

**KIPP VOICE ELEMENTARY
SCHOOL
(A division of KIPP
Jacksonville, Inc.)**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2015**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	27
Note to Required Supplementary Information	28
SINGLE AUDIT AND COMPLIANCE INFORMATION	
Schedule of Expenditures of Federal Awards	30
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 <i>Government Auditing Standards</i>	31
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by OMB Circular A-133	33
Schedule of Findings and Questioned Costs	35
MANAGEMENT LETTER	37
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	39

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KIPP Jacksonville, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Voice Elementary School. (the "School") and a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc. (the "Charterholder") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2015, and the results of its operations for the year then ended, and is not intended to be a complete presentation of the Charterholder.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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 schedule of expenditures of federal awards is 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 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

September 28, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of KIPP Voice Elementary School (the "School"), a division of KIPP Jacksonville, Inc. (the "Charterholder") and a component unit of the School Board of Duval County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements starting on page 9.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$265,868 (net position).
- The net position of the School increased by \$75,379 during the year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$610,123.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$559,280.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the School Board of Duval County, Florida. The School Board of Duval County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The School maintains various individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The School reports the general fund as its only major fund.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules with required notes have been provided to demonstrate compliance with this budget and can be found on pages 27 through 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$265,868 and \$190,489 (net position), for the years ended June 30, 2015 and 2014.

The largest portion of net position is the unrestricted portion. Another portion of the School's net position reflects its net investment in capital assets (e.g. furniture, fixtures, equipment and software). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The condensed statement of net position and the statement of activities are provided below.

KIPP Voice Elementary School Statement of Net Position

	Governmental Activities		
	2015	2014	Variance
ASSETS			
Current assets	\$ 678,049	\$ 535,412	\$ 142,637
Capital assets, net of accumulated depreciation	38,511	51,333	(12,822)
Total assets	<u>716,560</u>	<u>586,745</u>	<u>129,815</u>
LIABILITIES			
Current liabilities	67,926	187,260	(119,334)
Noncurrent liabilities	382,766	208,996	173,770
Total liabilities	<u>450,692</u>	<u>396,256</u>	<u>54,436</u>
NET POSITION			
Net investment in capital assets	38,511	51,333	(12,822)
Unrestricted	227,357	139,156	88,201
Total net position	<u>\$ 265,868</u>	<u>\$ 190,489</u>	<u>\$ 75,379</u>

The significant increase in current assets and liabilities is due to the timing of cash inflows and outflows for the year ended June 30, 2015. The decrease in capital assets is due to depreciation expense. Noncurrent liabilities increased as a result of accrued rent at June 30, 2015.

**KIPP Voice Elementary School
Statement of Activities**

	Governmental Activities		
	2015	2014	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 5,567	\$ 2,352	\$ 3,215
Operating grants and contributions	726,419	701,798	24,621
General revenues:			
State passed through local school district	2,638,777	1,691,299	947,478
Gifts, grants and bequests	627,364	534,290	93,074
Other revenues	3,126	7,445	(4,319)
Total revenues	<u>4,001,253</u>	<u>2,937,184</u>	<u>1,064,069</u>
Expenses:			
Instruction	1,810,903	1,244,598	566,305
Parental involvement	77,566	42,469	35,097
Media services	79,173	33,321	45,852
Staff development	100,321	102,868	(2,547)
School administration	593,757	483,687	110,070
Fiscal services	82,604	39,647	42,957
Food services	229,115	158,314	70,801
Central services	234,404	152,490	81,914
Transportation	142,499	125,026	17,473
Operation of plant	502,447	286,310	216,137
Maintenance of plant	73,085	63,941	9,144
Total expenses	<u>3,925,874</u>	<u>2,732,671</u>	<u>1,193,203</u>
Change in net position	75,379	204,513	(129,134)
Net position - beginning	190,489	(14,024)	204,513
Net position - ending	<u>\$ 265,868</u>	<u>\$ 190,489</u>	<u>\$ 75,379</u>

State passed through local school district funds increased based on increase in grades and student enrollment. The increase in expenses related to instruction, school administration and food services are directly related to the student enrollment.

Governmental activities. Governmental activities increased the School's net position by \$75,379 for the year ended June 30, 2015.

Financial Analysis of the Government's Funds

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

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

The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$559,280 and nonspendable restricted for prepaid expenses was \$33,301.

