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**KIPP KANSAS CITY
Kansas City, Missouri**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT**

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
KIPP Kansas City
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of KIPP Kansas City ("KIPP KC") (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2021, and the related statements of support, revenue and expenses-modified cash basis, functional expenses-modified cash basis, and cash flows-modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of KIPP Kansas City as of June 30, 2021, and its support, revenue and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents from pages 15-20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2021 on our consideration of KIPP Kansas City'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 KIPP Kansas City'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 KIPP Kansas City's internal control over financial reporting and compliance.

*Draft / No
Signature*

Kansas City, Missouri
September XX, 2021

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KIPP KANSAS CITY

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
June 30, 2021

<u>ASSETS</u>	
Cash	\$ <u>2,549,459</u>
Total Assets	\$ <u>2,549,459</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Payroll withholdings	\$ <u>391</u>
Total Liabilities	391
Net Assets:	
Without donor restrictions	2,452,549
With donor restrictions	<u>96,519</u>
Total Net Assets	<u>2,549,068</u>
Total Liabilities and Net Assets	\$ <u>2,549,459</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

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KIPP KANSAS CITY

STATEMENT OF SUPPORT, REVENUE AND EXPENSES – MODIFIED CASH BASIS

For the Year Ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE & OTHER INCOME:</u>			
Contributions and donations	\$ 382,044	\$ 84,283	\$ 466,327
State aid receipts	6,137,289	0	6,137,289
Federal grants and contracts	1,270,303	0	1,270,303
Sales tax (Proposition C)	747,641	0	747,641
Student activity income	1,766	0	1,766
Other income	<u>565,203</u>	<u>0</u>	<u>565,203</u>
Total Support, Revenue & Other Income	9,104,246	84,283	9,188,529
<u>EXPENSES:</u>			
Program services	6,287,965	0	6,287,965
Supporting activities:			
General and administrative	1,941,605	0	1,941,605
Fundraising	<u>0</u>	<u>0</u>	<u>0</u>
Total Supporting activities	<u>1,941,605</u>	<u>0</u>	<u>1,941,605</u>
Total Expenses	8,229,570	0	8,229,570
Net assets released from restrictions	<u>16,443</u>	<u>(16,443)</u>	<u>0</u>
Change in Net Assets	891,119	67,840	958,959
Net Assets, Beginning of Year	<u>1,561,430</u>	<u>28,679</u>	<u>1,590,109</u>
Net Assets, End of Year	\$ <u>2,452,549</u>	\$ <u>96,519</u>	\$ <u>2,549,068</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

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KIPP KANSAS CITY

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
For the Year Ended June 30, 2021

		<u>Supporting Activities</u>			
	Program Services	General & Administrative	Fundraising	Total Supporting Activities	Total
Salaries and wages	\$ 3,137,353	\$ 1,219,992	\$ 0	\$ 1,219,992	\$ 4,357,345
Retirement	358,412	145,769	0	145,769	504,181
Payroll taxes	229,204	88,928	0	88,928	318,132
Employee insurance	162,151	57,593	0	57,593	219,744
Other employee benefits	0	31,558	0	31,558	31,558
Professional and technical services	470,307	370,120	0	370,120	840,427
Property services	340,987	0	0	0	340,987
Transportation services, contracted	98,169	0	0	0	98,169
Insurance	29,781	9,735	0	9,735	39,516
Communication and memberships	30,467	4,905	0	4,905	35,372
Other purchased services	325,369	0	0	0	325,369
General supplies	531,312	13,005	0	13,005	544,317
Utilities, energy service	113,940	0	0	0	113,940
Capital outlay	184,445	0	0	0	184,445
Debt interest and fees	<u>276,068</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>276,068</u>
Total Expenses	\$ <u>6,287,965</u>	\$ <u>1,941,605</u>	\$ <u>0</u>	\$ <u>1,941,605</u>	\$ <u>8,229,570</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

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KIPP KANSAS CITY

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets \$ 958,959

Increase (decrease) in liabilities:

