# CONTENTS

<table>
<thead>
<tr>
<th>Report of independent certified public accountants</th>
<th>1 - 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial statements:</strong></td>
<td></td>
</tr>
<tr>
<td>Statements of financial position</td>
<td>3</td>
</tr>
<tr>
<td>Statements of activities and changes in net assets</td>
<td>4</td>
</tr>
<tr>
<td>Statements of cash flows</td>
<td>5</td>
</tr>
<tr>
<td>Notes to financial statements</td>
<td>6 - 13</td>
</tr>
<tr>
<td><strong>Other reports and supplementary information:</strong></td>
<td></td>
</tr>
<tr>
<td>Independent auditors’ 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</td>
<td>14 - 15</td>
</tr>
<tr>
<td>Independent auditors’ report on compliance for each major program and on internal control over compliance required by OMB Circular A-133</td>
<td>16 - 17</td>
</tr>
<tr>
<td>Schedule of expenditures of federal awards</td>
<td>18 - 19</td>
</tr>
<tr>
<td>Schedule of state assistance</td>
<td>20</td>
</tr>
<tr>
<td>Schedule of findings and questioned costs</td>
<td>21 - 22</td>
</tr>
<tr>
<td>Supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines Section 1X-C</td>
<td>23</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
KIPP Delta, Inc. d/b/a KIPP Delta Public Schools
Helena-West Helena, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of KIPP Delta, Inc. d/b/a KIPP Delta Public Schools (the "School"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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 financial position of the School as of June 30, 2014 and 2013, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2014, 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 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.

Hudson Cione & Co. LLP

Little Rock, Arkansas
October 23, 2014
# KIPP DELTA, INC. d/b/a
# KIPP DELTA PUBLIC SCHOOLS
# STATEMENTS OF FINANCIAL POSITION
# JUNE 30, 2014 and 2013

## ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,274,689</td>
<td>$1,006,180</td>
</tr>
<tr>
<td>Cash and cash equivalents - restricted</td>
<td>1,313,960</td>
<td>715,958</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>465,959</td>
<td>397,680</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>89,400</td>
<td>117,500</td>
</tr>
<tr>
<td>Deposits</td>
<td>12,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,156,008</td>
<td>2,247,318</td>
</tr>
<tr>
<td><strong>Capital assets, net</strong></td>
<td>11,537,132</td>
<td>11,605,572</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$14,693,140</td>
<td>$13,852,890</td>
</tr>
</tbody>
</table>

## LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>$232,347</td>
<td>$219,501</td>
</tr>
<tr>
<td>Current maturities of capital leases</td>
<td>128,468</td>
<td>127,121</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>292,117</td>
<td>241,945</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>123,265</td>
<td>77,070</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>776,197</td>
<td>665,637</td>
</tr>
<tr>
<td><strong>Long-term debt less current maturities</strong></td>
<td>6,795,141</td>
<td>7,304,459</td>
</tr>
<tr>
<td><strong>Capital leases less current maturities</strong></td>
<td>141,597</td>
<td>86,859</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>7,712,935</td>
<td>8,056,955</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>5,773,805</td>
<td>5,212,703</td>
</tr>
<tr>
<td>Temporarily restricted (Note 8)</td>
<td>1,206,400</td>
<td>583,232</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>6,980,205</td>
<td>5,795,935</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$14,693,140</td>
<td>$13,852,890</td>
</tr>
</tbody>
</table>