General Fund Budgetary Highlights

The actual revenues and expenses in the general fund equaled the budgeted revenues and expenses for the year.

Capital Asset Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$38,511 (net of accumulated depreciation). This net investment in capital assets includes furniture, fixtures and equipment and software. Additional information on the School's capital assets can be found in Note C of this report.

Economic Factors and Events Affecting Operations

A majority of the School's funding is determined by the number of enrolled students. In the previous year the School had forecasted enrollment of 190 students and the forecasted enrollment increased to approximately 300 students for the current school year.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director's office at 1440 North McDuff Avenue, Jacksonville, FL 32254.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities
ASSETS	
ASSETS	
Cash	\$ 527,147
Due from other agencies	117,601
Prepaid expenses	33,301
Total current assets	678,049
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	22,641
Software	15,870
Total capital assets	38,511
Total assets	716,560
LIABILITIES	
Accounts payable	51,847
Accrued expenses	11,068
Unearned revenue	2,730
Due to KIPP Impact Middle School	2,281
Noncurrent liabilities	
Accrued rent - due in more than one year	382,766
Total liabilities	450,692
NET POSITION	
Net investment in capital assets	38,511
Unrestricted	227,357
Total net position	\$ 265,868

The accompanying notes are an integral part of this financial statement.

KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 1,810,903	\$ -	\$ 433,389	\$ -	\$ (1,377,514)
Parental involvement	77,566	-	-	-	(77,566)
Media services	79,173	-	-	-	(79,173)
Staff development	100,321	-	-	-	(100,321)
School administration	593,757	-	-	-	(593,757)
Fiscal services	82,604	-	-	-	(82,604)
Food services	229,115	5,567	293,030	-	69,482
Central services	234,404	-	-	-	(234,404)
Transportation	142,499	-	-	-	(142,499)
Operation of plant	502,447	-	-	-	(502,447)
Maintenance of plant	73,085	-	-	-	(73,085)
Total governmental activities	<u>\$ 3,925,874</u>	<u>\$ 5,567</u>	<u>\$ 726,419</u>	<u>\$ -</u>	<u>(3,193,888)</u>
			General revenues:		
			State passed through local school district		2,638,777
			Gifts, grants and bequests		627,364
			Other revenues		3,126
			Total general revenues		<u>3,269,267</u>
			Change in net position		75,379
			Net position at July 1, 2014		<u>190,489</u>
			Net position at June 30, 2015		<u>\$ 265,868</u>

The accompanying notes are an integral part of this financial statement.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 527,147	\$ -	\$ 527,147
Due from other funds	68,640	-	68,640
Due from other agencies	31,419	86,182	117,601
Prepaid expenses	33,301	-	33,301
Total assets	\$ 660,507	\$ 86,182	\$ 746,689
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 51,847	\$ -	\$ 51,847
Accrued expenses	11,068	-	11,068
Unearned revenue	2,730	-	2,730
Due to KIPP Impact Middle School	2,281	-	2,281
Due to other funds	-	68,640	68,640
Total liabilities	67,926	68,640	136,566
FUND BALANCES			
Nonspendable			
Prepaid expenses	33,301	-	33,301
Restricted	-	17,542	17,542
Unassigned	559,280	-	559,280
Total fund balances	592,581	17,542	610,123
Total liabilities and fund balances	\$ 660,507	\$ 86,182	\$ 746,689

The accompanying notes are an integral part of this financial statement.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2015

Fund balances - total governmental funds \$ 610,123

The net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Furniture, fixtures and equipment, net	\$ 22,641	
Software, net	<u>15,870</u>	
Total capital assets		38,511

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued rent liability		<u>(382,766)</u>
Total net position of governmental activities		<u><u>\$ 265,868</u></u>

The accompanying notes are an integral part of this financial statement.

KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Federal passed through state	\$ -	\$ 726,419	\$ 726,419
State passed through local school district	2,638,777	-	2,638,777
Gifts, grants and bequests	627,364	-	627,364
Other revenues	3,126	5,567	8,693
Total revenues	<u>3,269,267</u>	<u>731,986</u>	<u>4,001,253</u>
Expenditures			
Current:			
Instruction	1,457,715	353,188	1,810,903
Parental involvement	19,538	58,028	77,566
Media services	53,473	-	53,473
Staff development	82,876	17,445	100,321
School administration	531,270	62,487	593,757
Fiscal services	82,604	-	82,604
Food services	-	229,115	229,115
Central services	234,404	-	234,404
Transportation	142,499	-	142,499
Operation of plant	212,661	116,016	328,677
Maintenance of plant	73,085	-	73,085
Capital outlay	12,878	-	12,878
Total expenditures	<u>2,903,003</u>	<u>836,279</u>	<u>3,739,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>366,264</u>	<u>(104,293)</u>	<u>261,971</u>
Other financing sources (uses):			
Transfers in	(121,835)	-	(121,835)
Transfers out	-	121,835	121,835
Total other financing sources (uses)	<u>(121,835)</u>	<u>121,835</u>	<u>-</u>
Net change in fund balances	244,429	17,542	261,971
Fund balances at July 1, 2014	<u>348,152</u>	<u>-</u>	<u>348,152</u>
Fund balances at June 30, 2015	<u>\$ 592,581</u>	<u>\$ 17,542</u>	<u>\$ 610,123</u>

The accompanying notes are an integral part of this financial statement.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2015

Net change in fund balances - total government funds \$ 261,971

The change in net position reported for governmental activities
in the statement of activities is different because:

Governmental funds report fixed capital outlay as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Total fixed capital outlay	\$ 12,878	
Less: depreciation	<u>(25,700)</u>	
		<u>(12,822)</u>

Some of the expenses reported in the statement of activities do
not require the use of current financial resources and,
therefore, are not reported as expenditures in governmental
funds.

Accrued rent expense		<u>(173,770)</u>
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Change in net position of governmental activities		<u><u>\$ 75,379</u></u>
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The accompanying notes are an integral part of this financial statement.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

KIPP Voice Elementary School (the "School") is a division of KIPP Jacksonville, Inc. (the "Charterholder") which is a Florida non-profit corporation. The School provides education services to students in kindergarten through fifth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of eight members. The financial information presented is that of KIPP Voice Elementary School only and is not intended to be a complete presentation of the Charterholder. Additionally, there are other related companies and a consolidated financial statement was issued.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Duval County, Florida (the "District"). The current charter is effective until June 30, 2017, and may be renewed in increments of five years by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. KIPP Voice Elementary School is considered a component unit of the School Board of Duval County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the non-fiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund as its only major fund. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental fund:

General Fund - is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

4. Cash

Cash is made up of cash on hand at the School and checking accounts held at financial institutions. The School has no cash equivalents.

5. Receivables

Receivables typically include amounts due from other agencies. The School's management determined that 100% of receivables are deemed to be fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

Transfers are used to move unrestricted fund revenues to finance programs and debt service activities that the School must account for in other funds.

7. Prepaid expense

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid expenses in both government-wide and fund financial statements.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furnitures, fixtures and equipment	5 - 10
Software	1-3

9. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

11. Income taxes

The School is a charter school under KIPP Jacksonville, Inc., which qualifies as a tax-exempt organization, and is, therefore, exempt from income tax. The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in U.S. Federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service for years ending before June 30, 2011.

12. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are in non-spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fund balance classification (continued)

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE B - CASH

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The bank balances of the School's deposits were \$529,491 at June 30, 2015. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes. At June 30, 2015, none of the School's deposits were exposed to custodial credit risk.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 24,177	\$ 12,878	\$ -	\$ 37,055
Software	59,003	-	-	59,003
Total assets depreciated	<u>83,180</u>	<u>\$ 12,878</u>	<u>\$ -</u>	<u>96,058</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	8,382	\$ 6,032	\$ -	14,414
Software	23,465	19,668	-	43,133
Total accumulated depreciation	<u>31,847</u>	<u>\$ 25,700</u>	<u>\$ -</u>	<u>57,547</u>
Total governmental activities capital assets, net	<u>\$ 51,333</u>			<u>\$ 38,511</u>

Depreciation expense of \$25,700 was charged to the School's basic instruction for the year ended June 30, 2015.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE D - ACCRUED RENT

A summary of changes in accrued rent is as follows:

	Balance at July 1, 2014	Additions	Payments	Balance at June 30, 2015	Due within one year
Accrued rent	\$ 208,996	\$ 173,770	\$ -	\$ 382,766	\$ -

In the governmental financial statements stated on a full accrual basis of accounting, GASB Statement No. 13 requires escalating leases to be calculated on a straight-line basis. Terms of the lease (see Note F-2) specify base annual rental payments of \$207,654, payable in equal monthly installments commencing July 1, 2012 through June 30, 2020. The School shares the facility with KIPP Impact Middle School. The rental payments are allocated based on the use of the facility at 50% to KIPP Impact Middle School and 50% to KIPP Voice Elementary School. Current year facility lease expense charged to operations for the School totaled \$278,093 and \$104,323 on the government-wide and fund financial statements, respectively.

