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December 21, 2016

Charter School Board
Kipp Indianapolis Inc.
1740 E 30th St
Indianapolis, IN 46218

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Kipp Indianapolis Inc., as of June 30, 2016, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

KIPP INDIANAPOLIS, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2016 AND 2015

GREENWALT CPAs
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KIPP INDIANAPOLIS, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of KIPP Indianapolis, Inc. (an Indiana public charter school, "the School"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources* and *Guidelines of Audits of Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2016 and 2015, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

November 30, 2016

Freenwalt CPAs, Inc.

KIPP INDIANAPOLIS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash	\$ 1,036,427	\$ 588,948
Grants receivable	480,885	233,133
Uniform inventory	27,001	-
Prepaid expenses	52,119	27,321
	<u>1,596,432</u>	<u>849,402</u>
<i>Total current assets</i>		
	<u>1,596,432</u>	<u>849,402</u>
LAND AND BUILDING AVAILABLE FOR SALE	<u>352,636</u>	<u>352,636</u>
PROPERTY AND EQUIPMENT		
Books and education materials	118,088	35,403
Furniture and equipment	205,220	139,234
Computer equipment	497,713	353,652
Software	74,332	74,332
Accumulated depreciation	(540,753)	(348,702)
	<u>354,600</u>	<u>253,919</u>
<i>Total property and equipment, net</i>		
	<u>354,600</u>	<u>253,919</u>
<i>Total assets</i>	<u>\$ 2,303,668</u>	<u>\$ 1,455,957</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 107,675	\$ 80,665
Accrued personnel costs	70,488	10,097
Other accrued expenses	372,116	129,675
Current portion of notes payable	16,250	46,428
	<u>566,529</u>	<u>266,865</u>
<i>Total current liabilities</i>		
	<u>566,529</u>	<u>266,865</u>
LONG TERM LIABILITIES		
Notes payable, net of current portion	<u>308,750</u>	<u>159,587</u>
<i>Total liabilities</i>	<u>875,279</u>	<u>426,452</u>
	<u>875,279</u>	<u>426,452</u>
COMMITMENTS (NOTE 4)		
NET ASSETS		
Unrestricted	1,313,290	1,000,775
Unrestricted Board designated	50,000	-
	<u>1,363,290</u>	<u>1,000,775</u>
<i>Total unrestricted net assets</i>		
	<u>1,363,290</u>	<u>1,000,775</u>
Temporarily restricted	65,099	28,730
	<u>1,428,389</u>	<u>1,029,505</u>
<i>Total net assets</i>		
	<u>1,428,389</u>	<u>1,029,505</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,303,668</u>	<u>\$ 1,455,957</u>
	<u>\$ 2,303,668</u>	<u>\$ 1,455,957</u>

See accompanying notes to financial statements.