See accompanying notes.
<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public support and revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State assistance</td>
<td>$ 8,874,717</td>
<td>$ 78,629</td>
<td>$ 8,953,346</td>
</tr>
<tr>
<td>Federal assistance</td>
<td>-</td>
<td>3,892,453</td>
<td>3,892,453</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,007,729</td>
<td>1,093,974</td>
<td>3,101,703</td>
</tr>
<tr>
<td>Activity revenues</td>
<td>41,862</td>
<td>-</td>
<td>41,862</td>
</tr>
<tr>
<td>Tuition</td>
<td>34,944</td>
<td>-</td>
<td>34,944</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>3,188</td>
<td>-</td>
<td>3,188</td>
</tr>
<tr>
<td>Other revenues</td>
<td>232,969</td>
<td>51,397</td>
<td>284,366</td>
</tr>
<tr>
<td><strong>Total public support and revenue</strong></td>
<td>11,195,409</td>
<td>5,116,453</td>
<td>16,311,862</td>
</tr>
<tr>
<td><strong>Net assets released from restriction</strong></td>
<td>4,493,285</td>
<td>(4,493,285)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,688,694</td>
<td>623,168</td>
<td>16,311,862</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular programs</td>
<td>3,727,495</td>
<td>-</td>
<td>3,727,495</td>
</tr>
<tr>
<td>Special education</td>
<td>329,267</td>
<td>-</td>
<td>329,267</td>
</tr>
<tr>
<td>Compensatory education</td>
<td>1,704,260</td>
<td>-</td>
<td>1,704,260</td>
</tr>
<tr>
<td>Other instructional services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Student support services</td>
<td>675,361</td>
<td>-</td>
<td>675,361</td>
</tr>
<tr>
<td>Instructional staff support services</td>
<td>1,581,501</td>
<td>-</td>
<td>1,581,501</td>
</tr>
<tr>
<td>General administration support services</td>
<td>767,319</td>
<td>-</td>
<td>767,319</td>
</tr>
<tr>
<td>School administration support services</td>
<td>1,745,297</td>
<td>-</td>
<td>1,745,297</td>
</tr>
<tr>
<td>Business support services</td>
<td>333,126</td>
<td>-</td>
<td>333,126</td>
</tr>
<tr>
<td>Operation and maintenance of plant services</td>
<td>1,611,618</td>
<td>-</td>
<td>1,611,618</td>
</tr>
<tr>
<td>Student transportations services</td>
<td>810,604</td>
<td>-</td>
<td>810,604</td>
</tr>
<tr>
<td>Other support services</td>
<td>417,911</td>
<td>-</td>
<td>417,911</td>
</tr>
<tr>
<td>Food services operations</td>
<td>1,024,204</td>
<td>-</td>
<td>1,024,204</td>
</tr>
<tr>
<td>Interest expense</td>
<td>399,629</td>
<td>-</td>
<td>399,629</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>15,127,592</td>
<td>-</td>
<td>15,127,592</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>561,102</td>
<td>623,168</td>
<td>1,184,270</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>5,212,703</td>
<td>583,232</td>
<td>5,795,935</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$ 5,773,805</td>
<td>$ 1,206,400</td>
<td>$ 6,980,205</td>
</tr>
</tbody>
</table>

See accompanying notes.
<table>
<thead>
<tr>
<th></th>
<th>2013 Temporarily Restricted</th>
<th>2013 Restricted</th>
<th>2013 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted</strong></td>
<td><strong>$ 8,301,738</strong></td>
<td><strong>$ 4,027</strong></td>
<td><strong>$ 8,305,765</strong></td>
</tr>
<tr>
<td><strong>$ -</strong></td>
<td><strong>$ 2,582,795</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 2,582,795</strong></td>
</tr>
<tr>
<td><strong>762,038</strong></td>
<td><strong>732,425</strong></td>
<td><strong>1,494,463</strong></td>
<td><strong>1,494,463</strong></td>
</tr>
<tr>
<td><strong>43,210</strong></td>
<td><strong>-</strong></td>
<td><strong>43,210</strong></td>
<td><strong>43,210</strong></td>
</tr>
<tr>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>3,660</strong></td>
<td><strong>-</strong></td>
<td><strong>3,660</strong></td>
<td><strong>3,660</strong></td>
</tr>
<tr>
<td><strong>42,856</strong></td>
<td><strong>52,210</strong></td>
<td><strong>95,066</strong></td>
<td><strong>95,066</strong></td>
</tr>
<tr>
<td><strong>9,153,502</strong></td>
<td><strong>3,371,457</strong></td>
<td><strong>12,524,959</strong></td>
<td><strong>12,524,959</strong></td>
</tr>
<tr>
<td><strong>3,780,858</strong></td>
<td><strong>(3,780,858)</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>12,934,360</strong></td>
<td><strong>(409,401)</strong></td>
<td><strong>12,524,959</strong></td>
<td><strong>12,524,959</strong></td>
</tr>
</tbody>
</table>

