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January 24, 2022


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

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, 2020 to June 30, 2021. 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, 2021 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.

  
Paul D. Joyce, CPA  
State Examiner

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KIPP INDIANAPOLIS, INC.  
FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
JUNE 30, 2021 AND 2020

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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, 2021 and 2020, 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 for 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2021 and 2020, 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 December 13, 2021, 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 13, 2021

KIPP INDIANAPOLIS, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2021 AND 2020

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 3,999,900	\$ 3,005,562
Accounts receivable	37,821	20,492
Grants and contributions receivable	515,066	621,888
Prepaid expenses	108,417	134,218
<i>Total current assets</i>	<u>4,661,204</u>	<u>3,782,160</u>
<b>LONG TERM PORTION OF GRANTS AND CONTRIBUTIONS RECEIVABLE</b>	-	25,000
<b>CASH RESTRICTED FOR BOND REDEMPTION AND REPLACEMENT RESERVE</b>	<u>1,077,560</u>	<u>-</u>
<b>PROPERTY AND EQUIPMENT</b>		
Building and improvements	11,252,757	11,135,067
Leasehold improvements	215,360	186,224
Books and education materials	192,816	188,396
Furniture and equipment	1,259,669	1,110,529
Computer equipment	822,813	779,054
Accumulated depreciation and amortization	<u>(1,717,980)</u>	<u>(859,275)</u>
<i>Total property and equipment, net</i>	<u>12,025,435</u>	<u>12,539,995</u>
<i>Total assets</i>	<u>\$ 17,764,199</u>	<u>\$ 16,347,155</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 514,743	\$ 452,021
Related party payable	73,139	46,367
Accrued personnel costs	582,401	469,578
Other accrued expenses	53,856	42,277
Deferred revenues	793	67,871
Accrued bond interest	279,900	-
Current portion of notes payable	32,500	245,463
<i>Total current liabilities</i>	<u>1,537,332</u>	<u>1,323,577</u>
<b>LONG TERM LIABILITIES</b>		
Refundable advance of PPP Funds	-	1,515,000
Bonds payable, net of unamortized bond premium and deferred bond issuance costs	11,453,101	-
Notes payable, net of current portion	146,250	10,523,261
<i>Total long term liabilities</i>	<u>11,599,351</u>	<u>12,038,261</u>
<i>Total liabilities</i>	<u>13,136,683</u>	<u>13,361,838</u>
<b>COMMITMENTS (NOTE 6)</b>		
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	4,120,319	2,727,218
Board designated	80,000	70,000
<i>Total net assets without donor restrictions</i>	<u>4,200,319</u>	<u>2,797,218</u>
With donor restrictions	427,197	188,099
<i>Total net assets</i>	<u>4,627,516</u>	<u>2,985,317</u>
<i>Total liabilities and net assets</i>	<u>\$ 17,764,199</u>	<u>\$ 16,347,155</u>

**KIPP INDIANAPOLIS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>2021 TOTAL</b>	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>2020 TOTAL</b>
<b>REVENUE AND SUPPORT</b>						
Private funding	\$ 4,233,277	\$ 786,039	\$ 5,019,316	\$ 3,053,451	\$ 947,737	\$ 4,001,188
State funding	10,478,003	1,082,006	11,560,009	8,564,367	883,425	9,447,792
Federal funding	2,777,264	-	2,777,264	2,007,691	-	2,007,691
Other income	206,061	-	206,061	113,139	-	113,139
<i>Total</i>	<u>17,694,605</u>	<u>1,868,045</u>	<u>19,562,650</u>	<u>13,738,648</u>	<u>1,831,162</u>	<u>15,569,810</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>1,628,947</u>	<u>(1,628,947)</u>	<u>-</u>	<u>1,697,399</u>	<u>(1,697,399)</u>	<u>-</u>
<i>Total revenue and support</i>	<u>19,323,552</u>	<u>239,098</u>	<u>19,562,650</u>	<u>15,436,047</u>	<u>133,763</u>	<u>15,569,810</u>
<b>EXPENSES</b>						
Instructional expenses						
Personnel costs	6,111,251	-	6,111,251	5,143,465	-	5,143,465
Professional services	235,760	-	235,760	187,279	-	187,279
Supplies and materials	683,610	-	683,610	237,330	-	237,330
Other	7,460	-	7,460	4,778	-	4,778
<i>Total instructional expenses</i>	<u>7,038,081</u>	<u>-</u>	<u>7,038,081</u>	<u>5,572,852</u>	<u>-</u>	<u>5,572,852</u>
Administration expenses						
Personnel costs	4,497,324	-	4,497,324	3,867,422	-	3,867,422
Professional services	515,516	-	515,516	397,093	-	397,093
Staff training	38,202	-	38,202	67,537	-	67,537
Community relations	57,803	-	57,803	48,953	-	48,953
Supplies and materials	280,868	-	280,868	232,162	-	232,162
Other	19,927	-	19,927	10,107	-	10,107
<i>Total administration expenses</i>	<u>5,409,640</u>	<u>-</u>	<u>5,409,640</u>	<u>4,623,274</u>	<u>-</u>	<u>4,623,274</u>
Other expenses						
Facilities	1,967,015	-	1,967,015	1,875,579	-	1,875,579
Technology	244,491	-	244,491	195,497	-	195,497
Interest	558,961	-	558,961	473,736	-	473,736
Depreciation and amortization	858,703	-	858,703	649,544	-	649,544
Student transportation and other	1,843,560	-	1,843,560	1,902,702	-	1,902,702
Loss on disposal of property and equipment	-	-	-	4,519	-	4,519
<i>Total other expenses</i>	<u>5,472,730</u>	<u>-</u>	<u>5,472,730</u>	<u>5,101,577</u>	<u>-</u>	<u>5,101,577</u>
<i>Total expenses</i>	<u>17,920,451</u>	<u>-</u>	<u>17,920,451</u>	<u>15,297,703</u>	<u>-</u>	<u>15,297,703</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,403,101</u>	<u>239,098</u>	<u>1,642,199</u>	<u>138,344</u>	<u>133,763</u>	<u>272,107</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,797,218</u>	<u>188,099</u>	<u>2,985,317</u>	<u>2,658,874</u>	<u>54,336</u>	<u>2,713,210</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,200,319</u>	<u>\$ 427,197</u>	<u>\$ 4,627,516</u>	<u>\$ 2,797,218</u>	<u>\$ 188,099</u>	<u>\$ 2,985,317</u>