KIPP INDIANAPOLIS, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	2016	UNRESTRICTED	TEMPORARILY RESTRICTED	2015
REVENUE AND SUPPORT						
Private funding	\$ 543,116	\$ 59,101	\$ 602,217	\$ 1,127,210	\$ 18,649	\$ 1,145,859
State funding	4,535,437	-	4,535,437	3,254,405	-	3,254,405
Federal funding	1,192,436	-	1,192,436	1,261,058	-	1,261,058
Other income	199,736	-	199,735	94,631	-	94,631
<i>Total</i>	<u>6,470,724</u>	<u>59,101</u>	<u>6,529,825</u>	<u>5,737,304</u>	<u>18,649</u>	<u>5,755,953</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>22,732</u>	<u>(22,732)</u>	<u>-</u>	<u>6,357</u>	<u>(6,357)</u>	<u>-</u>
<i>Total revenue and support</i>	<u>6,493,456</u>	<u>36,369</u>	<u>6,529,825</u>	<u>5,743,661</u>	<u>12,292</u>	<u>5,755,953</u>
EXPENSES						
Instructional expenses						
Personnel costs	2,526,412	-	2,526,412	2,174,716	-	2,174,716
Professional services	94,904	-	94,904	87,778	-	87,778
Supplies and materials	156,094	-	156,094	153,081	-	153,081
<i>Total instructional expenses</i>	<u>2,777,410</u>	<u>-</u>	<u>2,777,410</u>	<u>2,415,575</u>	<u>-</u>	<u>2,415,575</u>
Administration expenses						
Personnel costs	1,450,530	-	1,450,530	1,145,752	-	1,145,752
Professional services	224,382	-	224,382	130,408	-	130,408
Staff training	85,319	-	85,319	22,046	-	22,046
Community relations	27,611	-	27,611	96,855	-	96,855
Supplies and materials	74,013	-	74,013	257,305	-	257,305
Other	44,415	-	44,415	7,476	-	7,476
<i>Total administration expenses</i>	<u>1,906,270</u>	<u>-</u>	<u>1,906,270</u>	<u>1,659,842</u>	<u>-</u>	<u>1,659,842</u>
Other expenses:						
Facilities	293,448	-	293,448	300,145	-	300,145
Technology	117,656	-	117,658	47,899	-	47,899
Interest	7,269	-	7,269	12,105	-	12,105
Depreciation and amortization	192,052	-	192,052	159,112	-	159,112
Student transportation and other	836,824	-	836,824	683,946	-	683,946
Loss on disposal of property and equipment	-	-	-	269,312	-	269,312
<i>Total other expenses</i>	<u>1,447,261</u>	<u>-</u>	<u>1,447,261</u>	<u>1,492,519</u>	<u>-</u>	<u>1,492,519</u>
<i>Total expenses</i>	<u>6,130,941</u>	<u>-</u>	<u>6,130,941</u>	<u>5,567,936</u>	<u>-</u>	<u>5,567,936</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>362,515</u>	<u>36,369</u>	<u>398,884</u>	<u>175,725</u>	<u>12,292</u>	<u>188,017</u>
IMPAIRMENT LOSS ON LAND AND BUILDING AVAILABLE FOR SALE (NOTE 2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,218,123)</u>	<u>-</u>	<u>(2,218,123)</u>
CHANGE IN NET ASSETS	<u>362,515</u>	<u>36,369</u>	<u>398,884</u>	<u>(2,042,398)</u>	<u>12,292</u>	<u>(2,030,106)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,000,775</u>	<u>28,730</u>	<u>1,029,505</u>	<u>3,043,173</u>	<u>16,438</u>	<u>3,059,611</u>
NET ASSETS, END OF YEAR	<u>\$ 1,363,290</u>	<u>\$ 65,099</u>	<u>\$ 1,428,389</u>	<u>\$ 1,000,775</u>	<u>\$ 28,730</u>	<u>\$ 1,029,505</u>

See accompanying notes to financial statements.

NET CHANGE IN CASH

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from private funding	\$ 602,217	\$ 1,145,859
Cash received from state and federal funding	5,324,121	4,268,713
Cash received from other income sources	199,727	94,516
Cash paid to suppliers and employees	(5,527,577)	(4,953,400)
Interest income received	8	115
Interest paid	<u>(7,269)</u>	<u>(12,105)</u>
<i>Net cash provided by operating activities</i>	<u>591,227</u>	<u>543,698</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(262,733)</u>	<u>(218,185)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (payments) on notes payable	<u>118,985</u>	<u>(46,429)</u>
NET CHANGE IN CASH	447,479	279,084
CASH, BEGINNING OF YEAR	<u>588,948</u>	<u>309,864</u>
CASH, END OF YEAR	<u><u>\$ 1,036,427</u></u>	<u><u>\$ 588,948</u></u>
NON-CASH OPERATING AND INVESTING ACTIVITIES:		
In-kind services	<u><u>\$ 126,000</u></u>	<u><u>\$ 71,907</u></u>
Donated computers	<u><u>\$ 30,000</u></u>	<u><u>\$ -</u></u>

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

	<u>2016</u>	<u>2015</u>
CHANGE IN NET ASSETS	<u>\$ 398,884</u>	<u>\$ (2,030,106)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	192,052	159,112
Donated computers	(30,000)	
Loss on disposal of property and equipment	-	289,312
Impairment loss on land and building available for sale	-	2,218,123
<i>Increase (decrease) in operating assets:</i>		
Grants receivable	(247,752)	(174,843)
Uniform inventory	(27,001)	-
Prepaid expenses	(24,798)	(19,012)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	27,010	34,762
Accrued personnel costs	60,391	10,055
Other accrued expenses	242,441	56,295
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 591,227</u></u>	<u><u>\$ 543,698</u></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 and KIPP Indy Unite Elementary 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 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's curriculum is based upon the Indiana Academic Standards and is taught rigorously to ensure that students are prepared for a college preparatory high school upon completion of the eighth grade.