|                | **3,258,492** | **-** | **3,258,492** |
|                | **624,647**   | **-** | **624,647**   |
|                | **1,235,212** | **-** | **1,235,212** |
|                | **63,287**    | **-** | **63,287**    |
|                | **502,074**   | **-** | **502,074**   |
|                | **1,153,730** | **-** | **1,153,730** |
|                | **580,848**   | **-** | **580,848**   |
|                | **1,462,166** | **-** | **1,462,166** |
|                | **288,592**   | **-** | **288,592**   |
|                | **1,266,924** | **-** | **1,266,924** |
|                | **786,203**   | **-** | **786,203**   |
|                | **233,247**   | **-** | **233,247**   |
|                | **840,434**   | **-** | **840,434**   |
|                | **325,731**   | **-** | **325,731**   |
| **12,621,587** | **-**         | **12,621,587** | **12,621,587** |

|                | **312,773**   | **(409,401)** | **(96,628)** |
|                | **4,899,930** | **992,633**   | **5,892,563** |

| **$ 5,212,703** | **$ 583,232** | **$ 5,795,935** |
# KIPP DELTA, INC. d/b/a KIPP DELTA PUBLIC SCHOOLS
## STATEMENTS OF CASH FLOWS
### YEARS ENDED JUNE 30, 2014 AND 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$1,184,270</td>
<td>$(96,628)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>878,829</td>
<td>724,930</td>
</tr>
<tr>
<td>Debt forgiveness</td>
<td>(250,000)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(68,279)</td>
<td>(100,390)</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>28,100</td>
<td>527,575</td>
</tr>
<tr>
<td>Deposits</td>
<td>(2,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>50,172</td>
<td>(127,208)</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>46,195</td>
<td>41,839</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>1,867,287</td>
<td>960,118</td>
</tr>
<tr>
<td><strong>Net cash flows used in investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>(579,524)</td>
<td>(616,159)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayments of borrowings and capital leases</td>
<td>(421,252)</td>
<td>(304,565)</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>-</td>
<td>260,928</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(421,252)</td>
<td>(43,637)</td>
</tr>
<tr>
<td><strong>Net change in cash</strong></td>
<td>866,511</td>
<td>300,322</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - beginning of year</strong></td>
<td>1,722,138</td>
<td>1,421,816</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - end of year</strong></td>
<td>$2,588,649</td>
<td>$1,722,138</td>
</tr>
</tbody>
</table>

**Reconciliation of cash and cash equivalents to the statements of financial position**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,274,689</td>
<td>$1,006,180</td>
</tr>
<tr>
<td>Cash and cash equivalents - restricted</td>
<td>1,313,960</td>
<td>715,958</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,588,649</td>
<td>$1,722,138</td>
</tr>
</tbody>
</table>

See accompanying notes.
Note 1: Summary of significant accounting policies

Nature of operations
KIPP Delta, Inc. d/b/a KIPP Delta Public Schools (the “School”), was incorporated in 2001 in the state of Arkansas as a non-profit organization to operate one or more public charter schools in the state of Arkansas.

Method of accounting
The financial statements of the School have been prepared using the accrual basis of accounting. Significant accounting policies are described below.

Basis of presentation
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and related changes are classified and reported as follows:

Unrestricted net assets
Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets
Net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time.

Permanently restricted net assets
Net assets subject to donor-imposed stipulations that they be maintained permanently by the School.

