u><u>\$ 11,568,434</u></u>

The loan agreements contain certain covenants that limit the School's ability to incur indebtedness or guarantees, purchase or dispose of assets, or change the nature of the business. The agreements also contain financial maintenance covenants establishing a minimum debt service coverage ratio and days cash on hand requirement.

6. COMMITMENTS

Effective July 1, 2019, the School entered into three new agreements with The Board of School Commissioners of the City of Indianapolis for KIPP Indy Legacy High School, KIPP Indy College Prep Middle School, and KIPP Indy Unite Elementary School as Innovation Network Charter Schools through June 30, 2024. Under these agreements, the School is permitted use of the Indianapolis Public Schools (IPS) Building located at 1740 E 30th Street in Indianapolis. The agreements are not leases, as they provide no real estate interest in the building or land. In addition to use of facilities, the School also receives IPS transportation services paid separately based on ADM count. In exchange, the School has agreed to pay IPS \$6,249 per month. Any services or expenses covered by IPS above and beyond this minimum will be considered an in-kind contribution and expense and recorded as such in the statement of activities annually through the end of the agreements' terms.

The School paid transportation services to IPS of \$1,424,267 and \$1,419,414 in fiscal years 2023 and 2022, respectively.

7. OPERATING LEASES UNDER ASC 842

The School leases offices space and office equipment over periods ranging up to five years. Five leases have a renewal option which, if exercised, would extend an equipment leases up to two years. Management is reasonably certain that one of these options will be exercised and has included future payments related to that option in the calculations used to measure the lease liability in the statement of financial position. For all building property leased, the School pays its share of common area maintenance and operating costs, which are excluded from the minimum future obligations presented in the chart below.

The components of lease expense were as follows at June 30, 2023:

Operating leases expense	\$ 109,733
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Supplemental cash flows information:

Cash flow from operating leases	\$ 107,363
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Weighted average remaining lease term:

Operating leases	2.66 years
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Weighted average discount rate:

Operating leases	3.12%
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Future minimum lease payments under all operating lease as of June 30, 2023 were as follows:

2024	\$ 120,404
2025	106,890
2026	<u>71,580</u>
Total future minimum lease payments	298,874
Less present value discount	<u>(11,532)</u>
Total lease liability	287,342
Less: current liability	<u>(113,332)</u>
Long term lease liability	<u><u>\$ 174,010</u></u>

8. OPERATING LEASES UNDER ASC 840

The School leases office equipment under operating leases that expire on various dates through May 2026. These leases require minimum monthly payments of \$4,558 plus charges for usage overages. Lease expense for equipment was \$55,815 for fiscal year 2022.

In fiscal year 2022, the School entered into two new lease agreements for building space. These agreements expire in 2024 and require minimum monthly payments of \$1,785 and \$3,404.

8. OPERATING LEASES UNDER ASC 840, CONTINUED

Future minimum rental payments for all operating leases are as follows for the years ending June 30:

2023	\$	84,235
2024		85,102
2025		11,846
2026		<u>1,620</u>
	\$	<u>182,803</u>

In July 2019, the School opened KIPP Indy Legacy High School. The School shares a parking lot, athletic fields, and high school facilities with a local community center. The School receives common fees revenue for the use of these common spaces. The other income recognized related to shared costs was \$57,762 and \$57,427 for the years ended June 30, 2023 and 2022, respectively. Future consideration will be determined on an annual basis. In addition, the President of the local community center is a member of the School's Board of Directors.

9. RETIREMENT AND PENSION PLANS

The School's faculty and certain administrative employees are participants in a 403(b) defined contribution retirement plan (the Plan). All participants may contribute to the Plan. There was a 7% employer contribution to the Plan during fiscal years 2023 and 2022, for which the School contributed \$813,902 and \$595,934, respectively.

The School is a participating employer in the Teachers' Retirement Fund (TRF). The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan that is managed by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. The School contributed 5.5% of compensation for teaching faculty to TRF for fiscal years 2023 and 2022, respectively. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Contribution requirements of plan members are determined annually by the INPRS Board. Retirement plan expense for TRF was \$32,391 and \$34,922 for fiscal years 2023 and 2022, respectively.