The annual activity for the accrued rent balance is as follows for the fiscal years ended June 30:

	Full Accrual Basis - Rent Expense	Modified Accrual Basis - Rent Expense	Change in Outstanding Liability
2016	\$ 272,429	\$ 102,389	\$ 170,040
2017	272,429	136,612	135,817
2018	272,429	680,773	(408,344)
2019	272,429	682,475	(410,046)
2020	272,429	684,181	(411,752)
	<u>\$ 1,362,145</u>	<u>\$ 2,286,430</u>	<u>\$ (924,285)</u>

Effective July 1, 2017, the annual rent obligation will be increased to approximately \$417,000, of which 49% represents the School's portion.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE E - CONCENTRATIONS

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Duval County, Florida:	
Base student allocation	\$ 1,369,753
Knowledge is power program	499,452
Class size reduction	449,614
Exceptional student education	147,787
Supplemental academic instruction	67,382
Student transportation	64,170
School improvement	1,118
Instructional materials allocation	22,203
Digital classroom allocation	2,970
Safe schools	8,068
Lead teachers program	5,880
Science laboratory materials	350
Teacher salary allocation	30
Subtotal	2,638,777
Title I funds	154,521
Title II funds	10,445
Capital outlay funds	86,391
IDEA grant	65,418
Total School Board of Duval County, Florida	2,955,552
i3g grant	48,626
Start-up grant	67,988
Gifts, grants and bequests	627,364
National school lunch program	293,030
Other revenues	8,693
	\$ 4,001,253

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Operating agreement

The Charterholder entered into an agreement with the operating company on June 26, 2014, which expires on June 30, 2015. This agreement calls for an ongoing fee for accounting services to be paid in monthly installments of \$8,000. The Charterholder entered into a new agreement on May 4, 2015 that expires on June 30, 2016. The new agreement calls for an ongoing fee for accounting services to be paid in monthly installments of \$7,000.

Since July 1, 2012, the School shares its facility with KIPP Impact Middle School (see Note D). The accounting services are allocated 50% to KIPP Impact Middle School and 50% to KIPP Voice Elementary School, which is based on the number of students enrolled. The total amount charged to operations for the year ended June 30, 2015 was \$66,870.

2. Facilities expense

The Charterholder entered into a lease agreement with Jacksonville Alliance for KIPP Schools, Inc., a related party (see Note G-1) commencing on August 1, 2010 through June 30, 2020 with two five year renewal options. Terms of the lease specify base annual rental payments of \$207,654, payable in equal monthly installments commencing July 1, 2012 through June 30, 2020. As of July 1, 2012, the School shares the facility with KIPP Impact Middle School. The rental payments are allocated based on the use of the facility at 50% to KIPP Impact Middle School and 50% to KIPP Voice Elementary School. GASB No. 13 requires escalating leases to be calculated on a straight-line basis (see Note D). Current year facility lease expense charged to operations for the School totaled \$278,093 and \$104,323 on the government-wide and fund financial statements, respectively.

3. Federal grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. The School has determined that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE F - COMMITMENTS AND CONTINGENCIES (continued)

4. Grant Commitment

During April 2015, their affiliated entity, KIPP Jacksonville, Inc. received \$450,000 in funding for a District Charter Collaborative Compacts grant to all schools operating under the KIPP Jacksonville umbrella.

The funding is available and is planned to be used in the next fiscal year.

The grant agreement also calls for funding of \$400,000 annually for the next three fiscal years through June 30, 2018.

NOTE G - RELATED PARTIES

1. Facilities expense

The School has a lease with a related party as described in Note F-2.