Use of estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pledges receivable
An allowance for uncollectible pledges receivable is provided based upon management’s judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund-raising activity. Pledges not expected to be collected within one year are discounted. Management did not feel that allowance for uncollectible pledges was required for the years ended June 30, 2014 and 2013. Conditional promises to give are not included as support until the conditions are substantially met.

Restricted cash
The school maintains restricted cash that is restricted for various capital projects including a capital campaign started in 2014 for the elementary school expansion in Helena. Restricted cash also includes cash received through federal assistance. Restricted cash totaled $1,313,960 and $715,958 at June 30, 2014 and 2013, respectively.
Note 1: Summary of significant accounting policies (continued)

**Income taxes**

The School is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and comparable provisions of state income tax laws.

In accordance with the Income Taxes topic of the ASC, the School recognizes accrued interest and penalties associated with uncertain tax position as part of their income tax provision, if any. The past three years of exempt organization income tax returns are subject to potential examination by taxing authorities.

**Capital assets**

Capital assets are carried at cost or, if donated, at their estimated fair value at the time of donation, net of accumulated depreciation. It is the School’s policy to capitalize all assets purchased or received by donation that cost $1,000 or more individually and have a useful life of 2 or more years. All capitalized assets will be depreciated in accordance with the School’s depreciation policy. Assets purchased or received by donation that cost less than $1,000 individually will be expensed in the period purchased or donated.

Assets are being depreciated using the straight line method over the following estimated useful lives of the assets:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Estimated Useful Life in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements/infrastructure</td>
<td>5-40</td>
</tr>
<tr>
<td>Buildings</td>
<td>40</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3-15</td>
</tr>
</tbody>
</table>

Depreciation expense was $878,829 and $724,930 for the years ended June 30, 2014 and 2013, respectively.

**Statement of cash flows**

The School considers all short-term investments available for current use with an original maturity of three months or less to be cash equivalents.

Non-cash investing and financing activity consisted of the purchase of depreciable capital assets with a capital lease in the amount of $230,865, and debt forgiveness in the amount of $250,000 for the year ended June 30, 2014.

Cash paid for interest was $353,434 for the year ended June 30, 2014. Cash paid for interest totaled $346,559 for the year ended June 30, 2013. Of this amount, $62,688 was capitalized related to construction of the Blytheville campus, which was placed in service during the prior year.

**Support and revenue**

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or Board of Directors.
Note 1: Summary of significant accounting policies (continued)

Subsequent events

The School has evaluated all subsequent events for potential recognition and disclosure through October 23, 2014, the date these financial statements were available to be issued.

Note 2: Accounts receivable

The accounts receivable balance of $465,959 at June 30, 2014 consisted of $281,835 of Federal and State assistance and $184,124 of other receivables. The accounts receivable balance of $397,680 at June 30, 2013 consisted of $245,789 of Federal assistance and $151,891 of other receivables.

Note 3: Pledges receivable

Pledges receivable at June 30, 2014 and 2013 were expected to be collected in less than one year. At June 30, 2014, pledges receivable of $89,400 was attributable to two grants from one donor. At June 30, 2013, pledges receivable of $117,500 was attributable to two donors. No reserve has been provided for 2014 or 2013.

As of June 30, 2014, the School had received conditional promises to give of $1,643,200. These conditional promises to give will not be reflected as an asset or recognized as revenue until the conditions are substantially met.

Cash collected on unrestricted and temporarily restricted pledges totaled $117,500 and $585,000 during the years ended June 30, 2014 and 2013, respectively.