Payroll withholdings 0

Net cash from operating activities 958,959

Net Increase in Cash 958,959

Cash, Beginning of Year 1,590,500

Cash, End of Year \$ 2,549,459

SUPPLEMENTAL DISCLOSURE:

Cash paid for interest \$ 130,636

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

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KIPP KANSAS CITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1: ORGANIZATION

KIPP Kansas City (“KIPP KC”) is a not-for-profit public benefit corporation incorporated as KIPP Kansas City in October 2006 and organized under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. KIPP Kansas City is a not-for-profit corporation whose purpose is to operate one or more public charter schools in accordance with the KIPP educational model in the State of Missouri. Official operations of KIPP KC began on May 23, 2007. KIPP KC is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. KIPP KC was sponsored by Metropolitan Community Colleges until July 2013 when University of Missouri - Columbia took over as their sponsor. KIPP KC charter school agreement was renewed with the University of Missouri – Columbia effective July 1, 2017 for five additional school years ending June 30, 2022. Effective July 27, 2021, KIPP KC terminated the agreement with University of Missouri – Columbia and entered into an agreement with the Missouri Charter Public School Commission to transfer the sponsorship effective for the 2021-2022 school year.

KIPP KC’s charter provides for the education of low income, disadvantaged, at-risk students in kindergarten through twelfth grades. During the 2021-2022 school year, KIPP KC added a 9th grade level and began providing high school services. Approximately 80-90% of the KIPP KC’s funding is provided from State and Federal funds received from the Missouri Department of Elementary and Secondary Education, Other support is provided through contributions and grant award receipts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statement Presentation

Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (“ASC”) 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*, requires disclosing the amounts of expenses by both their natural classification and their functional classification. KIPP KC is required to report information regarding its financial position and activities according to two classes of net assets, which is as follows.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that can be fulfilled by actions of KIPP KC pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as unrestricted. Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by KIPP KC's actions are restricted. Restrictions stipulate that resources must be maintained permanently but permit KIPP KC to expend the income generated in accordance with the provisions of the agreements.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed (or certain grantor) restrictions or law.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting

The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues and expenses when they result from cash transactions with a provision for recording payroll withholdings, which are recognized when incurred. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

C. Cash and Cash Equivalents

For the purpose of the statement of cash flows, KIPP KC considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Concentrations of Credit and Market Risk

Financial instruments that potentially expose KIPP KC to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at a high-quality financial institution and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, KIPP KC held \$2,330,171 in uninsured balances at the institution. KIPP KC has not experienced any losses on its cash or cash equivalents.

E. Capital Outlay

Property and equipment are recorded as expenses at the time the goods are purchased.

F. Compensated Absences

Vacation time, personal business days and sick leave are considered as expenses in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

G. Recognition of Donor Restrictions

All contributions are available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to contributions without donor restrictions and reported in the Statement of Support, Revenue and Expenses as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

KIPP KANSAS CITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Income Taxes

KIPP KC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to federal income tax. KIPP KC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. KIPP KC has adopted provisions of FASB standard on Accounting for Uncertainty in Income Taxes (ASC 740-10-25). KIPP KC does not believe there are any material uncertain tax provisions and, accordingly, they will not recognize any liability for unrecorded tax benefits. For the year ended June 30, 2021, there was no interest or penalties recorded in the financial statements

I. Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Support, Revenue, and Expenses. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited and, in some cases, to one or more program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied, which included professional and technical services, insurance, and general supplies. Insurance is allocated based on estimated square footage, and professional and technical services and general supplies are allocated based on estimated project and purpose usage.

J. Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Subsequent Events

KIPP KC has evaluated subsequent events through September XX, 2021, the date which the financial statements were available to be issued.

NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2021.