See accompanying notes to financial statements.

**NET CHANGE IN CASH**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from private funding	\$ 997,799	\$ 3,128,746
Cash received from state and federal funding	14,426,766	11,253,368
Cash received from other income sources	206,061	113,139
Cash paid to suppliers and employees	(13,591,641)	(11,586,330)
Interest paid	(279,061)	(473,736)
	<u>1,759,924</u>	<u>2,435,187</u>
<i>Net cash provided by operating activities</i>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(576,153)	(1,235,383)
	<u>(576,153)</u>	<u>(1,235,383)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(34,399)	(237,027)
Principal borrowings on notes payable	922,526	286,061
	<u>888,127</u>	<u>49,034</u>
<i>Net cash provided by financing activities</i>		
<b>NET CHANGE IN CASH</b>	2,071,898	1,248,838
<b>CASH AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>3,005,562</u>	<u>1,756,724</u>
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	5,077,460	3,005,562
<b>RESTRICTED CASH</b>	<u>(1,077,560)</u>	<u>-</u>
<b>TOTAL CASH IN CURRENT ASSETS</b>	<u>\$ 3,999,900</u>	<u>\$ 3,005,562</u>
<b>NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES</b>		
In-kind services	<u>\$ 2,439,439</u>	<u>\$ 2,454,472</u>
Classroom furniture, equipment, and building costs in accounts payable and other accrued expenses	<u>\$ -</u>	<u>\$ 232,010</u>
Building and building improvements purchased with note payable	<u>\$ -</u>	<u>\$ 1,020,490</u>
Accrued expenses converted to notes payable	<u>\$ -</u>	<u>\$ 3,305,129</u>
Notes payable converted into bonds payable	<u>\$ 10,557,473</u>	<u>\$ -</u>

KIPP INDIANAPOLIS, INC.

STATEMENTS OF CASH FLOWS, CONTINUED  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ 1,642,199</u></b>	<b><u>\$ 272,107</u></b>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation and amortization	858,703	649,544
Loss on disposal of property and equipment	-	4,519
<i>(Increase) decrease in operating assets</i>		
Accounts receivable	(17,329)	57,125
Grants and contributions receivable	106,822	(219,049)
Prepaid expenses	25,801	(23,027)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	62,722	(84,409)
Related party payable	26,772	3,719
Accrued personnel costs	112,823	185,827
Other accrued expenses	243,589	46,992
Deferred revenue	(67,078)	26,839
Accrued bond interest	279,900	-
Refundable advance of PPP Funds	(1,515,000)	1,515,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ 1,759,924</u></u></b>	<b><u><u>\$ 2,435,187</u></u></b>

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 eleventh grade are currently being served. The School plans to add twelfth grade over the next few years. 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 \$1,077,560 at June 30, 2021. There were no cash equivalents at June 30, 2020.

At June 30, 2021 and 2020, the School maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$4.6 million and \$2.9 million, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS, CONTRIBUTIONS, 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. 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.

Accounts receivable as of June 30, 2021 and 2020 represents the uncollected portion of shared space with a local community center. See Note 6.

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, 2021 and 2020. Grants receivable of \$25,000 were due in greater than one year as of June 30, 2020 and collected in fiscal year 2021. All other grants, contributions, and accounts receivable were due within one year.

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 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.