Should the School elect to withdraw from TRF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the contributions received by TRF. As of June 30, 2022 (the latest year reported), TRF was 89.6% funded. A copy of the complete annual report for the year ended June 30, 2022 can be obtained at:

https://www.in.gov/inprs/files/INPRSAnnualReportBook_FY22.pdf

10. FEDERAL, STATE, AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Financial Report (AFR).

Program Name	Grantor Name	Assistance Listing Number	Revenue	Expense	Funding Type
National School Lunch Program	Indiana Department of Education	10.555	\$ 1,376,629	\$ 1,308,362	Federal grant passed through state or local government
Title I, Part A, Grants to Local Educational Agencies	Indiana Department of Education	84.010A	1,702,244	1,702,243	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B), Grants to States	Indiana Department of Education	84.027A	122,245	122,245	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B), Grants to States	Indiana Department of Education	84.027X	62,823	62,823	Federal grant passed through state or local government
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	77,490	77,490	Federal grant passed through state or local government
Title IV, Part A, Student Support and Academic Enrichment Program	Indiana Department of Education	84.424A	96,791	96,790	Federal grant passed through state or local government
Education Stabilization Fund - Governor's Emergency Education Relief Fund (CRRSA)	Indiana Department of Education	84.425D	1,030,693	1,030,693	Federal grant passed through state or local government
Education Stabilization Fund - The CARES Act	Indiana Department of Education	84.425D	94,565	94,565	Federal grant passed through state or local government

KIPP INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

10. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Education Stabilization Fund - American Rescue Plan – Elementary and Secondary Emergency Relief Fund	Indiana Department of Education	84.425U	2,804,654	2,804,654	Federal grant passed through state or local government
American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth Fund II	Indiana Department of Education	84.425W	1,185	1,185	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	12,335,913	12,335,913	State or local government
Charter Facility Grant	Indiana Department of Education	N/A	1,833,750	1,833,750	State or local government
Medicaid Reimbursement	Indiana Department of Education	N/A	12,380	12,380	State or local government
State Special Education	Indiana Department of Education	N/A	639,608	639,608	State or local government
Textbook Reimbursement	Indiana Department of Education	N/A	104,553	104,553	State or local government
State Technology Grant	Indiana Department of Education	N/A	4,174	4,174	State or local government
Teacher Appreciation Grant	Indiana Department of Education	N/A	54,807	54,807	State or local government
Secured Schools Safety Grant	Indiana Department of Education	N/A	39,624	39,624	State or local government
Non-English Speaking	Indiana Department of Education	N/A	36,979	36,979	State or local government
Summer School	Indiana Department of Education	N/A	(5,032)	(5,032)	State or local government

10. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

IPS Referendum	Indiana Department of Education	N/A	694,500	694,500	State or local government
State Lunch Match	Indiana Department of Education	N/A	6,597	6,597	State or local government
		Total	\$ 23,127,172	\$ 23,058,903	

11. RISKS AND UNCERTAINTIES

Operating Funds from the Indiana Department of Education amounted to 54.3% and 53.3% of the School's total revenue and support during fiscal years 2023 and 2022, respectively. A state funding formula is used to determine the amount of revenue a charter school receives. The formula is based on the number of students enrolled in the school during the year. Federal funding, including Title I, Title II, breakfast and lunch reimbursement programs, and other miscellaneous federal programs, was 25.4% and 28.7% of the School's total revenue and support during the fiscal years 2023 and 2022, respectively.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
KIPP Indianapolis, Inc.:

We have audited the financial statements of KIPP Indianapolis, Inc. (the School) as of and for the years ended June 30, 2023 and 2022, and our report thereon dated December 4, 2023, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Exhibits I-IV as of and for the years ended June 30, 2023 and 2022, are presented for purposes of additional analysis, rather than to present the financial position and results of operations by division, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Greenwalt CPAs, Inc.

December 4, 2023

KIPP INDIANAPOLIS, INC.