Note 4: Capital assets

Capital assets consisted of the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Depreciable capital assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$11,088,867</td>
<td>$10,984,970</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3,148,424</td>
<td>2,595,433</td>
</tr>
<tr>
<td>Total depreciable capital assets</td>
<td>14,237,291</td>
<td>13,580,403</td>
</tr>
<tr>
<td><strong>Nondepreciable capital assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in process</td>
<td>76,626</td>
<td>2,150</td>
</tr>
<tr>
<td>Land</td>
<td>836,005</td>
<td>836,005</td>
</tr>
<tr>
<td>Total nondepreciable capital assets</td>
<td>912,631</td>
<td>838,155</td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>15,149,922</td>
<td>14,418,558</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building and improvements</td>
<td>1,907,039</td>
<td>1,492,599</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>1,705,751</td>
<td>1,320,387</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>3,612,790</td>
<td>2,812,986</td>
</tr>
<tr>
<td><strong>Capital assets, net</strong></td>
<td>$11,537,132</td>
<td>$11,605,572</td>
</tr>
</tbody>
</table>
KIPP DELTA, INC. d/b/a
KIPP DELTA PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

Note 5: Long-term debt

Long-term debt consisted of the following on June 30:

<table>
<thead>
<tr>
<th>Note Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable to a bank, secured by real estate and guaranteed by USDA, due $20,452 monthly including interest at 5.39%, with balance due December 2032.</td>
<td>$2,865,180</td>
<td>$2,957,364</td>
</tr>
<tr>
<td>Note payable to a bank, secured by real estate, due $8,902 monthly including interest at 5.50%, with balance due June 2029.</td>
<td>1,083,832</td>
<td>1,129,009</td>
</tr>
<tr>
<td>Note payable to United States Department of Agriculture (USDA), secured by real estate and guaranteed by the USDA Rural Development, due $5,497 monthly including interest at 4.75%, with balance due August 2045.</td>
<td>1,055,518</td>
<td>1,070,944</td>
</tr>
<tr>
<td>Note payable to Charter School Growth Fund, unsecured, due in full at December 31, 2018 including interest at 1.00% (See Note 15).</td>
<td>750,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Note payable to a bank, secured by real estate and guaranteed by the USDA, due $9,786 monthly including interest at 6.37%, with balance due August 2024.</td>
<td>708,642</td>
<td>778,478</td>
</tr>
<tr>
<td>Note payable to a bank, secured by real estate, due $2,766 monthly including interest at 4.00%, with balance due March 2031.</td>
<td>384,517</td>
<td>401,729</td>
</tr>
<tr>
<td>Note payable to a bank, secured by real estate, due $1,328 monthly including interest at 5.00%, with balance due March 2031.</td>
<td>179,799</td>
<td>186,436</td>
</tr>
</tbody>
</table>

Total current maturities: (232,347) (219,501)

Total long-term debt: $6,795,141 $7,304,459

Scheduled maturities of long-term debt at June 30, 2014, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$232,347</td>
</tr>
<tr>
<td>2016</td>
<td>$245,542</td>
</tr>
<tr>
<td>2017</td>
<td>$259,494</td>
</tr>
<tr>
<td>2018</td>
<td>$1,024,248</td>
</tr>
<tr>
<td>2019</td>
<td>$289,849</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$4,976,008</td>
</tr>
</tbody>
</table>

Total: $7,027,488
Note 6: Line of credit

During 2014, the School obtained a line of credit with available borrowings of up to $500,000 and an interest rate of 5.25%. The line of credit is secured by donor contributions to the school and is scheduled to mature in April 2015. There was no outstanding balance at June 30, 2014, and the line of credit was not drawn upon at any time during 2014.

Note 7: Capital leases

The School has three capital leases for fourteen school buses with one of these leases entered into this year for four buses for a total of $95,350. The school also entered into a capital lease for nine copiers for a total of $135,515 during 2014.

One of the bus leases expired in July of 2014 and had an imputed interest rate of 4.70%. One of the bus leases will expire in July of 2015 and has an imputed interest rate of 4.10%. The other bus lease will expire in July of 2016 and has an imputed interest rate of 4.69%. The copier lease will expire in June of 2018 and has an imputed interest rate of 4.69%. The interest rates are imputed based on the lower of the School’s incremental borrowing rate at the inception of the lease or the lessor’s implicit rate of return.