Interest of approximately \$38,000 was capitalized as part of the Legacy High School construction project for the year ended June 30, 2020.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

Without Donor Restriction: Board Designated

KIPP operated three schools during the fiscal year 2021 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.

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>2021</u>	<u>2020</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	<u>20,000</u>	<u>10,000</u>
	<u>\$ 80,000</u>	<u>\$ 70,000</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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

With Donor Restrictions, Continued

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

	<u>2021</u>	<u>2020</u>
Emerging Leader – site visits, program supplies	\$ -	\$ 1,744
Social services – COVID relief	-	1,218
Student computer refresh	-	73,080
Student services salaries	-	12,343
Internet	-	378
Living stipends for residents	-	45,000
Capacity building	-	50,000
Comprehensive counseling initiative	-	4,336
School lunch program	325,902	-
Textbook program	48,482	-
Post-secondary	1,749	-
KF Network	22,000	-
ACE	25,750	-
Non-English speaking	3,314	-
Total	<u>\$ 427,197</u>	<u>\$ 188,099</u>

CONTRIBUTED GOODS AND 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 \$2,494,867 and \$2,454,472 of in-kind contributions, during the years ended June 30, 2021 and 2020, respectively, for School nursing services, rent, custodial and building maintenance, security, and transportation 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.

KIPP INDIANAPOLIS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 AND 2020

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTED GOODS AND SERVICES, CONTINUED

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.

ADVERTISING

Advertising expenses totaled \$57,803 and \$48,953 for fiscal years 2021 and 2020, 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, 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, 2021 is as follows:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 6,111,251	\$ 4,497,324	\$ -	\$ 10,608,575
Professional services	235,760	515,516	-	751,276
Supplies and materials	683,610	280,868	-	964,478
Staff training	-	38,202	-	38,202
Community relations	-	57,086	717	57,803
Facilities	1,967,015	-	-	1,967,015
Technology	244,491	-	-	244,491
Interest	558,961	-	-	558,961
Depreciation and amortization	858,703	-	-	858,703
Student transportation and other	1,851,020	19,927	-	1,870,947
Total	<u>\$ 12,510,811</u>	<u>\$ 5,408,923</u>	<u>\$ 717</u>	<u>\$ 17,920,451</u>

KIPP INDIANAPOLIS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 AND 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

EXPENSE ALLOCATION, CONTINUED

A summary of expenses by functional classification for the year ended June 30, 2020 is as follows:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 5,143,465	\$ 3,867,422	\$ -	\$ 9,010,887
Professional services	187,279	397,093	-	584,372
Supplies and materials	237,330	232,162	-	469,492
Staff training	-	67,537	-	67,537
Community relations	-	47,133	1,820	48,953
Facilities	1,875,579	-	-	1,875,579
Technology	195,497	-	-	195,497
Interest	473,736	-	-	473,736
Depreciation and amortization	649,544	-	-	649,544
Student transportation and other	1,911,999	10,107	-	1,922,106
Total	<u>\$ 10,674,429</u>	<u>\$ 4,621,454</u>	<u>\$ 1,820</u>	<u>\$ 15,297,703</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.

SUBSEQUENT EVENTS

Subsequent events have been considered through December 13, 2021, 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.

**2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED**

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 3,999,900	\$ 3,005,562
Accounts receivable	37,821	20,492
Grants and contributions receivable	<u>515,066</u>	<u>646,888</u>
Total financial assets	<u>4,552,787</u>	<u>3,672,942</u>
Cash designated by the Board for the OEI requirements	(80,000)	(70,000)
Net assets with donor restrictions	<u>(427,197)</u>	<u>(188,099)</u>
Total financial assets not available for use within one year	<u>(507,197)</u>	<u>(258,099)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,045,590</u>	<u>\$ 3,414,843</u>

**3. 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, 2021 and 2020, the School had outstanding payables to the KIPP Foundation in the amount of \$73,139 and \$46,367, respectively. The School paid networking fees of \$122,595 and \$102,422 in fiscal years 2021 and 2020, respectively.

**4. REFUNDABLE ADVANCE OF PPP FUNDS**

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). These funds can be used for costs related to payroll, employee health care, rent, and utilities. In April 2020, the School obtained \$1,515,000 from a financial institution under the PPP. The interest rate is 1%, the loan term is two years which begins after the lender makes a determination on forgiveness or 10 months after the 24-week expenditure period and will be paid at the end of the two-year term; however, to the extent the funds are used for qualifying expenses under the program, the School may apply for loan forgiveness for which the School expects to receive 100% forgiveness. The loan was fully forgiven during January 2021 and has been recognized as grant income in accordance with FASB ASC 958-605 in fiscal year 2021.

**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, 2021 and 2020 was \$178,750 and \$211,250, respectively.

**5. BONDS AND NOTES PAYABLE, CONTINUED**

The School obtained a construction loan from a local lender in November 2018. The potential draw on the loan totaled \$1,980,000. The KIPP Foundation had guaranteed \$400,000 of this loan. The loan was set to mature in November 2044 and bore interest at 6.0% per annum with interest accrued monthly through November 2019. The total outstanding balance at June 30, 2020 was \$1,959,653. The loan was refinanced into a bond payable during fiscal year 2021.