 STATEMENTS OF FINANCIAL POSITION OF KIPP INDY UNITE ELEMENTARY, KIPP
 INDY COLLEGE PREP MIDDLE, KIPP INDY LEGACY HIGH SCHOOL, AND ADMINISTRATION
 JUNE 30, 2023

Exhibit I

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	TOTAL
ASSETS					
CURRENT ASSETS					
Cash	\$ 3,049,040	\$ 3,189,152	\$ (839,121)	\$ 290,694	\$ 5,689,765
Accounts receivable	10,000	-	12,423	60,612	83,035
Grants and contributions receivable	359,564	117,907	89,343	63,840	630,654
Prepaid expenses	33,197	11,614	35,131	2,582	82,524
<i>Total current assets</i>	<u>3,451,801</u>	<u>3,318,673</u>	<u>(702,224)</u>	<u>417,728</u>	<u>6,485,978</u>
CASH RESTRICTED FOR BOND REDEMPTION AND REPLACEMENT RESERVE	<u>-</u>	<u>-</u>	<u>1,170,074</u>	<u>-</u>	<u>1,170,074</u>
PROPERTY AND EQUIPMENT					
Building and improvements	-	-	11,379,820	-	11,379,820
Leasehold improvements	752,758	428,873	-	126,157	1,307,788
Books and education materials	405,729	67,031	37,633	8,037	518,430
Furniture and equipment	590,625	290,122	764,186	201,022	1,845,955
Computer equipment	423,273	407,088	249,249	47,521	1,127,131
Accumulated depreciation and amortization	(1,103,988)	(580,915)	(1,789,011)	(187,831)	(3,661,745)
<i>Total property and equipment, net</i>	<u>1,068,397</u>	<u>612,199</u>	<u>10,641,877</u>	<u>194,906</u>	<u>12,517,379</u>
RIGHT-OF-USE ASSETS - OPERATING LEASES	<u>47,658</u>	<u>26,258</u>	<u>27,913</u>	<u>185,216</u>	<u>287,045</u>
<i>Total assets</i>	<u>\$ 4,567,856</u>	<u>\$ 3,957,130</u>	<u>\$ 11,137,640</u>	<u>\$ 797,850</u>	<u>\$ 20,460,476</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 319,539	\$ 163,242	\$ 184,870	\$ 31,078	\$ 698,729
Related party payable	30,000	23,256	23,849	-	77,105
Accrued personnel costs	409,410	154,782	174,786	367,748	1,106,726
Other accrued expenses	27,755	129,698	14,949	6,866	179,268
Deferred revenues	-	-	-	426,500	426,500
Accrued bond interest	-	-	279,900	-	279,900
Current portion of operating lease liabilities	24,436	13,463	14,312	61,121	113,332
Current portion of bonds payable	-	-	155,000	-	155,000
Current portion of notes payable	12,500	20,000	-	-	32,500
<i>Total current liabilities</i>	<u>823,640</u>	<u>504,441</u>	<u>847,666</u>	<u>893,313</u>	<u>3,069,060</u>
LONG TERM LIABILITIES					
Bonds payable, net of unamortized bond premium and deferred bond issuance costs	-	-	11,299,684	-	11,299,684
Operating lease liabilities, net of current portion	23,354	12,867	13,678	124,111	174,010
Notes payable, net of current portion	31,250	50,000	-	-	81,250
<i>Total long term liabilities</i>	<u>54,604</u>	<u>62,867</u>	<u>11,313,362</u>	<u>124,111</u>	<u>11,554,944</u>
<i>Total liabilities</i>	<u>878,244</u>	<u>567,308</u>	<u>12,161,028</u>	<u>1,017,424</u>	<u>14,624,004</u>
NET ASSETS					
Without donor restrictions					
Undesignated	2,995,496	2,944,068	(1,096,104)	(264,314)	4,579,146
Board designated	30,000	30,000	30,000	-	90,000
<i>Total net assets without donor restrictions</i>	<u>3,025,496</u>	<u>2,974,068</u>	<u>(1,066,104)</u>	<u>(264,314)</u>	<u>4,669,146</u>
With donor restrictions	664,116	415,754	42,716	44,740	1,167,326
<i>Total net assets</i>	<u>3,689,612</u>	<u>3,389,822</u>	<u>(1,023,388)</u>	<u>(219,574)</u>	<u>5,836,472</u>
<i>Total liabilities and net assets</i>	<u>\$ 4,567,856</u>	<u>\$ 3,957,130</u>	<u>\$ 11,137,640</u>	<u>\$ 797,850</u>	<u>\$ 20,460,476</u>

KIPP INDIANAPOLIS, INC.