	6/30/2020 <u>Balance</u>	Support <u>Received</u>	Restrictions <u>Released</u>	6/30/2021 <u>Balance</u>
Virtual learning technology	\$ 2,985	\$ 0	\$ 2,985	\$ 0
COVID relief	687	9,283	9,462	508
Computer science, FIRST Robotics	5,717	0	3,378	2,339
Community & Family engagement	19,290	0	618	18,672
Real World Learning Initiative	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total	\$ <u>28,679</u>	\$ <u>84,283</u>	\$ <u>16,443</u>	\$ <u>96,519</u>

KIPP KANSAS CITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4: NOTES PAYABLE

KIPP KC purchased the current school building at 1701 Prospect Ave in July 2016 and continued with improvements throughout the building. KIPP KC completed the projects in 2017 and was notified in November 2017 that the first principal and interest payment of \$24,314 was due December 1, 2017 for 180 months ending November 1, 2032. The school building is pledged as collateral for the outstanding promissory notes. The interest rate is fixed, subject to change every 60 months on December 1st, equal to greater of the initial rate of 5.375% or the sum of the yield to maturity of U.S. Treasury obligations with maturity equal to November 1, 2032 plus a based rate of 2.00%. KIPP KC paid \$130,636 in interest expense during the fiscal year ended June 30, 2021. The combined unpaid principal balance on the note was \$2,489,305 as of June 30, 2021. The future scheduled payments on the outstanding debt are as follows:

<u>Year ending June 30,</u>	
2022	\$ 170,857
2023	171,331
2024	180,770
2025	190,729
2026	201,238
Thereafter	<u>1,574,380</u>
Total	\$ <u>2,489,305</u>

NOTE 5: OPERATING LEASES

Copier Equipment

Effective June 2016, KIPP KC signed a non-cancelable 60-month lease agreement for copier equipment that requires monthly payments of \$2,140 ending May 2021. During the fiscal year ended June 30, 2020, the existing copier lease agreement was changed and additional equipment were added to the lease. Effective February 2020, KIPP KC signed a non-cancelable 60-month lease agreement for all of the copier equipment that requires monthly payments of \$3,618 ending January 2025. In addition, a maintenance agreement was signed for service on the leased copiers. Lease expense for the year ended June 30, 2021 was \$44,205. Future minimum operating lease payments (assuming non-cancellation) are as follows:

<u>Year ending June 30,</u>	
2022	\$ 43,416
2023	43,416
2024	43,416
2025	<u>25,326</u>
Total	\$ <u>155,574</u>

KIPP KANSAS CITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: RETIREMENT PLAN

Public School Retirement System of the School District of Kansas City, Missouri (“KCPSRS”) is a mandatory cost-sharing multiple employer defined benefit pension plan (the “Plan”), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The 12-member Board of Trustees of KCPSRS administers and operates the Plan in accordance with the statutes of the State of Missouri. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library and the Public School Retirement System. All regular, full-time employees of the participating employers become members of the Plan as a condition of employment, if they are in a position requiring at least 25 hours of work per week and nine calendar months per year. Employees hired before or during 1961 are members of Plan A. As of December 31, 2014, there are no longer any members of Plan A receiving benefits. Employees hired after January 1, 2014, are members of Plan C. The most recent audited financial statements and actuarial valuation report are located on KCPSRS’ website at www.kcpsrs.org.

Benefits Provided

KCPSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Positions covered by the Plan are also covered by social security. A Retirement Facts Book detailing the provisions of the plan can be found on KCPSRS’ website at www.kcpsrs.org.

Contributions

Employers are required to match the contributions made by members. The contribution rate is set each year by the KCPSRS Board of Trustees within the contribution restrictions set in Section 169.350.4 and 169.291.16 RSMo. The rate may be changed in increments not to exceed 0.5% of pay each year. Effective January 1, 2020, members of Plan B and C contributed at 12.00% of annual compensation. KIPP KC’s contributions to KCPSRS were \$504,180 for the year ended June 30, 2021.