The assets are depreciated over their estimated productive lives, and their depreciation is included in depreciation expense. The following is a summary of property held under capital leases as of June 30, 2014:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$530,865</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(122,912)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$407,953</strong></td>
</tr>
</tbody>
</table>

Minimum future lease payments under the capital leases as of June 30, 2014, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$138,481</td>
</tr>
<tr>
<td>2016</td>
<td>80,261</td>
</tr>
<tr>
<td>2017</td>
<td>38,903</td>
</tr>
<tr>
<td>2018</td>
<td>30,339</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>$287,984</strong></td>
</tr>
<tr>
<td>Interest</td>
<td>(17,919)</td>
</tr>
<tr>
<td>Current maturities</td>
<td>(128,468)</td>
</tr>
<tr>
<td><strong>Total long-term capital leases</strong></td>
<td><strong>$141,597</strong></td>
</tr>
</tbody>
</table>

Note 8: Operating leases

The School leases office facilities and equipment under various operating leases. Rent expense for these leases totaled $38,424 and 44,624 for 2014 and 2013, respectively. Future minimum lease payments at June 30, 2014 were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$20,901</td>
</tr>
<tr>
<td>2016</td>
<td>1,000</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,901</strong></td>
</tr>
</tbody>
</table>
Note 9: Net assets

The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are reported as revenues temporarily restricted and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

The School reports gifts of land and buildings as unrestricted support unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Temporarily restricted net assets are available for the following purpose or period at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>$ 482,657</td>
<td>$ 402,414</td>
</tr>
<tr>
<td>Special revenue</td>
<td>307,361</td>
<td>177,199</td>
</tr>
<tr>
<td>Capital projects</td>
<td>416,382</td>
<td>3,619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,206,400</strong></td>
<td><strong>$583,232</strong></td>
</tr>
</tbody>
</table>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program and support activities</td>
<td>$ 639,669</td>
<td>$ 907,543</td>
</tr>
<tr>
<td>Special revenue</td>
<td>3,818,670</td>
<td>2,692,808</td>
</tr>
<tr>
<td>Capital projects</td>
<td>34,946</td>
<td>180,507</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,493,285</strong></td>
<td><strong>$3,780,858</strong></td>
</tr>
</tbody>
</table>

Note 10: Retirement plans

Arkansas Teacher Retirement System

Plan description: The School contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.
Note 10: Retirement plans (continued)

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14%. The School’s contributions to ATRS for the year ended June 30, 2014 was $993,306, equal to the required contributions each year. The School’s contributions to ATRS for the year ended June 30, 2013 was $836,155, equal to the required contributions each year.

Note 11: Significant concentration and credit risk

The School maintains cash in bank deposits accounts which, at times, may exceed federally insured limits. As of June 30, 2014, the School had collateralized uninsured cash balances of $2,526,024.

The School is economically dependent on funding received through state awards, federal awards and private donations. Approximately 56%, 24% and 18% of total revenues were from state sources, federal resources, and private donations, respectively, during the year ended June 30, 2014. Approximately 66%, 21% and 12% of total revenues were from state sources, federal resources, and private donations, respectively, during the year ended June 30, 2013.

Note 12: Commitments and contingencies

A lease commencing on June 30, 2002 was signed between the School (“lessee”) and the City of Helena, Arkansas (“the lessor”) for the building that houses the Director’s office and classrooms. The lease was extended during 2012 through July 1, 2022, for a rent of one dollar ($1.00) per year. This lease arrangement is providing significant economic value to the School.

Note 13: Fund-raising expenses

The School uses fund-raising to encourage donations within the community. The costs of fund-raising activities are expensed as incurred. During 2014 and 2013, fund-raising costs totaled $76,613 and $81,126, respectively.

Note 14: Fair value

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. They also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Following are the three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities
Note 14: Fair value (continued)

Cash and cash equivalents are the only material instruments valued on a recurring basis which are held by the School at fair value. At June 30, 2014 and 2013, cash and cash equivalents totaled $2,588,649 and $1,722,138, respectively, which is measured as a Level 1 input and reflected at its stated value.