STATEMENTS OF ACTIVITIES OF KIPP INDY UNITE ELEMENTARY, KIPP
INDY COLLEGE PREP MIDDLE, KIPP INDY LEGACY HIGH SCHOOL, AND ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit II

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	INTERSCHOOL ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
Private funding	\$ 110,253	\$ 6,899	\$ 58,131	\$ 889,166	\$ -	\$ 1,064,449
State funding	7,529,420	4,047,366	4,181,067	-	-	15,757,853
Federal funding	3,810,598	1,988,374	1,570,347	-	-	7,369,319
In-kind contributions	2,099,270	2,417,251	16,787	-	-	4,533,308
Other Income	28,660	6,942	14,881	2,334,877	(2,096,384)	288,976
<i>Total revenue and support</i>	<u>13,578,201</u>	<u>8,466,832</u>	<u>5,841,213</u>	<u>3,224,043</u>	<u>(2,096,384)</u>	<u>29,013,905</u>
EXPENSES						
Instructional expenses						
Personnel costs	4,912,113	2,238,151	2,023,994	8,508	-	9,182,766
Professional services	504,364	253,741	297,119	1,100	-	1,056,324
Supplies and materials	353,202	154,511	296,454	-	-	804,167
Other	8,298	3,983	4,315	-	-	16,596
<i>Total instructional expenses</i>	<u>5,777,977</u>	<u>2,650,386</u>	<u>2,621,882</u>	<u>9,608</u>	<u>-</u>	<u>11,059,853</u>
Administration expenses						
Personnel costs	1,785,593	783,981	1,212,562	2,974,277	-	6,756,413
Professional services	1,490,025	884,062	671,964	77,076	(2,096,384)	1,026,743
Staff training	72,316	14,227	12,469	76,009	-	175,021
Community relations	7,593	1,626	8,637	119,572	-	137,428
Supplies and materials	88,579	49,476	49,997	47,835	-	235,887
Other	3,191	1,915	2,313	14,577	-	21,996
<i>Total administration expenses</i>	<u>3,447,297</u>	<u>1,735,287</u>	<u>1,957,942</u>	<u>3,309,346</u>	<u>(2,096,384)</u>	<u>8,353,488</u>
Other expenses						
Facilities	1,646,678	1,630,100	451,932	107,204	-	3,835,914
Technology	190,556	99,215	112,748	54,663	-	457,182
Interest	531	(29)	560,591	-	-	561,093
Depreciation and amortization	326,409	172,278	488,627	87,541	-	1,074,855
Student transportation and other	1,675,673	1,331,261	606,639	76,495	-	3,690,068
<i>Total other expenses</i>	<u>3,839,847</u>	<u>3,232,825</u>	<u>2,220,537</u>	<u>325,903</u>	<u>-</u>	<u>9,619,112</u>
<i>Total expenses</i>	<u>13,065,121</u>	<u>7,618,498</u>	<u>6,800,361</u>	<u>3,644,857</u>	<u>(2,096,384)</u>	<u>29,032,453</u>
CHANGE IN NET ASSETS	513,080	848,334	(959,148)	(420,814)	-	(18,548)
TRANSFER OF NET ASSETS	97,084	3,311	(100,379)	(16)	-	-
NET ASSETS, BEGINNING OF YEAR	<u>3,079,448</u>	<u>2,538,177</u>	<u>36,139</u>	<u>201,256</u>	<u>-</u>	<u>5,855,020</u>
NET ASSETS, END OF YEAR	<u>\$ 3,689,612</u>	<u>\$ 3,389,822</u>	<u>\$ (1,023,388)</u>	<u>\$ (219,574)</u>	<u>\$ -</u>	<u>\$ 5,836,472</u>

KIPP INDIANAPOLIS, INC.