The School provides an age-appropriate curriculum for reading, language arts, math, science, and social studies at each grade level. Grade levels kindergarten and first grade as well as fifth through eighth grade are currently being served. The School plans to add second through fourth grade over the next few years. Spanish is also offered to fifth through eighth graders, and all students are enrolled in Physical Education. Teachers also lead an advisory role, which consists of instruction in the values, life skills, and study skills.

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.

FINANCIAL STATEMENT PRESENTATION

In accordance with the Not-for-Profit Organizations Revenue Recognition Accounting Standards, donations and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

In accordance with Accounting Standards for the Preparation of Financial Statements of Not-For-Profit Organizations, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the School is required to present a statement of cash flows. The School had unrestricted and temporarily restricted net assets at June 30, 2016 and 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 no cash equivalents at June 30, 2016 and 2015.

At June 30, 2016, the School maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

GRANTS AND ACCOUNTS RECEIVABLE

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 over periods of time up to thirty days from the statement of financial position date. 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.

Grants receivable are reported net of an allowance for doubtful accounts. The School reviews grants receivable and writes off any amount to be deemed uncollectible. There were no allowances as of June 30, 2016 and 2015.

INVENTORY

Inventory is carried at the lower of cost or market. Cost is measured on the average cost basis. Inventory is comprised of student uniforms.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost 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 cost, or fair value, if contributed. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets ranging from 3 to 40 years. Expenditures for property and equipment and for renewals or 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.

IMPAIRMENT OF LONG LIVED ASSETS

The School evaluates long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. During fiscal year 2015, management determined that its 42nd Street building was recorded at a value higher than its potential sale value. See Note 3.

KIPP INDIANAPOLIS, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS

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

Unrestricted

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

Unrestricted – Board Designated

KIPP operates two schools which received their authorization through the Indiana Charter School Board (ICSB). The ICSB 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. At June 30, 2016 KIPP held the following amounts in escrow which have been presented as board designated net assets in the statement of financial position:

KIPP Indy College Prep Middle School	\$	30,000
KIPP Indy Unite Elementary School		<u>20,000</u>
	\$	<u>50,000</u>

Temporarily Restricted

These include donations and grant revenues used to meet expenses of current operations in accordance 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Net Assets were restricted for the following purposes at June 30, 2016 and 2015: the School had \$65,099 and \$28,730 of temporarily restricted net assets:

	<u>2016</u>	<u>2015</u>
Fundraising/Development	\$ -	\$ 6,285
Instructional Technology	6,000	9,796
Administrative Salaries	58,182	12,649
Professional Development	<u>917</u>	<u>-</u>
Total temporary restricted	<u>\$ 65,099</u>	<u>\$ 28,730</u>

Permanently Restricted

As of June 30, 2016 and 2015, the School had no permanently restricted net assets.

KIPP INDIANAPOLIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTED SERVICES

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.

The School received \$126,000 and \$71,907 of in-kind contributions during the years ended June 30, 2016 and 2015 for School nursing services. These in-kind contributions have been included in private funding on the statements of activities. They have been treated as non-cash activities for the purposes of the statements of cash flows.

Volunteers provide program 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.

Advertising

Advertising expenses totaled \$27,611 and \$22,046 for fiscal years 2016 and 2015, respectively. The School's policy is to record advertising expenditures in the period in which they are incurred.

EXPENSE ALLOCATION

Expenses have been classified as program services and general and administrative 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 years ended June 30 is as follows:

	<u>2016</u>	<u>2015</u>
Program services	\$ 4,224,671	\$ 3,908,094
General and administrative	<u>1,906,270</u>	<u>1,659,842</u>
Total functional expenses	<u>\$ 6,130,941</u>	<u>\$ 5,567,936</u>

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONCENTRATION OF CREDIT RISK

Operating Funds from the Indiana Department of Education amounted to 67.0% and 56.5% of the School's total revenue and support during fiscal years 2016 and 2015, 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 17.6% and 21.9% of the School's total revenue and support during the fiscal years 2016 and 2015, 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.

SUBSEQUENT EVENTS

Subsequent events have been considered through November 30, 2016, which was the date the financial statements were available to be issued.