The School obtained another construction loan from a local lender in November 2018. The potential draw on the loan totaled \$8,721,000. The KIPP Foundation had guaranteed \$159,105 of this loan. The loan was set to mature in November 2044 and bore interest at 5.4% per annum with interest accrued monthly through November 2019. The total outstanding balance at June 30, 2020 was \$8,597,821. The loan was refinanced into a bond payable during fiscal year 2021.

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.

The bonds require the establishment of a debt reserve fund of \$716,500 that will assist with final payment of the bonds. A bond escrow account with a balance of \$279,937 at June 30, 2021 was also established in conjunction with the bond agreement to secure against defeasance on the bonds. A bond repair and replacement account with a balance of \$81,123 was also established in conjunction with the bond agreement to pay for costs of improvements, additions, or repairs. 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:

2022	\$	32,500
2023		32,500
2024		187,500
2025		192,500
2026		197,500
Thereafter		<u>11,016,250</u>
Total		11,658,750
Add: unamortized bond premiums		534,501
Less: unamortized bond issuance costs		<u>(561,400)</u>
Total debt	\$	<u><u>11,631,851</u></u>

**5. BONDS AND NOTES PAYABLE, CONTINUED**

Total interest expense related to notes and bonds payable during fiscal years 2021 and 2020 was \$558,961 and \$473,736, respectively. 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 contains financial maintenance covenants establishing a minimum debt service coverage ratio and days cash on hand requirement.

**6. COMMITMENTS AND OPERATING LEASES**

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 30<sup>th</sup> 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 \$1,396,107 and \$1,049,098 in fiscal years 2021 and 2020, respectively.

The School leases office equipment under operating leases that expire on various dates through April 2023. These leases require minimum monthly payments of \$4,558 plus charges for usage overages. Lease expense for equipment was \$59,532 and \$57,210, respectively, for the fiscal years 2021 and 2020.

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

2021	\$	50,502
2022		38,079
2023		<u>1,397</u>
	\$	<u>89,978</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 \$37,821 and \$4,286 for the years ended June 30, 2021 and 2020, 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.

**7. 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 2021 and 2020, for which the School contributed \$481,906 and \$445,362, respectively.

**7. RETIREMENT AND PENSION PLANS, CONTINUED**

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 2021 and 2020. 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 \$25,725 and \$15,743 for fiscal years 2021 and 2020, 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, 2020 (the last year reported), TRF was more than 90% funded. A copy of the complete annual report for the year ended June 30, 2020 can be obtained at:

[https://www.in.gov/inprs/files/INPRSConsolidatedAR\\_FY20\\_Introductory.pdf](https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY20_Introductory.pdf)

**8. 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	\$ 380,496	\$ 296,125	Federal grant passed through state or local government
FNS Food Safety Grants	U.S. Department of Agriculture	10.579	27,459	12,445	Federal grant passed through state or local government
Title I, Part A, Grants to Local Educational Agencies	Indiana Department of Education	84.010A	1,405,165	1,405,165	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B), Grants to States	Indiana Department of Education	84.027A	200,897	200,897	Federal grant passed through state or local government
CSP Innovation Grant – Charter Schools	Indiana Department of Education	84.282A	92,125	92,125	Federal grant passed through state or local government

KIPP INDIANAPOLIS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 AND 2020

**8. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED**

Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	138,376	138,376	Federal grant passed through state or local government
Title IV, Part A, Student Support and Academic Enrichment Program	Indiana Department of Education	84.424A	76,275	76,275	Federal grant passed through state or local government
Education Stabilization Fund - American Rescue Plan - Elementary and Secondary Emergency Relief Fund	Indiana Department of Education	84.425U	79,302	79,302	Federal grant passed through state or local government
Education Stabilization Fund - The CARES Act	Indiana Department of Education	84.425D	337,169	337,169	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	9,854,471	9,854,471	State or local government
Charter Facility Grant	Indiana Department of Education	N/A	947,250	947,250	State or local government
Medicaid Reimbursement	Indiana Department of Education	N/A	39,498	39,498	State or local government
State Special Education	Indiana Department of Education	N/A	470,784	470,784	State or local government
Textbook Reimbursement	Indiana Department of Education	N/A	101,636	101,636	State or local government
State Technology Grant	Indiana Department of Education	N/A	3,955	3,955	State or local government
Teacher Appreciation Grant	Indiana Department of Education	N/A	47,246	47,246	State or local government

**8. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED**

Formative Assessment	Indiana Department of Education	N/A	9,964	9,964	State or local government
Non-English Speaking	Indiana Department of Education	N/A	28,593	28,593	State or local government
Summer School	Indiana Department of Education	N/A	56,612	56,612	State or local government
		Total	\$ 14,297,273	\$ 14,197,888	

**9. RISKS AND UNCERTAINTIES**

Operating Funds from the Indiana Department of Education amounted to 59.1% and 60.7% and of the School's total revenue and support during fiscal years 2021 and 2020, 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 14.2% and 12.9% of the School's total revenue and support during the fiscal years 2021 and 2020, 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.