 STATEMENTS OF FINANCIAL POSITION OF KIPP INDY UNITE ELEMENTARY, KIPP
 INDY COLLEGE PREP MIDDLE, KIPP INDY LEGACY HIGH SCHOOL, AND ADMINISTRATION
 JUNE 30, 2022

Exhibit III

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	TOTAL
ASSETS					
CURRENT ASSETS					
Cash	\$ 2,338,045	\$ 2,159,197	\$ (414,653)	\$ 307,420	\$ 4,390,009
Accounts receivable	-	-	-	57,427	57,427
Grants and contributions receivable	648,659	373,169	352,174	5,000	1,379,002
Prepaid expenses	81,392	44,481	57,949	1,697	185,519
<i>Total current assets</i>	<u>3,068,096</u>	<u>2,576,847</u>	<u>(4,530)</u>	<u>371,544</u>	<u>6,011,957</u>
CASH RESTRICTED FOR BOND REDEMPTION AND REPLACEMENT RESERVE	<u>-</u>	<u>-</u>	<u>1,058,227</u>	<u>-</u>	<u>1,058,227</u>
PROPERTY AND EQUIPMENT					
Building and improvements	-	-	11,267,984	-	11,267,984
Leasehold improvements	263,112	83,968	-	69,644	416,724
Books and education materials	359,679	53,286	13,346	8,037	434,348
Furniture and equipment	462,099	183,397	713,919	85,460	1,444,875
Computer equipment	402,013	385,934	228,385	47,521	1,063,853
Accumulated depreciation and amortization	(777,579)	(408,637)	(1,300,384)	(100,289)	(2,586,889)
<i>Total property and equipment, net</i>	<u>709,324</u>	<u>297,948</u>	<u>10,923,250</u>	<u>110,373</u>	<u>12,040,895</u>
<i>Total assets</i>	<u>\$ 3,777,420</u>	<u>\$ 2,874,795</u>	<u>\$ 11,976,947</u>	<u>\$ 481,917</u>	<u>\$ 19,111,079</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 248,168	\$ 75,696	\$ 17,227	\$ 71,930	\$ 413,021
Related party payable	30,000	22,241	18,375	-	70,616
Accrued personnel costs	272,938	111,260	134,288	194,329	712,815
Other accrued expenses	90,616	37,421	37,125	3,384	168,546
Deferred revenues	-	-	-	11,018	11,018
Accrued bond interest	-	-	279,900	-	279,900
Current portion of notes payable	12,500	20,000	-	-	32,500
<i>Total current liabilities</i>	<u>654,222</u>	<u>266,618</u>	<u>486,915</u>	<u>280,661</u>	<u>1,688,416</u>
LONG TERM LIABILITIES					
Bonds payable, net of unamortized bond premium and deferred bond issuance costs	-	-	11,453,893	-	11,453,893
Notes payable, net of current portion	43,750	70,000	-	-	113,750
<i>Total long term liabilities</i>	<u>43,750</u>	<u>70,000</u>	<u>11,453,893</u>	<u>-</u>	<u>11,567,643</u>
<i>Total liabilities</i>	<u>697,972</u>	<u>336,618</u>	<u>11,940,808</u>	<u>280,661</u>	<u>13,256,059</u>
NET ASSETS					
Without donor restrictions					
Undesignated	2,339,799	1,766,341	6,139	189,844	4,302,123
Board designated	30,000	30,000	30,000	-	90,000
<i>Total net assets without donor restrictions</i>	<u>2,369,799</u>	<u>1,796,341</u>	<u>36,139</u>	<u>189,844</u>	<u>4,392,123</u>
With donor restrictions					
	709,649	741,836	-	11,412	1,462,897
<i>Total net assets</i>	<u>3,079,448</u>	<u>2,538,177</u>	<u>36,139</u>	<u>201,256</u>	<u>5,855,020</u>
<i>Total liabilities and net assets</i>	<u>\$ 3,777,420</u>	<u>\$ 2,874,795</u>	<u>\$ 11,976,947</u>	<u>\$ 481,917</u>	<u>\$ 19,111,079</u>

KIPP INDIANAPOLIS, INC.