2. LAND AND BUILDING AVAILABLE FOR SALE AND IMPAIRMENT LOSS

After the 2014 school year, the School vacated its property at 3202 E. 42nd Street. The School plans to sell the building. During fiscal year 2015, management determined that the property was recorded at a value higher than its potential sale value. The resulting loss has been reflected as impairment loss on land and building available for sale in the statements of activities. There has been no change during fiscal year 2016.

3. DEBT

The School had a loan from a financial institution of \$325,000, which was scheduled to mature in February 2018. The interest rate on this loan was variable and was subject to changes based on the Daily LIBOR Rate. The loan was paid off during fiscal year 2016. The balance of the loan at June 30, 2015 was \$206,015.

The School obtained a loan from the State of Indiana through the Charter and Innovation School Advance Program for \$325,000 in February 2016, which matures in January 2026. The interest rate on the loan is 1% per annum. The balance on the loan at June 30, 2016 was \$325,000.

KIPP INDIANAPOLIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

3. DEBT, CONTINUED

The future aggregate minimum principal payments on the charter school loan are as follows for the years ending June 30:

2017	\$	16,250
2018		32,500
2019		32,500
2020		32,500
2021		32,500
Thereafter		<u>178,750</u>
Total	\$	<u>325,000</u>

Total interest expense during fiscal years 2016 and 2015 was \$7,269 and \$12,105, respectively.

4. COMMITMENTS AND OPERATING LEASES

Beginning in July 2015, the School has two agreements with The Board of School Commissioners of the City of Indianapolis for KIPP Indy College Prep Middle School and KIPP Indy Unite Elementary School to become Innovation Network Charter Schools through June 30, 2022. Under the 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. In exchange, the School has agreed to pay IPS \$14,584 per month plus \$48.75 per student enrolled in the School, based on 90% of the School's most recent student count. In fiscal year 2016 the School paid \$174,240 in service fees to IPS.

Future minimum payments for all these agreements are as follows for the years ending June 30:

2017	\$	175,000
2018		175,000
2019		175,000
2020		175,000
2021		175,000
Thereafter		<u>175,000</u>
Total	\$	<u>1,050,000</u>

The School leases office equipment expiring on various dates through July 2020. These leases require minimum monthly payments of \$2,049, plus various charges for usage overages. Lease expense on equipment was \$42,787 and \$36,163, respectively, for the fiscal years 2016 and 2015.

4. COMMITMENTS AND OPERATING LEASES, CONTINUED

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

2017	\$	24,582
2018		6,367
2019		3,977
2020		3,977
	\$	<u>38,903</u>

5. 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 match to the Plan during fiscal years 2016 and 2015, for which the School contributed \$199,902 and \$164,164, respectively.

The School elected to become 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). 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 \$17,891 and \$6,661 for fiscal years 2016 and 2015, 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, 2015 (the last year reported), TRF was more than 80% funded. A copy of the complete annual report for the year ended June 30, 2015 can be obtained at www.in.gov/inprs/files/2015INPRSCARFBook.pdf.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of the School as of and for the years ended June 30, 2016 and 2015, and our report thereon dated November 30, 2016, which expressed an unmodified opinion on those financial statements, appears on page two. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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* is presented for purposes of additional analysis rather than to present the financial position and results of operations by division, and is not a required part of the financial statements. The accompanying Exhibits I-IV as of and for the year ended June 30, 2016 and 2015, have been presented for purposes of additional analysis and are 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.

November 30, 2016

KIPP INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION OF KIPP INDY COLLEGE PREP MIDDLE, KIPP INDY UNITE ELEMENTARY, AND ADMINISTRATION
 JUNE 30, 2016