NOTE 7: PAYROLL PROTECTION PROGRAM LOAN

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. KIPP KC signed a note payable with the U.S. Small Business Administration (“SBA”) on April 10, 2020 for \$950,600 with a maturity date of April 10, 2022, the first payment deferred for six months, and annual interest rate of 1.0%. This note was available through the Paycheck Protection Program (the “PPP”) as a part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that offers cash-flow assistance to nonprofit and small business employers through guaranteed loans for certain expenses incurred between February 15, 2020, and June 30, 2020. KIPP KC opted to select the 24-week period beginning on the date the loan proceeds were disbursed for eligible expenses through September 25, 2020. The PPP loan did not require collateral or personal guarantees and offers the ability to have a substantial portion of the principal amount forgiven when KIPP KC uses the proceeds on eligible costs. KIPP KC filed for loan forgiveness in November 2020 and received the official legal release and forgiveness from the SBA.

KIPP KANSAS CITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8: INSURANCE

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

NOTE 9: LIQUIDITY RESOURCE MANAGEMENT

KIPP KC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, KIPP KC considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 2,549,459
Less restrictions and designations	<u>(96,519)</u>
Net available financial assets	\$ <u>2,452,940</u>

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SUPPLEMENTARY INFORMATION

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KIPP KANSAS CITY

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES –
MODIFIED CASH BASIS – BY FUND

June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash	\$ <u>2,549,459</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,549,459</u>
Total Assets	\$ <u>2,549,459</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,549,459</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Payroll liability withholdings	\$ 391	\$ 0	\$ 0	\$ 391
Fund Balances:				
Restricted	96,519	0	0	96,519
Unassigned	<u>2,452,549</u>	<u>0</u>	<u>0</u>	<u>2,452,549</u>
Total Fund Balances	<u>2,549,068</u>	<u>0</u>	<u>0</u>	<u>2,549,068</u>
Total Liabilities and Fund Balances	\$ <u>2,549,459</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,549,459</u>

See Accompanying Independent Auditor's Report.

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KIPP KANSAS CITY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
MODIFIED CASH BASIS – BY FUND

For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
RECEIPTS:				
Local	\$ 1,500,571	\$ 280,366	\$ 0	\$ 1,780,937
State	2,201,832	3,935,457	0	6,137,289
Federal	<u>1,270,303</u>	<u>0</u>	<u>0</u>	<u>1,270,303</u>
Total Receipts	4,972,706	4,215,823	0	9,188,529
DISBURSEMENTS:				
Instruction	835,416	3,339,553	0	4,174,969
Support services - Students	567,900	0	0	567,900
Support services – Instructional Staff	25,006	0	0	25,006
Support services – General Administration	651,065	180,093	0	831,158
Support services – Building Level Admin	214	696,177	0	696,391
Business Support Services	289,057	0	0	289,057
Business Support – Fiscal Services	124,277	0	0	124,277
Operation and Maintenance Plant Services	623,250	0	0	623,250
Student Transportation	98,157	0	0	98,157
Food Services	325,347	0	0	325,347
Support Services – Central Office	103	0	0	103
Community Services	13,442	0	0	13,442
Capital Outlay	0	0	184,445	184,445
Debt - Principal & Interest	<u>0</u>	<u>0</u>	<u>276,068</u>	<u>276,068</u>
Total Disbursements	<u>3,553,234</u>	<u>4,215,823</u>	<u>460,513</u>	<u>8,229,570</u>
Receipts Over (Under) Disbursements	1,419,472	0	(460,513)	958,959
Other Financing Sources (Uses):				
Transfers In	0	0	460,513	460,513
Transfers Out	<u>(460,513)</u>	<u>0</u>	<u>0</u>	<u>(460,513)</u>
Total Other Financing Sources (Uses)	<u>(460,513)</u>	<u>0</u>	<u>460,513</u>	<u>0</u>
Net Changes in Fund Balance	958,959	0	0	958,959
Fund Balance - June 30, 2020	<u>1,590,109</u>	<u>0</u>	<u>0</u>	<u>1,590,109</u>
Fund Balance - June 30, 2021	\$ <u>2,549,068</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,549,068</u>