2. Due to KIPP Impact Middle School

The School shares its facility with KIPP Impact Middle School. As a result, there are also shared expenses including, but not limited to: rent expense, administrative salaries and benefits, utilities and accounting services. The expenses are allocated 50% to KIPP Impact Middle School and 50% to KIPP Voice Elementary School, which is based on the number of students enrolled. At June 30, 2015, due to KIPP Impact Middle School was \$2,281.

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School has no liability per occurrence. There have been no significant reductions in insurance coverage during the fiscal year. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

NOTE I - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 28, 2015; the date at which the financial statements became available for issue and has determined that no material events have occurred that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2015

	Budgeted Amounts			
	Original & Final	Actual	Variance with Final Budget	
Revenue				
State passed through local school district	\$ 2,638,777	\$ 2,638,777	\$ -	
Gifts, grants and bequests	627,364	627,364	-	
Other revenues	3,126	3,126	-	
Total revenues	3,269,267	3,269,267	-	
Expenditures				
Instruction	1,457,715	1,457,715	-	
Parental involvement	19,538	19,538	-	
Media services	53,473	53,473	-	
Staff development	82,876	82,876	-	
School administration	531,270	531,270	-	
Fiscal services	82,604	82,604	-	
Central services	234,404	234,404	-	
Transportation	142,499	142,499	-	
Operation of plant	386,431	386,431	-	
Depreciation expense	25,700	25,700	-	
Maintenance of plant	73,085	73,085	-	
Total expenditures	3,089,595	3,089,595	-	
Change in net position	\$ 179,672	179,672	\$ -	
Adjustments to conform to GAAP:				
Capital outlay expenditures		(12,878)		
Depreciation expense		25,700		
Accrued rent expense		173,770		
Excess (deficiency) of revenues over (under) expenditures		366,264		
Other financing sources (uses):		(121,835)		
Fund balances at July 1, 2014		348,152		
Fund balances at June 30, 2015		\$ 592,581		

See accompanying note to required supplementary information.

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2015

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the "Board"). A reconciliation to excess of revenue over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund for which a legally adopted budget exists. Budgets are presented on the full accrual basis of accounting. The legal level of budgetary control is the fund level.

SINGLE AUDIT AND COMPLIANCE INFORMATION

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION/PASS THROUGH DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA		
Title I Grants to Local Educational Agencies	84.010	\$ 154,521
Investing in Innovation (i3) Fund	84.411	47,000
Special Education Grants to States	84.027	30,691
Improving Teacher Quality State Grants	84.367	10,445
Subtotal Department of Education		242,657
 <u>Direct from the U.S. Department of Agriculture:</u>		
National School Lunch Program (NSLP)	10.555	266,877
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 509,534

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

To the Board of Directors
KIPP Voice Elementary School
Jacksonville, Florida

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 the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Voice Elementary School ("the School") a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc. (the "Charterholder") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 28, 2015.

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

Purpose of this Report

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

September 28, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
KIPP Voice Elementary School
Jacksonville, Florida

Report on Compliance for Each Major Federal Program

We have audited KIPP Voice Elementary School ("the School"), a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc. (the "Charterholder"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2015. The School'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 the School's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of 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 its major federal programs for the year ended June 30, 2015.

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 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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

September 28, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major programs: **Unmodified for all major programs.**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **No**

The programs tested as major programs are as follows:

<u>CFDA Number</u>	<u>Name of Program</u>
10.555	Department of Agriculture/Pass through - National School Lunch Program

The threshold for distinguishing type A and B programs was **\$300,000**

Did the auditee qualify as a low-risk auditee? **No**

**KIPP Voice Elementary School
(A division of KIPP Jacksonville, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

B. FINDINGS - FINANCIAL STATEMENTS

None in the current year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None in the current year.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None in the prior year.

MANAGEMENT LETTER

To the Board of Directors
KIPP Voice Elementary School
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of KIPP Voice Elementary School (the "School"), a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 28, 2015.

Auditor's Responsibility

We have conducted our audit 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 Chapter 10.850, rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which are dated September 28, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, we did not have any such prior findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name of the official title of the entity. The official title of the entity is KIPP Voice Elementary School, a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc.

Financial Condition

Sections 10.854(1)(e)2. Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Auditor General, Federal and granting agencies, the Board of Directors, applicable management, and the School Board of Duval County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

September 28, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the years ended June 30, 2015 and June 30, 2014 there were no audit findings or recommendations.