Note 15: Subsequent events

In July 2014, the School entered into a construction contract for the expansion of the Elementary Literacy Academy. Total construction costs are approximately $1.1 million, and the project is estimated to be completed in 2015.

In July 2014, an arrangement was reached with the Charter School Growth Fund to forgive $250,000 of the loan effective June 1, 2014 and $250,000 effective August 31, 2014 with a fixed interest rate of 1.00% and a maturity of June 30, 2018 subject to the achievement of certain milestone within a specific time schedule. As of the date of the audit report, all milestones were achieved within the specified time schedule.

In July 2014, the School entered into a capital lease for six school buses for $88,900. The lease has an imputed interest rate of 4% and matures in July 2017.
OTHER REPORTS AND SUPPLEMENTARY INFORMATION
INDEPENDENT AUDITORS’ 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 Delta, Inc. d/b/a KIPP Delta Public Schools
Helena-West Helena, Arkansas

We have audited, 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, the financial
statements of KIPP Delta, Inc. d/b/a KIPP Delta Public Schools (the "School"), which
comprise the statement of financial position as of June 30, 2014, and the related statement of
activities and changes in net assets, and cash flows for the year then ended, and the related
notes to the financial statements, and have issued our report thereon dated October 23, 2014.

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

Compliance and Other Matters

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

We noted certain other matters that we reported to the School’s management in a separate letter dated October 23, 2014.

**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 entity’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hudson Cisne & Co. LLP  

Hudson, Cisne & Co. LLP  
Little Rock, AR  
October 23, 2014
INDEPENDENT AUDITORS’ 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 Delta, Inc. d/b/a KIPP Delta Public Schools
Helena-West Helena, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the KIPP Delta, Inc. d/b/a KIPP Delta Public Schools (the “School”) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2014. 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the School’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audit 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, KIPP Delta, Inc. d/b/a KIPP Delta Public Schools 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, 2014.
Report on Internal control over compliance

The 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Hudson Cisne & Co. LLP
Hudson, Cisne & Co. LLP
Little Rock, Arkansas
October 23, 2014
KIPP DELTA, INC. d/b/a
KIPP DELTA PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

<table>
<thead>
<tr>
<th>Federal grant/pass-through grantor/program title</th>
<th>Federal CFDA number</th>
<th>Federal expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHILD NUTRITION CLUSTER</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Arkansas Department of Education:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Breakfast Program - Cash Assistance</td>
<td>10.553</td>
<td>$ 251,443</td>
</tr>
<tr>
<td>National School Lunch Program - Cash Assistance</td>
<td>10.555</td>
<td>509,259</td>
</tr>
<tr>
<td>Total Arkansas Department of Education</td>
<td></td>
<td>760,702</td>
</tr>
<tr>
<td>Passed through Arkansas Department of Human Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National School Lunch Program - Non-Cash Assistance</td>
<td>10.555</td>
<td>57,952</td>
</tr>
<tr>
<td>Total Child Nutrition Cluster</td>
<td></td>
<td>818,654</td>
</tr>
<tr>
<td><strong>OTHER PROGRAMS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Arkansas Department of Education:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title I, Part A - Grants to Local Education Agencies</td>
<td>84.010</td>
<td>2,328,355</td>
</tr>
<tr>
<td>Title VI, Part B - Special Education Grants to States</td>
<td>84.027</td>
<td>201,905</td>
</tr>
<tr>
<td>Title VI, Part B - Rural and Low Income School Program</td>
<td>84.358B</td>
<td>22,588</td>
</tr>
<tr>
<td>Title X - Charter Schools</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title II, Part A - Improving Teacher Quality</td>
<td>84.367</td>
<td>25,123</td>
</tr>
<tr>
<td>Subrecipient from KIPP Foundation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Fiscal Stabilization Fund (SFSF) - Investing in</td>
<td>84.396A</td>
<td>117,667</td>
</tr>
<tr>
<td>Innovation (i3) Fund - ARRA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total U.S. Department of Education (other programs)</td>
<td></td>
<td>2,695,638</td>
</tr>
<tr>
<td>U.S. Department of Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Arkansas Department of Education:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child and Adult Care Food Program</td>
<td>10.558</td>
<td>150,066</td>
</tr>
<tr>
<td>Passed through The Department of Arkansas Heritage:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Facilities Loans and Grants</td>
<td>10.766</td>
<td>22,321</td>
</tr>
<tr>
<td>Passed through the City of Helena-West Helena:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Facilities Loans and Grants</td>
<td>10.766</td>
<td>39,330</td>
</tr>
<tr>
<td>Total U.S. Department of Agriculture (other programs)</td>
<td></td>
<td>211,717</td>
</tr>
<tr>
<td>Total Other Programs</td>
<td></td>
<td>2,907,355</td>
</tr>
<tr>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td>$ 3,726,009</td>
</tr>
</tbody>
</table>
KIPP DELTA, INC. d/b/a
KIPP DELTA PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2014