Exhibit I

ASSETS	COLLEGE PREP MIDDLE	UNITE ELEMENTARY	ADMINISTRATION	TOTAL
CURRENT ASSETS				
Cash	\$ 481,591	\$ 390,788	\$ 164,048	\$ 1,036,427
Grants receivable	188,619	286,031	6,235	480,885
Uniform inventory	15,443	11,558	-	27,001
Prepaid expenses	16,933	16,426	18,760	52,119
<i>Total current assets</i>	<u>702,586</u>	<u>704,803</u>	<u>189,043</u>	<u>1,596,432</u>
LAND AND BUILDING AVAILABLE FOR SALE	<u>352,636</u>	<u>-</u>	<u>-</u>	<u>352,636</u>
PROPERTY AND EQUIPMENT				
Books and education materials	40,713	77,375	-	118,088
Furniture and equipment	113,325	91,895	-	205,220
Computer equipment	366,984	113,471	17,258	497,713
Software	74,332	-	-	74,332
Accumulated depreciation	(462,080)	(75,248)	(3,425)	(540,753)
<i>Total property and equipment, net</i>	<u>133,274</u>	<u>207,493</u>	<u>13,833</u>	<u>354,600</u>
<i>Total assets</i>	<u>\$ 1,188,496</u>	<u>\$ 912,296</u>	<u>\$ 202,876</u>	<u>\$ 2,303,668</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 39,536	\$ 55,815	\$ 12,324	\$ 107,675
Accrued personnel costs	26,803	15,709	27,976	70,488
Other accrued expenses	243,102	127,805	1,209	372,116
Current portion of notes payable	10,000	6,250	-	16,250
<i>Total current liabilities</i>	<u>319,441</u>	<u>205,579</u>	<u>41,509</u>	<u>566,529</u>
LONG TERM LIABILITIES				
Notes payable, net of current portion	<u>190,000</u>	<u>118,750</u>	<u>-</u>	<u>308,750</u>
<i>Total liabilities</i>	<u>509,441</u>	<u>324,329</u>	<u>41,509</u>	<u>875,279</u>
NET ASSETS				
Unrestricted	649,055	515,286	148,949	1,313,290
Unrestricted board designated	30,000	20,000	-	50,000
<i>Total unrestricted net assets</i>	<u>679,055</u>	<u>535,286</u>	<u>148,949</u>	<u>1,363,290</u>
Temporarily restricted	<u>-</u>	<u>52,681</u>	<u>12,418</u>	<u>65,099</u>
<i>Total net assets</i>	<u>679,055</u>	<u>587,967</u>	<u>161,367</u>	<u>1,428,389</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,188,496</u>	<u>\$ 912,296</u>	<u>\$ 202,876</u>	<u>\$ 2,303,668</u>

KIPP INDIANAPOLIS, INC.

STATEMENTS OF ACTIVITIES OF KIPP INDY COLLEGE PREP MIDDLE, KIPP INDY UNITE ELEMENTARY, AND ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit II

	COLLEGE PREP MIDDLE	UNITE ELEMENTARY	ADMINISTRATION	ELIMINATIONS	TOTAL
UNRESTRICTED REVENUE AND SUPPORT					
Private funding	\$ 35,720	\$ 105,511	\$ 424,617	\$ -	\$ 565,848
State funding	3,033,554	1,501,883	-	-	4,535,437
Federal funding	698,661	492,563	1,212	-	1,192,436
Other Income	124,550	70,829	239,322	(234,966)	199,735
<i>Total</i>	3,892,485	2,170,786	665,151	(234,966)	6,493,456
TEMPORARILY RESTRICTED REVENUE, NET OF RELEASES	(10,081)	41,205	5,245	-	36,369
<i>Total revenue and support</i>	3,882,404	2,211,991	670,396	(234,966)	6,529,825
EXPENSES					
Instructional expenses:					
Personnel costs	1,739,298	787,114	-	-	2,526,412
Professional services	62,341	32,563	-	-	94,904
Supplies and materials	92,809	63,285	-	-	156,094
<i>Total Instructional expenses</i>	1,894,448	882,962	-	-	2,777,410
Administration expenses:					
Personnel costs	347,097	259,011	844,422	-	1,450,530
Professional services	127,778	95,215	1,389	-	224,382
Staff training	23,969	28,426	32,924	-	85,319
Community relations	227	-	27,384	-	27,611
Supplies and materials	41,068	19,236	13,709	-	74,013
Other	181,866	94,841	2,674	(234,966)	44,415
<i>Total administration expenses</i>	722,005	496,729	922,502	(234,966)	1,906,270
Other expenses:					
Facilities	149,586	78,292	65,570	-	293,448
Technology	68,288	41,186	8,194	-	117,668
Interest	7,269	-	-	-	7,269
Depreciation and amortization	143,310	46,653	2,089	-	192,052
Student transportation and other	522,286	300,248	14,290	-	836,824
<i>Total other expenses</i>	890,739	466,379	90,143	-	1,447,261
<i>Total expenses</i>	3,507,192	1,846,070	1,012,645	(234,966)	6,130,941
CHANGE IN NET ASSETS	375,212	365,921	(342,249)	-	398,884
NET ASSETS, BEGINNING OF YEAR	303,843	222,046	503,616	-	1,029,505
NET ASSETS, END OF YEAR	\$ 679,055	\$ 587,967	\$ 161,367	\$ -	\$ 1,428,389