In March 2020, the World Health Organization declared a worldwide pandemic due to the outbreak of a novel strain of coronavirus, called COVID-19. The extent of the impact of COVID-19 on the School's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the students, teachers, faculty, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the School's financial condition or results of operations is uncertain.



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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 KIPP Indianapolis, Inc. (the School) as of and for the years ended June 30, 2021 and 2020, and our report thereon dated December 13, 2021, 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 accompanying Exhibits I-IV as of and for the years ended June 30, 2021 and 2020, 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 13, 2021

**KIPP INDIANAPOLIS, INC.**

 STATEMENTS OF FINANCIAL POSITION OF KIPP INDY UNITE ELEMENTARY, KIPP  
 INDY COLLEGE PREP MIDDLE, KIPP LEGACY HIGH SCHOOL, AND ADMINISTRATION  
 JUNE 30, 2021

Exhibit I

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	TOTAL
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 2,634,969	\$ 1,326,435	\$ (190,100)	\$ 228,596	\$ 3,999,900
Accounts receivable	-	-	-	37,821	37,821
Grants and contributions receivable	226,475	88,435	150,906	49,250	515,066
Prepaid expenses	32,861	18,366	54,826	2,364	108,417
<i>Total current assets</i>	<u>2,894,305</u>	<u>1,433,236</u>	<u>15,632</u>	<u>318,031</u>	<u>4,661,204</u>
<b>CASH RESTRICTED FOR BOND REDEMPTION AND REPLACEMENT RESERVE</b>	-	-	1,077,560	-	1,077,560
<b>PROPERTY AND EQUIPMENT</b>					
Building and improvements	-	-	11,252,757	-	11,252,757
Leasehold improvements	161,385	23,369	-	30,606	215,360
Books and education materials	124,292	53,287	7,200	8,037	192,816
Furniture and equipment	358,378	151,270	673,299	76,722	1,259,669
Computer equipment	292,844	293,552	202,921	33,496	822,813
Accumulated depreciation and amortization	(558,924)	(272,614)	(814,190)	(72,252)	(1,717,980)
<i>Total property and equipment, net</i>	<u>377,975</u>	<u>248,864</u>	<u>11,321,987</u>	<u>76,609</u>	<u>12,025,435</u>
<i>Total assets</i>	<u>\$ 3,272,280</u>	<u>\$ 1,682,100</u>	<u>\$ 12,415,179</u>	<u>\$ 394,640</u>	<u>\$ 17,764,199</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 223,746	\$ 96,918	\$ 99,244	\$ 94,835	\$ 514,743
Related party payable	30,000	28,568	14,571	-	73,139
Accrued personnel costs	221,901	127,067	89,141	144,292	582,401
Other accrued expenses	27,302	12,394	13,804	356	53,856
Deferred revenues	-	-	-	793	793
Accrued bond interest	-	-	279,900	-	279,900
Current portion of notes payable	12,500	20,000	-	-	32,500
<i>Total current liabilities</i>	<u>515,449</u>	<u>284,947</u>	<u>496,660</u>	<u>240,276</u>	<u>1,537,332</u>
<b>LONG TERM LIABILITIES</b>					
Bonds payable, net of unamortized bond premium and deferred bond issuance costs	-	-	11,453,101	-	11,453,101
Notes payable, net of current portion	56,250	90,000	-	-	146,250
<i>Total long term liabilities</i>	<u>56,250</u>	<u>90,000</u>	<u>11,453,101</u>	<u>-</u>	<u>11,599,351</u>
<i>Total liabilities</i>	<u>571,699</u>	<u>374,947</u>	<u>11,949,761</u>	<u>240,276</u>	<u>13,136,683</u>
<b>NET ASSETS</b>					
Without donor restrictions					
Undesignated	2,490,347	1,080,138	444,969	104,865	4,120,319
Board designated	30,000	30,000	20,000	-	80,000
<i>Total net assets without donor restrictions</i>	<u>2,520,347</u>	<u>1,110,138</u>	<u>464,969</u>	<u>104,865</u>	<u>4,200,319</u>
With donor restrictions	180,234	197,015	449	49,499	427,197
<i>Total net assets</i>	<u>2,700,581</u>	<u>1,307,153</u>	<u>465,418</u>	<u>154,364</u>	<u>4,627,516</u>
<i>Total liabilities and net assets</i>	<u>\$ 3,272,280</u>	<u>\$ 1,682,100</u>	<u>\$ 12,415,179</u>	<u>\$ 394,640</u>	<u>\$ 17,764,199</u>