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SCHEDULE OF RECEIPTS COLLECTED BY SOURCE – BY FUND

For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<u>LOCAL:</u>				
Sales tax (Prop C)	\$ 467,276	\$ 280,366	\$ 0	\$ 747,642
Student activities	1,765	0	0	1,765
Gifts and contributions	466,327	0	0	466,327
Other	<u>565,203</u>	<u>0</u>	<u>0</u>	<u>565,203</u>
Total Local	1,500,571	280,366	0	1,780,937
<u>STATE</u>				
Basic formula	1,813,895	3,935,457	0	5,749,352
Transportation	89,762	0	0	89,762
Classroom trust fund	245,265	0	0	245,265
Food services	3,746	0	0	3,746
Disability services	<u>49,164</u>	<u>0</u>	<u>0</u>	<u>49,164</u>
Total State	2,201,832	3,935,457	0	6,137,289
<u>FEDERAL</u>				
Medicaid	63,477	0	0	63,477
Special education (IDEA/ECSE)	89,009	0	0	89,009
Food services	195,723	0	0	195,723
CARES ESSER	246,525	0	0	246,525
CARES GEER	32,700	0	0	32,700
Coronavirus Relief Fund (CRF)	40,576	0	0	40,576
ESEA Title I.A	474,508	0	0	474,508
ESEA Title II.A	41,199	0	0	41,199
ESEA Title III	13,129	0	0	13,129
ESEA Title IV.A	25,645	0	0	25,645
SEED grant	<u>47,812</u>	<u>0</u>	<u>0</u>	<u>47,812</u>
Total Federal	<u>1,270,303</u>	<u>0</u>	<u>0</u>	<u>1,270,303</u>
Total All Sources	\$ <u>4,972,706</u>	\$ <u>4,215,823</u>	\$ <u>0</u>	\$ <u>9,188,529</u>

See Accompanying Independent Auditor's Report.

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9/13/21

KIPP KANSAS CITY

SCHEDULE OF DISBURSEMENTS PAID BY OBJECT – BY FUND

For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
Salaries and wages	\$ 949,040	\$ 3,408,305	\$ 0	\$ 4,357,345
Payroll taxes	68,856	249,277	0	318,133
Employee benefits	197,242	558,241	0	755,483
Technical services	840,427	0	0	840,427
Property services	340,987	0	0	340,987
Transportation services, contracted	98,169	0	0	98,169
Insurance	39,516	0	0	39,516
Communication and memberships	35,372	0	0	35,372
Other purchased services	325,369	0	0	325,369
General supplies	544,317	0	0	544,317
Utilities, energy service	113,939	0	0	113,939
Capital outlay	0	0	184,445	184,445
Debt principal and interest	<u>0</u>	<u>0</u>	<u>276,068</u>	<u>276,068</u>
Total Disbursements	\$ <u>3,553,234</u>	\$ <u>4,215,823</u>	\$ <u>460,513</u>	\$ <u>8,229,570</u>

See Accompanying Independent Auditor's Report.