KIPP INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION OF KIPP INDY COLLEGE PREP MIDDLE, KIPP INDY UNITE ELEMENTARY, AND ADMINISTRATION
 JUNE 30, 2015

Exhibit III

	COLLEGE PREP MIDDLE	UNITE ELEMENTARY	ADMINISTRATION	ELIMINATIONS	TOTAL
ASSETS					
CURRENT ASSETS					
Cash	\$ 72,823	\$ 83,928	\$ 432,197	\$ -	\$ 588,948
Grants receivable	68,865	160,945	3,323	-	233,133
Interfund receivable	-	-	85,000	(85,000)	-
Prepaid expenses	5,060	8,631	13,630	-	27,321
<i>Total current assets</i>	<u>146,748</u>	<u>253,504</u>	<u>534,150</u>	<u>(85,000)</u>	<u>849,402</u>
LAND AND BUILDING AVAILABLE FOR SALE	<u>352,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,636</u>
PROPERTY AND EQUIPMENT					
Books and education materials	2,164	33,239	-	-	35,403
Furniture and equipment	89,505	49,729	-	-	139,234
Computer equipment	318,624	31,019	4,009	-	353,652
Software	74,332	-	-	-	74,332
Accumulated depreciation	(318,770)	(28,596)	(1,336)	-	(348,702)
<i>Total property and equipment, net</i>	<u>165,855</u>	<u>85,391</u>	<u>2,673</u>	<u>-</u>	<u>253,919</u>
<i>Total assets</i>	<u>\$ 665,239</u>	<u>\$ 338,895</u>	<u>\$ 536,823</u>	<u>\$ (85,000)</u>	<u>\$ 1,455,957</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 47,226	\$ 24,955	\$ 8,484	\$ -	\$ 80,665
Interfund payable	-	85,000	-	(85,000)	-
Accrued personnel costs	225	-	9,872	-	10,097
Other accrued expenses	107,930	6,894	14,851	-	129,675
Current portion of note payable	46,428	-	-	-	46,428
<i>Total current liabilities</i>	<u>201,809</u>	<u>116,849</u>	<u>33,207</u>	<u>(85,000)</u>	<u>266,865</u>
LONG TERM LIABILITIES					
Note payable, net of current portion	<u>159,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,587</u>
<i>Total liabilities</i>	<u>361,396</u>	<u>116,849</u>	<u>33,207</u>	<u>(85,000)</u>	<u>426,452</u>
NET ASSETS					
Unrestricted	293,762	210,570	496,443	-	1,000,775
Temporarily restricted	10,081	11,476	7,173	-	28,730
<i>Total net assets</i>	<u>303,843</u>	<u>222,046</u>	<u>503,616</u>	<u>-</u>	<u>1,029,505</u>
<i>Total liabilities and net assets</i>	<u>\$ 665,239</u>	<u>\$ 338,895</u>	<u>\$ 536,823</u>	<u>\$ (85,000)</u>	<u>\$ 1,455,957</u>

KIPP INDIANAPOLIS, INC.

 STATEMENTS OF ACTIVITIES OF KIPP INDY COLLEGE PREP MIDDLE, KIPP INDY UNITE ELEMENTARY, AND ADMINISTRATION
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit IV