**KIPP INDIANAPOLIS, INC.**

 STATEMENTS OF ACTIVITIES OF KIPP INDY UNITE ELEMENTARY, KIPP  
 INDY COLLEGE PREP MIDDLE, KIPP LEGACY HIGH SCHOOL, AND ADMINISTRATION  
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit II

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	INTER-SCHOOL ELIMINATIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
Private funding	\$ 2,266,184	\$ 1,293,950	\$ 462,160	\$ 997,022	\$ -	\$ 5,019,316
State funding	5,890,399	3,406,271	2,263,339	-	-	11,560,009
Federal funding	1,574,830	743,838	458,596	-	-	2,777,264
Other income	39,941	30,702	16,000	1,722,218	(1,602,800)	206,061
<i>Total revenue and support</i>	<u>9,771,354</u>	<u>5,474,761</u>	<u>3,200,095</u>	<u>2,719,240</u>	<u>(1,602,800)</u>	<u>19,562,650</u>
<b>EXPENSES</b>						
Instructional expenses						
Personnel costs	3,032,688	1,799,854	1,249,182	29,527	-	6,111,251
Professional services	125,150	58,333	52,277	-	-	235,760
Supplies and materials	266,612	172,967	241,282	2,749	-	683,610
Other	4,654	2,806	-	-	-	7,460
<i>Total instructional expenses</i>	<u>3,429,104</u>	<u>2,033,960</u>	<u>1,542,741</u>	<u>32,276</u>	<u>-</u>	<u>7,038,081</u>
Administration expenses						
Personnel costs	1,247,027	738,636	527,370	1,984,291	-	4,497,324
Professional services	1,082,027	673,266	266,811	96,212	(1,602,800)	515,516
Staff training	12,753	15,373	8,685	1,391	-	38,202
Community relations	-	-	-	57,803	-	57,803
Supplies and materials	110,072	78,398	59,937	32,461	-	280,868
Other	4,080	2,972	6,809	6,066	-	19,927
<i>Total administration expenses</i>	<u>2,455,959</u>	<u>1,508,645</u>	<u>869,612</u>	<u>2,178,224</u>	<u>(1,602,800)</u>	<u>5,409,640</u>
Other expenses						
Facilities	1,071,320	605,931	272,664	17,100	-	1,967,015
Technology	121,392	70,205	52,894	-	-	244,491
Interest	781	1,250	556,930	-	-	558,961
Depreciation and amortization	227,118	140,261	461,839	29,485	-	858,703
Student transportation and other	1,093,101	579,298	148,594	22,567	-	1,843,560
<i>Total other expenses</i>	<u>2,513,712</u>	<u>1,396,945</u>	<u>1,492,921</u>	<u>69,152</u>	<u>-</u>	<u>5,472,730</u>
<i>Total expenses</i>	<u>8,398,775</u>	<u>4,939,550</u>	<u>3,905,274</u>	<u>2,279,652</u>	<u>(1,602,800)</u>	<u>17,920,451</u>
<b>CHANGE IN NET ASSETS</b>	1,372,579	535,211	(705,179)	439,588	-	1,642,199
<b>TRANSFER OF NET ASSETS</b>	(247,226)	65,306	300,000	(118,080)	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,575,228</u>	<u>706,636</u>	<u>870,597</u>	<u>(167,144)</u>	<u>-</u>	<u>2,985,317</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,700,581</u>	<u>\$ 1,307,153</u>	<u>\$ 465,418</u>	<u>\$ 154,364</u>	<u>\$ -</u>	<u>\$ 4,627,516</u>

**KIPP INDIANAPOLIS, INC.**

STATEMENTS OF FINANCIAL POSITION OF KIPP INDY UNITE ELEMENTARY, KIPP  
INDY COLLEGE PREP MIDDLE, KIPP LEGACY HIGH SCHOOL, AND ADMINISTRATION  
JUNE 30, 2020

