

**KIPP AMP ACADEMY CHARTER SCHOOL**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

**KIPP AMP ACADEMY CHARTER SCHOOL  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
KIPP AMP Academy Charter School  
Brooklyn, New York

We have audited the accompanying statement of financial position of KIPP AMP Academy Charter School (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of KIPP AMP Academy Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of KIPP AMP Academy Charter School as of June 30, 2008, were audited by other auditors whose report dated October 22, 2008, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U. S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of KIPP AMP Academy Charter School as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009 on our consideration of KIPP AMP Academy Charter 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* and should be considered in assessing the results of our audit.

  
LarsonAllen LLP

Blue Bell, Pennsylvania  
October 21, 2009

**KIPP AMP ACADEMY CHARTER SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
<b>ASSETS</b>		
Cash	\$ 1,271,765	\$ 991,993
Grants and Contracts Receivable	35,037	80,869
Equipment	110,527	175,840
Prepaid Expenses and Other Assets	9,871	22,125
Due from Related Parties	150,073	-
Total Assets	\$ 1,577,273	\$ 1,270,827
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 193,343	\$ 122,060
Due to Related Parties	-	77,131
Refundable Advances	17,462	27,842
Capital Lease Obligations	41,637	63,538
Total Liabilities	252,442	290,571
<b>NET ASSETS</b>		
Unrestricted	1,299,831	955,256
Temporarily Restricted	25,000	25,000
Total Net Assets	1,324,831	980,256
Total Liabilities and Net Assets	\$ 1,577,273	\$ 1,270,827

See accompanying Notes to Financial Statements.

**KIPP AMP ACADEMY CHARTER SCHOOL  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2009 AND 2008**

	2009		2008	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Total	Total	Total	Total
<b>OPERATING REVENUE</b>				
State and Local Per Pupil Operating Revenue	\$ 3,463,529	\$ -	\$ 3,463,529	\$ -
Government Grants and Contracts	141,922	-	141,922	-
Total Operating Revenue	<u>3,605,451</u>	<u>-</u>	<u>3,605,451</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Program Services				
School Operations	3,156,428	-	3,156,428	-
Total Program Services	<u>3,156,428</u>	<u>-</u>	<u>3,156,428</u>	<u>-</u>
Supporting Services				
Management and General	250,058	-	250,058	-
Fundraising	20,269	-	20,269	-
Total Supporting Services	<u>270,327</u>	<u>-</u>	<u>270,327</u>	<u>-</u>
Total Operating Expenses	<u>3,426,755</u>	<u>-</u>	<u>3,426,755</u>	<u>-</u>
School Operating Surplus (Deficit)	178,696	-	178,696	-
Other Revenue:				
Contributions and Other Grants	150,000	-	150,000	25,000
Interest and Other Income	15,879	-	15,879	-
Donated Services	-	-	-	-
Net Assets Released from Restrictions	-	-	-	(219,980)
<b>CHANGE IN NET ASSETS</b>	344,575	-	344,575	(194,980)
Net Assets - Beginning of Year	955,256	25,000	980,256	219,980
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,299,831</u>	<u>\$ 25,000</u>	<u>\$ 1,324,831</u>	<u>\$ 25,000</u>
			\$ 955,256	\$ 25,000
			\$ 2,162,162	\$ 2,162,162
			215,164	215,164
			2,377,326	2,377,326
			2,394,758	2,394,758
			2,394,758	2,394,758
			219,465	219,465
			64,083	64,083
			283,548	283,548
			2,678,306	2,678,306
			(300,980)	(300,980)
			760	25,760
			59,076	59,076
			69,178	69,178
			219,980	(219,980)
			48,014	(146,966)
			907,242	1,127,222
			\$ 955,256	\$ 25,000
			\$ 1,324,831	\$ 980,256

See accompanying Notes to Financial Statements.