 STATEMENTS OF ACTIVITIES OF KIPP INDY UNITE ELEMENTARY, KIPP
 INDY COLLEGE PREP MIDDLE, KIPP INDY LEGACY HIGH SCHOOL, AND ADMINISTRATION
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit IV

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	INTERSCHOOL ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
Private funding	\$ 234,068	\$ 154,914	\$ 62,054	\$ 808,421	\$ -	\$ 1,259,457
State funding	6,359,894	3,941,678	3,162,849	-	-	13,464,421
Federal funding	3,626,048	1,891,274	1,724,866	-	-	7,242,188
In-kind contributions	1,009,072	2,018,088	18,175	-	-	3,045,335
Other Income	93,872	52,343	11,248	1,843,967	(1,739,655)	261,775
<i>Total revenue and support</i>	<u>11,322,954</u>	<u>8,058,297</u>	<u>4,979,192</u>	<u>2,652,388</u>	<u>(1,739,655)</u>	<u>25,273,176</u>
EXPENSES						
Instructional expenses						
Personnel costs	3,795,560	2,104,309	1,935,495	8,650	-	7,844,014
Professional services	442,252	219,074	189,921	-	-	851,247
Supplies and materials	352,727	178,918	277,545	2,108	-	811,298
Other	47,334	26,639	31,572	-	-	105,545
<i>Total instructional expenses</i>	<u>4,637,873</u>	<u>2,528,940</u>	<u>2,434,533</u>	<u>10,758</u>	<u>-</u>	<u>9,612,104</u>
Administration expenses						
Personnel costs	1,816,054	669,855	1,043,117	2,201,877	-	5,730,903
Professional services	1,252,183	771,646	452,935	68,323	(1,739,655)	805,432
Staff training	18,248	8,383	18,555	20,214	-	65,400
Community relations	2,729	562	780	111,168	-	115,239
Supplies and materials	71,687	63,464	72,514	38,892	-	246,557
Other	3,200	1,646	2,915	12,038	-	19,799
<i>Total administration expenses</i>	<u>3,164,101</u>	<u>1,515,556</u>	<u>1,590,816</u>	<u>2,452,512</u>	<u>(1,739,655)</u>	<u>6,983,330</u>
Other expenses						
Facilities	1,308,227	1,346,197	416,316	34,199	-	3,104,939
Technology	140,065	82,190	83,604	29,353	-	335,212
Interest	656	1,050	560,591	-	-	562,297
Depreciation and amortization	218,656	136,023	486,195	28,037	-	868,911
Student transportation and other	874,509	1,217,317	436,416	50,637	-	2,578,879
<i>Total other expenses</i>	<u>2,542,113</u>	<u>2,782,777</u>	<u>1,983,122</u>	<u>142,226</u>	<u>-</u>	<u>7,450,238</u>
<i>Total expenses</i>	<u>10,344,087</u>	<u>6,827,273</u>	<u>6,008,471</u>	<u>2,605,496</u>	<u>(1,739,655)</u>	<u>24,045,672</u>
CHANGE IN NET ASSETS	978,867	1,231,024	(1,029,279)	46,892	-	1,227,504
TRANSFER OF NET ASSETS	(600,000)	-	600,000	-	-	-
NET ASSETS, BEGINNING OF YEAR	2,700,581	1,307,153	465,418	154,364	-	4,627,516
NET ASSETS, END OF YEAR	<u>\$ 3,079,448</u>	<u>\$ 2,538,177</u>	<u>\$ 36,139</u>	<u>\$ 201,256</u>	<u>\$ -</u>	<u>\$ 5,855,020</u>