Exhibit III

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	TOTAL
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 1,839,261	\$ 963,082	\$ 15,220	\$ 187,999	\$ 3,005,562
Accounts receivable	6,705	-	-	13,787	20,492
Grants and contributions receivable	152,110	119,975	193,068	156,735	621,888
Prepaid expenses	62,395	39,257	32,566	-	134,218
<i>Total current assets</i>	<u>2,060,471</u>	<u>1,122,314</u>	<u>240,854</u>	<u>358,521</u>	<u>3,782,160</u>
<b>LONG TERM PORTION OF GRANTS RECEIVABLE</b>	-	-	-	25,000	25,000
<b>PROPERTY AND EQUIPMENT</b>					
Building and improvements	-	-	11,135,067	-	11,135,067
Leasehold improvements	142,973	12,645	-	30,606	186,224
Books and education materials	119,872	53,287	7,200	8,037	188,396
Furniture and equipment	330,037	129,492	582,183	68,817	1,110,529
Computer equipment	292,844	283,855	172,147	30,208	779,054
Accumulated depreciation and amortization	(331,804)	(132,353)	(352,351)	(42,767)	(859,275)
<i>Total property and equipment, net</i>	<u>553,922</u>	<u>346,926</u>	<u>11,544,246</u>	<u>94,901</u>	<u>12,539,995</u>
<i>Total assets</i>	<u>\$ 2,614,393</u>	<u>\$ 1,469,240</u>	<u>\$ 11,785,100</u>	<u>\$ 478,422</u>	<u>\$ 16,347,155</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 153,744	\$ 209,924	\$ 84,391	\$ 3,962	\$ 452,021
Related party payable	30,000	16,367	-	-	46,367
Accrued personnel costs	210,206	110,550	50,895	97,927	469,578
Other accrued expenses	15,937	13,446	11,762	1,132	42,277
Deferred revenues	-	-	66,876	995	67,871
Current portion of notes payable	12,500	20,000	212,963	-	245,463
<i>Total current liabilities</i>	<u>422,387</u>	<u>370,287</u>	<u>426,887</u>	<u>104,016</u>	<u>1,323,577</u>
<b>LONG TERM LIABILITIES</b>					
Refundable advance of PPP Funds	548,028	282,317	143,105	541,550	1,515,000
Notes payable, net of current portion	68,750	110,000	10,344,511	-	10,523,261
<i>Total long term liabilities</i>	<u>616,778</u>	<u>392,317</u>	<u>10,487,616</u>	<u>541,550</u>	<u>12,038,261</u>
<i>Total liabilities</i>	<u>1,039,165</u>	<u>762,604</u>	<u>10,914,503</u>	<u>645,566</u>	<u>13,361,838</u>
<b>NET ASSETS</b>					
Without donor restrictions					
Undesignated	1,545,228	676,258	860,597	(354,865)	2,727,218
Board designated	30,000	30,000	10,000	-	70,000
<i>Total net assets without donor restrictions</i>	<u>1,575,228</u>	<u>706,258</u>	<u>870,597</u>	<u>(354,865)</u>	<u>2,797,218</u>
With donor restrictions	-	378	-	187,721	188,099
<i>Total net assets</i>	<u>1,575,228</u>	<u>706,636</u>	<u>870,597</u>	<u>(167,144)</u>	<u>2,985,317</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,614,393</u>	<u>\$ 1,469,240</u>	<u>\$ 11,785,100</u>	<u>\$ 478,422</u>	<u>\$ 16,347,155</u>

**KIPP INDIANAPOLIS, INC.**

 STATEMENTS OF ACTIVITIES OF KIPP INDY UNITE ELEMENTARY, KIPP  
 INDY COLLEGE PREP MIDDLE, KIPP LEGACY HIGH SCHOOL, AND ADMINISTRATION  
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit IV

	UNITE ELEMENTARY	COLLEGE PREP MIDDLE	LEGACY HIGH	ADMINISTRATION	INTERSCHOOL ELIMINATIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
Private funding	\$ 1,728,287	\$ 815,362	\$ 574,500	\$ 883,039	\$ -	\$ 4,001,188
State funding	5,623,869	2,697,967	1,080,956	45,000	-	9,447,792
Federal funding	1,241,898	661,558	104,235	-	-	2,007,691
Other Income	50,639	11,500	4,996	1,382,198	(1,336,194)	113,139
<i>Total revenue and support</i>	<u>8,644,693</u>	<u>4,186,387</u>	<u>1,764,687</u>	<u>2,310,237</u>	<u>(1,336,194)</u>	<u>15,569,810</u>
<b>EXPENSES</b>						
Instructional expenses						
Personnel costs	2,890,789	1,553,209	599,310	100,157	-	5,143,465
Professional services	105,569	57,704	24,006	-	-	187,279
Supplies and materials	132,443	68,846	34,078	1,963	-	237,330
Other	1,827	1,137	1,814	-	-	4,778
<i>Total instructional expenses</i>	<u>3,130,628</u>	<u>1,680,896</u>	<u>659,208</u>	<u>102,120</u>	<u>-</u>	<u>5,572,852</u>
Administration expenses						
Personnel costs	1,119,073	618,126	464,603	1,665,620	-	3,867,422
Professional services	1,030,508	535,622	120,497	46,660	(1,336,194)	397,093
Staff training	12,003	11,596	21,208	22,730	-	67,537
Community relations	-	-	-	48,953	-	48,953
Supplies and materials	116,875	69,080	30,317	15,890	-	232,162
Other	3,120	1,635	1,552	3,800	-	10,107
<i>Total administration expenses</i>	<u>2,281,579</u>	<u>1,236,059</u>	<u>638,177</u>	<u>1,803,653</u>	<u>(1,336,194)</u>	<u>4,623,274</u>
Other expenses						
Facilities	1,115,814	545,137	207,811	6,817	-	1,875,579
Technology	87,857	44,841	52,014	10,785	-	195,497
Interest	906	1,450	471,380	-	-	473,736
Depreciation and amortization	189,194	80,020	352,351	27,979	-	649,544
Student transportation and other	1,182,920	525,800	143,005	50,977	-	1,902,702
Loss on disposal of property and equipment	1,326	3,193	-	-	-	4,519
<i>Total other expenses</i>	<u>2,578,017</u>	<u>1,200,441</u>	<u>1,226,561</u>	<u>96,558</u>	<u>-</u>	<u>5,101,577</u>
<i>Total expenses</i>	<u>7,990,224</u>	<u>4,117,396</u>	<u>2,523,946</u>	<u>2,002,331</u>	<u>(1,336,194)</u>	<u>15,297,703</u>
<b>CHANGE IN NET ASSETS</b>	654,469	68,991	(759,259)	307,906	-	272,107
<b>TRANSFER OF NET ASSETS</b>	-	-	575,000	(575,000)	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	920,759	637,645	1,054,856	99,950	-	2,713,210
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,575,228</u>	<u>\$ 706,636</u>	<u>\$ 870,597</u>	<u>\$ (167,144)</u>	<u>\$ -</u>	<u>\$ 2,985,317</u>