	COLLEGE PREP MIDDLE	UNITE ELEMENTARY	ADMINISTRATION	TOTAL
UNRESTRICTED REVENUE AND SUPPORT				
Private funding	\$ 67,064	\$ 190,200	\$ 876,303	\$ 1,133,567
State funding	2,617,784	636,621	-	3,254,405
Federal funding	859,461	401,597	-	1,261,058
Other Income	17,534	74,519	2,578	94,631
<i>Total revenue</i>	<u>3,561,843</u>	<u>1,302,937</u>	<u>878,881</u>	<u>5,743,661</u>
TEMPORARILY RESTRICTED REVENUE, NET OF RELEASES				
	(6,357)	11,476	7,173	12,292
<i>Total revenue and support</i>	<u>3,555,486</u>	<u>1,314,413</u>	<u>886,054</u>	<u>5,755,953</u>
EXPENSES				
Instructional Expenses:				
Personnel costs	1,713,217	461,499	-	2,174,716
Professional services	56,749	31,029	-	87,778
Supplies and materials	99,503	53,578	-	153,081
<i>Total instructional expenses</i>	<u>1,869,469</u>	<u>546,106</u>	<u>-</u>	<u>2,415,575</u>
Administration Expenses:				
Personnel costs	369,620	302,943	473,189	1,145,752
Professional services	86,137	32,037	12,234	130,408
Staff training	4,039	6,208	11,799	22,046
Community relations	66,329	27,805	2,721	96,855
Supplies and materials	123,867	99,110	34,328	257,305
Other	4,336	789	2,351	7,476
<i>Total administration expenses</i>	<u>654,328</u>	<u>468,892</u>	<u>536,622</u>	<u>1,659,842</u>
Other expenses:				
Facilities	194,532	62,348	43,265	300,145
Technology	28,830	12,781	6,288	47,899
Interest	12,105	-	-	12,105
Depreciation and amortization	129,180	28,596	1,336	159,112
Student transportation and other	498,640	180,864	4,442	683,946
Loss on disposal of property and equipment	289,312	-	-	289,312
<i>Total other expenses</i>	<u>1,152,599</u>	<u>284,589</u>	<u>55,331</u>	<u>1,492,519</u>
<i>Total expenses</i>	<u>3,676,396</u>	<u>1,299,587</u>	<u>591,953</u>	<u>5,567,936</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(120,910)	14,826	294,101	188,017
IMPAIRMENT LOSS ON LAND AND BUILDING AVAILABLE FOR SALE	(2,218,123)	-	-	(2,218,123)
CHANGE IN NET ASSETS	(2,339,033)	14,826	294,101	(2,030,106)
NET ASSETS, BEGINNING OF YEAR	2,642,876	207,220	209,515	3,059,611
NET ASSETS, END OF YEAR	<u>\$ 303,843</u>	<u>\$ 222,046</u>	<u>\$ 503,616</u>	<u>\$ 1,029,505</u>

See independent auditors' report on supplemental information.

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KIPP INDIANAPOLIS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education			
National School Lunch Program	10.555	FY2015-2016C	\$ 262,270
	10.555	FY2015-2016U	174,506
<i>Total for National School Lunch Program and U.S. Department of Agriculture</i>			<u>436,776</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	2014-2015C	35,192
		2015-2016C	262,189
		2014-2015U	4,307
		2015-2016U	78,007
<i>Total for Title I, Part A Cluster</i>			<u>379,696</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	FY2015-2017C	45,119
		FY2014-2016U	7,702
<i>Total for Special Education Cluster (IDEA)</i>			<u>52,821</u>
Improving Teacher Quality State Grants	84.367	FY2014-2016C	19,280
Teacher Incentive Fund	84.374	FY2014-2015C	80,437
<i>Total passed through the Indiana Department of Education</i>			<u>532,234</u>
Passed through the KIPP Foundation			
Investing in Innovation (i3) Fund	84.411	FY2014-2015R	1,212
<i>Total U.S. Department of Education</i>			<u>533,446</u>
<i>Total expenditures of federal awards</i>			<u>\$ 970,222</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, 2016. 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.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

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.

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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, the financial statements of KIPP Indianapolis, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Greenwald CPAs, Inc.

November 30, 2016

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal Program

We have audited KIPP Indianapolis, Inc.'s (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2016. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Greenwald CPAs, Inc.

November 30, 2016

KIPP INDIANAPOLIS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDIT RESULTS

- 1. Type of auditors' report issued: Unmodified
- 2. Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none reported
- 3. Noncompliance material to financial statements noted? yes no
- 4. Internal control over major federal programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none reported
- 5. Type of auditors' report issued on compliance for major programs: Unmodified
- 6. Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)? yes no
- 7. Identification of major program: CFDA Number Name of Federal Program or Cluster
 10.555 National School Lunch Program
- 8. The threshold for distinguishing between Type A and B programs was \$750,000.
- 9. Auditee qualified as low-risk auditee? yes no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

KIPP INDIANAPOLIS, INC.
OTHER REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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.