KIPP KANSAS CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	FAIN Number	Pass- Through Number	Federal Expenditure
<u>U.S. Department of Agriculture</u>				
<i>Pass-through Missouri Dept of Elementary & Secondary Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	20210N109943	048-918	\$ 49,835
National School Lunch Program	10.555	20210N109943	048-918	79,898
National School Lunch Program (Snack)	10.555	20210N109943	048-918	18,291
COVID-19 National School Lunch Prgm – CARES Breakfast	10.555	2020N850343	048-918	15,807
COVID-19 National School Lunch Program – CARES Snack	10.555	2020N850343	048-918	6,714
COVID-19 National School Lunch Program – CARES Lunch	10.555	2020N850343	048-918	<u>25,179</u>
Total Child Nutrition Cluster				<u>195,724</u>
Total U.S. Department of Agriculture				<u>195,724</u>
<u>U.S. Department of Education</u>				
<i>Pass-through Missouri Dept of Elementary & Secondary Education:</i>				
Title I, Grants for LEAs	84.010A	S010A190025	048-918	224,816
	84.010A	S010A200025	048-918	249,692
Title II.A, Supporting Effective Instruction	84.367A	S367A190024	048-918	22,085
	84.367A	S367A200024	048-918	19,113
Title III, English Language (LEP)	84.365A	S365A190025	048-918	9,026
	84.365A	S365A200025	048-918	4,103
Title IV, Student Support and Academic Enrichment	84.424A	S424A190026	048-918	13,294
	84.424A	S424A200026	048-918	12,352
Special Education Cluster (IDEA):				
IDEA, Part B - Special Education	84.027A	H027A190040	048-918	48,226
	84.027A	H027A200040	048-918	<u>67,885</u>
Total Special Education Cluster				110,682
COVID-19 CARES ESSER I & II	84.425D	S425D200021	048-918	425,495
	84.425D	S425D210021	048-918	82,939
COVID-19 CARES Student Connectivity	84.425C	S425C200016	048-918	32,700
<i>Pass-through KIPP Foundation:</i>				
Supporting Effective Educator Development	84.423A	U423A180059	SEED	<u>47,812</u>
Total U.S. Department of Education				<u>1,259,538</u>
<u>U.S. Department of Treasury</u>				
<i>Pass-through Missouri Dept of Elementary & Secondary Education:</i>				
COVID-19 CARES Coronavirus Relief Fund	21.019	SLT0015	048-918	<u>40,576</u>
Total U.S. Department of Treasury				<u>40,576</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,495,838</u>

See Accompanying Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of KIPP Kansas City (“KIPP KC”) 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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of KIPP KC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP KC.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which is described in Note 2 to KIPP KC’s financial statements. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: SUBRECIPIENTS

KIPP KC did not provide funds to subrecipients in the current fiscal year.

NOTE 4: INDIRECT COST RATE

KIPP KC elected not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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9/13/21

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITOR'S 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***

Board of Directors
KIPP Kansas City
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KIPP Kansas City ("KIPP KC") (a nonprofit organization), which comprise the statement of assets and net assets-modified cash basis as of June 30, 2021, and the related statement of support, receipts and disbursements for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September XX, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIPP KC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 KIPP KC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP KC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Draft / No
Signature*

Kansas City, Missouri
September XX, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
KIPP Kansas City
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

We have audited the KIPP Kansas City ("KIPP KC") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of KIPP KC's major federal programs for the year ended June 30, 2021. KIPP KC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, KIPP KC, 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 KIPP KC 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 KIPP KC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of KIPP KC'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Draft / No
Signature*

Kansas City, Missouri
September XX, 2021

KIPP KANSAS CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statement:

- 1) The type of report issued on the basic financial statements. Unmodified opinion
- 2) Internal Control over Financial Reporting:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 3) Noncompliance, which is material to the basic financial statements, was disclosed. None

Federal Awards:

- 1) Internal Control over Major Programs:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 2) The type of report issued on compliance for major programs. Unmodified opinion
- 3) Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance? None
- 4) KIPP KC's major federal program(s):

<u>Assistance Listing Number(s)</u>	<u>Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.010	Title I, Grants to LEAs

- 5) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- 6) Auditee qualified as a low-risk auditee specified in Section 200.520 of the Uniform Guidance?
 Yes X No

SECTION II: FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS

No audit findings were noted from the prior year.

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

Board of Directors
KIPP Kansas City
Kansas City, Missouri

We have examined management’s assertion, included in its representation letter dated September XX, 2021, that the KIPP Kansas City (“KIPP KC”) complied with the requirements of Missouri laws and regulations regarding accurate disclosure of KIPP KC’s records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2021. Management is responsible for its assertion that KIPP KC complied with the aforementioned requirements. Our responsibility is to express an opinion on management’s assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on KIPP KC’s compliance with specified requirements.