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	FY2020-2021C	\$ 62,527
		FY2020-2021U	205,767
		FY2020-2021L	<u>27,831</u>
<i>Total for Child Nutrition Cluster and National School Lunch Program</i>			296,125
National School Lunch Program (NSLP) Equipment Assistance Grants	10.579	FY2019-2021	<u>12,445</u>
<i>Total for Indiana Department of Education and U.S. Department of Agriculture</i>			<u>308,570</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	21-9400	358,145
		20-9135	23,046
		21-9135	251,792
		20-9410SIG	45,504
		21-9410	553,063
		21-9410SIG	<u>173,615</u>
<i>Total for Title I, Part A</i>			<u>1,405,165</u>
<u>Special Education Cluster (IDEA)</u>			
Special Education - Grants to States (IDEA, Part B)	84.027A	19611-579-PN01	(972)
		20611-541-PN01	18,663
		20611-579-PN01	86,634
		19619-579-PN01	2,981
		19611-632-PN01	38,033
		21611-541-PN01	43,786
		21611-579-PN01	316
		21611-632-PN01	<u>11,456</u>
<i>Total for Special Education Cluster (IDEA)</i>			<u>200,897</u>
Charter Schools	84.282A	U282A170017	46,023
		U282A170017	<u>46,102</u>
<i>Total for Charter Schools</i>			<u>92,125</u>
Supporting Effective Instruction State Grants	84.367	2019-2021C	22,975
		2019-2021U	54,702
		2019-2021L	4,211
		2020-2022C	16,500
		2020-2022U	21,618
		2020-2022L	<u>18,370</u>
<i>Total for Supporting Effective Instruction State Grants</i>			<u>138,376</u>

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION, CONTINUED</b>			
Passed through the Indiana Department of Education, Continued			
Title IV, Part A: Student Support and Academic Enrichment Program	84.424A	2020-6424-025 2020-6424-024 S424A200015	39,976 10,874 <u>25,425</u>
<i>Total for Title IV, Part A: Student Support and Academic Enrichment Program</i>			<u>76,275</u>
Education Stabilization Fund			
American Rescue Plan - Elementary and Secondary Emergency Relief Fund	84.425U	S425U210013	79,302
Elementary and Secondary School Emergency Relief Fund	84.425D	7000-S425D200013	<u>337,169</u>
<i>Total for Education Stabilization Fund</i>			<u>416,471</u>
<i>Total Indiana Department of Education</i>			2,329,309
Passed through KIPP Foundation			
Supporting Effective Educator Development Program	84.423A	U423A180059-20	<u>40,000</u>
<i>Total U.S. Department of Education Programs</i>			<u>2,369,309</u>
<i>Total expenditures of federal awards</i>			<u><u>\$ 2,677,879</u></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, 2021. 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 US Department of Education requires a de minimis cost rate of 8-percent.



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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, 2021, 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 December 13, 2021.

**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 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 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 or significant deficiencies 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 non-compliance 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 13, 2021



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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**

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, 2021. 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, 2021.

## 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.*

December 13, 2021

**KIPP INDIANAPOLIS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**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      no
  - Significant deficiency(ies) identified? \_\_\_\_\_yes      none reported
- 3. Noncompliance material to financial statements noted? \_\_\_\_\_yes      no

**Federal Awards**

- 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 federal programs: Unmodified
- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_yes      no
- 7. Identification of major program:
 

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A
84.425U	Title I Grants to Local Educational Agencies American Rescue Plan - Elementary and Secondary Emergency Relief Funds
84.425D	Elementary and Secondary Emergency Relief Fund
- 8. Dollar threshold used to distinguish between Type A and B programs: \$      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  
FOR THE YEAR ENDED JUNE 30, 2021

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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.