KIPP INDIANAPOLIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	FY2022-2023C	\$ 340,132
		FY2022-2023L	191,560
		FY2022-2023U	<u>776,670</u>
<i>Total for Child Nutrition Cluster, National School Lunch Program, Indiana Department of Education, and U.S. Department of Agriculture</i>			<u>1,308,362</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010A	22-9135	6,424
		22-9410	60,617
		23-9400	369,056
		23-9135	270,664
		23-9410	589,008
		23-9410 SIG	254,851
		23-9400 SIG	<u>151,623</u>
<i>Total for Title I, Part A</i>			<u>1,702,243</u>
<u>Special Education Cluster (IDEA)</u>			
Special Education - Grants to States (IDEA, Part B)	84.027A	22611-541-PN01	9,009
		22611-632-PN01	13,174
		22611-07-CEIS	<u>100,062</u>
<i>Total Special Education Grants to States (IDEA, Part B)</i>			<u>122,245</u>
COVID - 19 Special Education - Grants to States (IDEA, Part B)	84.027X	22611-541-ARP	18,001
		22611-632-ARP	14,664
		22611-579-ARP	27,122
		22619-579-ARP	<u>3,036</u>
<i>Total Special Education Grants to States (IDEA, Part B) ARP</i>			<u>62,823</u>
<i>Total for Special Education Cluster (IDEA)</i>			<u>185,068</u>
Supporting Effective Instruction State Grant	84.367	2021-2023C	26,262
		2021-2023L	3,609
		2021-2023U	<u>47,619</u>
<i>Total for Supporting Effective Instruction State Grant</i>			<u>77,490</u>
Title IV, Part A: Student Support and Academic Enrichment Program	84.424A	S424A200015	10,470
		SA24A210015	<u>86,320</u>
<i>Total for Title IV, Part A: Student Support and Academic Enrichment Program</i>			<u>96,790</u>

KIPP INDIANAPOLIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION, CONTINUED			
Passed through the Indiana Department of Education, Continued			
Education Stabilization Fund			
COVID - 19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III)	84.425U	S425U200013	2,695,211
COVID -19 Elementary and Secondary School Emergency Relief Fund (CRRSA ESSER II)	84.425D	S425U210013	1,030,693
COVID -19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	7000-S425D200013	94,564
COVID - 19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth (ESSER II)	84.425W	S425W210015	<u>1,185</u>
<i>Total for Education Stabilization Fund passed through the Indiana Department of Education</i>			<u>3,821,653</u>
<i>Total Indiana Department of Education</i>			<u>5,883,244</u>
Education Stabilization Fund Passthrough from IPS			
COVID - 19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III)	84.425U	S425U200013	<u>109,444</u>
<i>Total for Education Stabilization Fund Passthrough from IPS</i>			109,444
<i>Total for Education Stabilization Fund</i>			<u>3,931,097</u>
<i>Total for US Department of Education</i>			<u>5,992,688</u>
<i>Total expenditures of federal awards</i>			<u>\$ 7,301,050</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2023. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The School has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except from federal awards by the U.S. Department of Education. The U.S. Department of Education requires a de minimis cost rate of 8-percent.



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 AUDITORS' REPORT

To the Board of Directors of
KIPP Indianapolis, Inc.:

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 of America (Government Auditing Standards), the financial statements of KIPP Indianapolis, Inc. (the "School"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2023.

Report on 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) as a basis for designing 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 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 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statement. 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.

Greenwald CPAs, Inc.

December 4, 2023



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
KIPP Indianapolis, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP Indianapolis, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit 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, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Greenwald CPAs, Inc.

December 4, 2023

KIPP INDIANAPOLIS, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

Financial Statements

- | | | |
|---|------------|----------------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____yes | ___X___no |
| Significant deficiency(ies) identified? | _____yes | ___X___none reported |
| 3. Noncompliance material to financial statements noted? | _____yes | ___X___no |

Federal Awards

- | | | |
|---|---|---|
| 4. Internal control over major federal programs: | | |
| Material weakness(es) identified? | _____yes | ___X___no |
| Significant deficiency(ies) identified? | _____yes | ___X___none reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Unmodified | |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____yes | ___X___no |
| 7. Identification of major program: | <u>Assistance Listing Number</u>
84.425D, 84.425U, 84.425W | <u>Name of Federal Program or Cluster</u>
Education Stabilization Fund |
| 8. Dollar threshold used to distinguish between Type A and B programs: | \$ | 750,000 |
| 9. Auditee qualified as low-risk auditee? | __X__yes | _____no |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

KIPP INDIANAPOLIS, INC.
OTHER REPORT
FOR THE YEAR ENDED JUNE 30, 2023

The reports presented herein were prepared in addition to another report prepared for the School as listed below:

Supplemental Audit Report of KIPP Indianapolis, Inc.