**KIPP AMP ACADEMY CHARTER SCHOOL  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2009**

	2009				
	Program Services	Supporting Services			Total
	School Operations	Management & General	Fund Raising	Total	Expenses
Salaries	\$ 2,055,680	\$ 192,251	\$ 19,504	\$ 211,755	\$ 2,267,435
Payroll Taxes and Employee Benefits	412,448	32,897	765	33,662	446,110
Equipment and Building	46,719	4,369	-	4,369	51,088
Professional Fees	8,907	3,115	-	3,115	12,022
Contracted Services - Other	77,070	482	-	482	77,552
Supplies	32,574	4,858	-	4,858	37,432
Instructional Materials	58,173	-	-	-	58,173
Academic Programming	52,633	-	-	-	52,633
Telephone and Internet	13,060	131	-	131	13,191
Insurance	32,863	1,275	-	1,275	34,138
Food	27,573	37	-	37	27,610
Field Lessons	198,114	-	-	-	198,114
Staff Development	41,960	10,643	-	10,643	52,603
Fees and Other	17,057	-	-	-	17,057
Licensing Fee	30,000	-	-	-	30,000
Depreciation and Amortization	51,597	-	-	-	51,597
	<u>\$ 3,156,428</u>	<u>\$ 250,058</u>	<u>\$ 20,269</u>	<u>\$ 270,327</u>	<u>\$ 3,426,755</u>
Total Functional Expenses					
Total Number of Students					256
Average Cost					\$ 13,386

See accompanying Notes to Financial Statements.

**KIPP AMP ACADEMY CHARTER SCHOOL  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2008**

2008

	Program Services	Supporting Services			Total Expenses
		Management & General	Fund Raising	Total	
Salaries	\$ 1,453,903	\$ 121,335	\$ 54,710	\$ 176,045	\$ 1,629,948
Payroll Taxes and Employee Benefits	218,179	19,245	3,706	22,951	241,130
Equipment	92,630	579	-	579	93,209
Professional Fees	5,625	59,018	-	59,018	64,643
Contracted Services - Other	44,459	3,191	3,924	7,115	51,574
Supplies	22,809	3,365	750	4,115	26,924
Instructional Materials	39,729	-	3	3	39,732
Academic Programming	64,413	-	-	-	64,413
Telephone and Internet	28,554	87	-	87	28,641
Insurance	23,042	-	-	-	23,042
Food	21,220	31	15	46	21,266
Field Lessons	217,927	-	-	-	217,927
Staff Development	43,590	12,614	859	13,473	57,063
Fees and Other	4,428	-	116	116	4,544
Licensing Fee	21,014	-	-	-	21,014
Depreciation and Amortization	93,236	-	-	-	93,236
<b>Total Functional Expenses</b>	<b>\$ 2,394,758</b>	<b>\$ 219,465</b>	<b>\$ 64,083</b>	<b>\$ 283,548</b>	<b>\$ 2,678,306</b>
<b>Total Number of Students</b>					188
<b>Average Cost</b>					<b>\$ 14,246</b>

See accompanying Notes to Financial Statements.

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**KIPP AMP ACADEMY CHARTER SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 344,575	\$ (146,966)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	51,597	93,236
Adjustment to the Cost of Equipment	9,454	-
Loss from Theft of Equipment	4,262	-
(Increase) Decrease in Assets:		
Grants and Contracts Receivable	45,832	69,554
Prepaid Expenses and Other Assets	12,254	(12,362)
Due from Related Parties	(150,073)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	71,283	49,961
Due to Related Parties	(77,131)	64,403
Refundable Advances	(10,380)	(68,627)
Net Cash Provided by Operating Activities	301,673	49,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Equipment	-	(39,647)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(21,901)	(13,462)
<b>NET INCREASE (DECREASE) IN CASH</b>	279,772	(3,910)
Cash- Beginning	991,993	995,903
<b>CASH - ENDING</b>	\$ 1,271,765	\$ 991,993
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	\$ 2,251	\$ 3,020
Supplemental Schedule of Noncash Investing and Financing Activity:		
Purchase of Equipment Financed by Capital Lease	\$ -	\$ 77,000
Equipment Financed by Capital Lease which was Assumed by an Unrelated Third-Party Financing Company	\$ -	\$ 25,372

See accompanying Notes to Financial Statements.

**KIPP AMP ACADEMY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

KIPP AMP Academy Charter School (the "School") is an education corporation that operates in the borough of Brooklyn and county of Kings, New York. On March 15, 2005, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration.

The School's mission is to develop and strengthen the students' academic skills, intellectual habits, and character traits needed to succeed in top-quality high schools, colleges and to contribute to the social improvement of their own community and society at large.