In our opinion, management’s assertion that KIPP Kansas City complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2020, are fairly stated, in all material respects.

This report is intended for the information and use of the Board of Directors, KIPP KC’s management, the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Draft / No
Signature*

Kansas City, Missouri
September XX, 2021

KIPP KANSAS CITY

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
3920	PK	PK	n/a	6.5000	166	1,079.0000
3920	K	08	n/a	7.0000	169	1,183.0000

2. ATTENDANCE HOURS

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
3920	PK	11,791.3165	0.0000	0.0000	0.0000	0.0000	11,791.3165
3920	K	57,535.5997	0.0000	0.0000	0.0000	2,081.0000	59,616.5997
3920	1	71,908.8667	0.0000	0.0000	0.0000	2,353.0000	74,261.8667
3920	2	69,101.1998	0.0000	0.0000	0.0000	4,434.0000	73,535.1998
3920	3	72,467.7664	0.0000	0.0000	0.0000	3,891.0000	76,358.7664
3920	4	72,254.3166	0.0000	0.0000	0.0000	4,342.0000	76,596.3166
3920	5	77,365.7497	0.0000	0.0000	0.0000	3,620.0000	80,985.7497
3920	6	72,632.6400	0.0000	0.0000	0.0000	4,163.0000	76,795.6400
3920	7	83,906.3335	0.0000	0.0000	0.0000	2,624.0000	86,530.3335
3920	8	88,048.3337	0.0000	0.0000	0.0000	4,163.0000	92,211.3337
Grand Total		677,012.1226	0.0000	0.0000	0.0000	31,671.0000	708,683.1226

KIPP KANSAS CITY

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

3. SEPTEMBER MEMBERSHIP

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
3920	PK	16.00	0.00	0.00	16.00
3920	K	58.00	0.00	0.00	58.00
3920	1	68.00	0.00	0.00	68.00
3920	2	67.00	0.00	0.00	67.00
3920	3	68.00	0.00	0.00	68.00
3920	4	69.00	0.00	0.00	69.00
3920	5	77.00	0.00	0.00	77.00
3920	6	73.00	0.00	0.00	73.00
3920	7	87.00	0.00	0.00	87.00
3920	8	92.00	0.00	0.00	92.00
Grand Total		675.00	0.00	0.00	675.00

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
3920	646.00	0.00	0.00	0.00	646.00
Grand Total	646.00	0.00	0.00	0.00	646.00

KIPP KANSAS CITY

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

5. FINANCE

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$N/A
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	N/A

KIPP KANSAS CITY

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

5. FINANCE (CONTINUED)

5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	\$N/A
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	KIPP KC has insurance coverage for employee theft instead of purchased surety bond (Section 5.5)
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There were no findings noted above.

KIPP KANSAS CITY

SCHEDULE OF SELECTED STATISTICS
For the Year Ended June 30, 2021

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	# 120.00
	Ineligible ADT	# 7.00
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	False
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	# 25,879
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	True
	Eligible Miles (including food/instructional delivery miles 2020-21)	# 16,799
	Ineligible Miles (Non-Route/Disapproved)	# 9,080
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	# 30

Finding: MO-01

KIPP KANSAS CITY

SCHEDULE OF STATE FINDINGS
For the Year Ended June 30, 2021

FINDING MO-01 – Transportation

During our audit, we noted that the contracted transportation company estimates the number of eligible route miles by taking the actual readings for one day during the month and multiplying them by the number of operating days the students are transported during that month. Although this method provides materially correct information, state transportation regulations require that schools report actual route miles for the year by taking odometer readings. We recommend KIPP KC review the data from the contracted transportation company to ensure accurate reporting and follows state transportation regulations. As a result of our audit, the mileage data has been corrected and resubmitted to Missouri DESE.

Auditee's Response:

KIPP KC has reviewed the finding and is working with the contracted transportation company to have odometer readings sent with the vendor invoices. When odometer readings are not sent with the invoices, KIPP KC will work with the transportation company to receive the readings from the company in a timely manner.