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule includes the federal awards activity of the School and is presented on the regulatory basis of accounting. The information in 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.

2. Medicaid reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling $30,033 are not covered by the reporting requirements of OMB Circular A-133.

3. Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
Arkansas Department of Education

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter School Funding</td>
<td>$7,243,972</td>
</tr>
<tr>
<td>GT Advanced Placement</td>
<td>$300</td>
</tr>
<tr>
<td>Student Growth Funding</td>
<td>$185,525</td>
</tr>
<tr>
<td>Professional Development Funding</td>
<td>$50,367</td>
</tr>
<tr>
<td>National School Lunch Student Funding</td>
<td>$1,223,273</td>
</tr>
<tr>
<td>Arkansas Better Chance Program</td>
<td>$157,950</td>
</tr>
</tbody>
</table>

Total: $8,861,387

Arkansas Department of Career Education

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Workforce Centers</td>
<td>$18,959</td>
</tr>
</tbody>
</table>

Total: $18,959

Central Arkansas Planning and Development District

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Improvement Funds</td>
<td>$73,000</td>
</tr>
</tbody>
</table>

Total State Assistance: $8,953,346
A. SUMMARY OF AUDITORS’ RESULTS

1. The opinion expressed in the independent auditors’ report was:

   - Unmodified
   - Modified
   - Adverse
   - Disclaimed

2. The independent auditors’ report on internal control over financial reporting described:

   Significant deficiency(ies) identified? Yes No
   Material weakness(es) identified? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent auditors’ report on internal control over compliance with requirements applicable to major federal awards programs described:

   Significant deficiency(ies) identified? Yes No
   Material weakness(es) identified? Yes No

5. The opinion expressed in the independent auditors’ report on compliance with requirements applicable to major federal awards was:

   - Unmodified
   - Modified
   - Adverse
   - Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The Auditee’s major programs were:

<table>
<thead>
<tr>
<th>Cluster/Program</th>
<th>CFDA Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Title I, Part A - Grants to Local Education Agencies</td>
<td>84.010</td>
</tr>
</tbody>
</table>

8. The threshold used to distinguish between Type A & Type B programs as those terms are defined in OMB Circular A-133 was $300,000.

9. The Auditee qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No
KIPP DELTA, INC. d/b/a
KIPP DELTA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None noted

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT

None noted

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None noted
The following information is being provided to satisfy the requirements of Arkansas Department of Human Services Audit Guidelines, Section IX. C - Special Requirements:

1. **Entity's Full Name:** KIPP Delta, Inc. d/b/a KIPP Delta Public Schools
2. **Entity's Address:** 415 Ohio Street
   Helena-West Helena, AR  72342
3. **Entity's FEIN:** 31-1807400
4. **Entity's Telephone Number:** 870-753-9035
5. **Name of Director:** Scott Shirey, Executive Director
6. **Name of Contact Person:** Scott Shirey, Executive Director