In fiscal years 2009 and 2008, the School operated classes for students in grades five through eight and five through seven, respectively.

The major source of revenue and support for the School is from state and local funding on a per pupil basis. The New York City Department of Food Services provides free and reduced-price lunches and the New York City Department of Transportation provides transportation vouchers directly to a majority of the School's students. Amounts with respect to these items are not included in these financial statements.

**Basis of Accounting**

The financial statements of the School have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired. Temporarily restricted net assets contain donor-imposed restrictions that permit the School to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the School. Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the School to use or expend part or all of the income derived from the restricted assets for either specified or unspecified purposes. The School only has unrestricted and temporarily restricted net assets.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**KIPP AMP ACADEMY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits.

**Governmental Funding**

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and state funds are recognized by the School when expenditures are incurred and billable.

Revenue from other government grants to which the School is entitled is recognized mostly on student enrollment. Some grants are provided for specific educational endeavors which are not based on student enrollment and are recorded when related expenditures are incurred by the School.

Federal and state funds received prior to the services provided or the related expenditures being incurred are deferred and recorded as refundable advances.

**Contributions**

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.

**Contributed Services**

Contributed services are recorded at their fair value when such services are rendered. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) required specialized skills and are performed by people with those skills and would otherwise be purchased by the School and (c) are measurable. Legal services were provided by individuals to the School at no charge. The value of such contributed legal services for the years ended June 30, 2009 and 2008 amounted to \$0 and \$28,335, respectively, and is included in donated services and professional fees in the accompanying statement of functional expenses.

A number of volunteers have made a contribution of their time to the School. These in-kind contributions have not been reflected in the financial statements since they do not meet the criteria for recognition under Statement of Financial Accounting Standards, No. 116 ("SFAS 116"), *Accounting for Contributions Received and Contributions Made*.

**Equipment**

Equipment is recorded at cost. The School capitalizes all purchases of equipment in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Equipment acquired with certain government contract funds are recorded as expenses when the grantor retains title.

**KIPP AMP ACADEMY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equipment (Continued)**

Fixed assets acquired under capital leases are recorded in equipment with corresponding obligations carried in liabilities. The amount capitalized is the lower of the present value of minimum lease payments or the fair value of the leased asset. Amortization on assets leased under capital leases is recorded on a straight-line basis over the estimated useful life of the asset or the term of the lease, depending on the criteria used to capitalize the lease.

**Expense Allocation**

The costs of providing services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated to the program and support services benefited.

**Concentration of Credit Risk**

The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

**Income Taxes**

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and applicable income tax regulations of the State of New York. No provision for income taxes has been established, as the School has no unrelated business activity.

In July 2006, the Financial Accounting Standards Board (the "FASB") issued interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The cumulative effect of applying the provisions of FIN 48, if any, will be reported as an adjustment to the opening balance of net assets for the fiscal year of adoption. Additional disclosures about the amounts of such liabilities will also be required. In February 2008, the FASB delayed the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2007. In October 2008, the FASB further delayed the effective date for an additional year for certain nonpublic enterprises. The School will be required to adopt FIN 48 in its June 30, 2010 financial statements. The adoption of FIN 48 is not expected to have a material impact on the School's financial position, change in net assets or cash flows.

The School has elected to defer application of FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes." The School follows Financial Accounting Standard No. 5 "Accounting for Contingencies" for evaluating uncertain tax positions.

**KIPP AMP ACADEMY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

On July 1, 2008, the School adopted Statement of Financial Accounting Standard No. 157, Fair Value Measurements (SFAS 157). As permitted, adoption of SFAS 157 has been delayed for certain nonfinancial assets and nonfinancial liabilities to July 1, 2009. SFAS 157 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The School currently does not measure any of its assets or liabilities at fair value and therefore there is no impact on the adoption of this standard.

The School also was able to adopt Statement of Financial Accounting Standard No. 159, The Fair Value Option for Financial Assets and Liabilities (SFAS 159) on July 1, 2008. SFAS 159 allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The School has not elected to measure any existing financial instruments at fair value at July 1, 2008, as permitted under SFAS 159. However, the School may elect to measure newly acquired financial instruments at fair value in the future.

**Subsequent Events**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 21, 2009, the date the financial statements were available to be issued.

**NOTE 2      RELATED PARTY TRANSACTIONS**

The Knowledge is Power Program Foundation ("KIPP Foundation") is a national, nonprofit organization that trains school leaders to open and run academically rigorous public schools. The School is a member of KIPP Foundation's KIPP Network of Schools and, as such, is eligible for a range of benefits and fee-based services.

The School has entered into a trademark license agreement with KIPP Foundation subject to a license fee of 1% per pupil operating revenue not to exceed \$30,000. For the years ended June 30, 2009 and 2008, the School incurred licensing fees amounting to \$30,000 and \$21,014, respectively.

The back-office functions are centralized and handled by KIPP NYC's shared services team, whose salaries are paid by KIPP Academy Charter School. A portion of the costs of the KIPP NYC's shared services salaries are allocated to and reimbursed by the School. Amounts due to related parties represent short-term timing differences of pending settlements. The Schools also share common membership on their Board of Directors.

**KIPP AMP ACADEMY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 3      EQUIPMENT**

Equipment consists of the following:

	2009	2008
Furniture and Fixtures	\$ 57,262	\$ 57,262
Technology	242,642	260,621
Equipment	56,164	56,164
Total	356,068	374,047
Less: Accumulated Depreciation	(245,541)	(198,207)
Total Equipment	\$ 110,527	\$ 175,840

**NOTE 4      PENSION**

In accordance with the agreement to convert the School to a charter school from an existing New York City Department of Education school, the teachers of the School are members of the United Federation of Teachers (the "UFT").

In accordance with employment contracts with the UFT, the School is required to contribute to a multi-employer defined benefit pension plan (the "Plan") on behalf of the teachers. The amount charged to operations for contributions to this Plan amounted to \$101,067 and \$0 for the years ended June 30, 2009 and 2008, respectively.

In the event of withdrawal from the Plan, the School may be required to record an obligation for its portion of the unfunded benefit obligations of the Plan. Such amounts, if any, are not presently determinable.

**NOTE 5      SCHOOL FACILITY**

The School has an agreement with the New York City Department of Education for dedicated and shared space at P.S. 390, a New York City public school, located at 1224 Park Place, Brooklyn, New York. The facility is provided to the School at no cost. The School is responsible for any overtime-related costs for services provided beyond regular opening hours. These costs have been included in contracted services in the accompanying statement of functional expenses.

**NOTE 6      OPERATING EXPENSES**

Operating expenses are presented in the statement of functional expenses classified according to the significant program activity related to the purpose for which the school exists or supporting service.

The significant activities are:

**School Operations**

Represents work (time and materials) that is specifically related to or necessary for the programming aspects of the School. The activities and related costs directly affecting students or parents fall under this program.

**KIPP AMP ACADEMY CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 6 OPERATING EXPENSES (CONTINUED)**

**Management and General**

Represents work (time and materials) that is specifically related to running the nonprogrammatic/back-end operational functions of the School including but not limited to human resources, finance, technology and payroll.

**Fundraising**

Represents work (time and materials) associated with the School's fund-raising program including but not limited to annual mailings, donor meetings and events.

**NOTE 7 CAPITAL LEASE OBLIGATION**

During fiscal year 2008, the School acquired two new copiers financed by capital leases with an unrelated thirty party financing company. As of June 30, 2009 and 2008, the leased copiers were reflected at a cost of \$67,544 and \$77,000, respectively, and related accumulated amortization amounted to \$25,907 and \$13,461, respectively. The two capital leases expire in December 2011. The leases require monthly payments of principal and interest amounting to \$875 and \$881, respectively, at annual interest rates of 4% per annum. Future minimum lease payments as of June 30, 2009 under these capital leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 21,074
2011	21,067
2012	5,280
Total	<u>47,421</u>
Less: Amount Representing Interest	5,784
Present Value of Minimum Lease Payments	<u>\$ 41,637</u>

**NOTE 8 CONTINGENCY**

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2009 and 2008, temporarily restricted net assets includes \$25,000 available for the School's enrichment program.

**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**

Board of Trustees  
KIPP AMP Academy Charter School  
Brooklyn, New York

We have audited the financial statements of KIPP AMP Academy Charter School (the "School") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

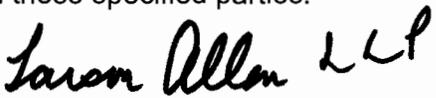
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be a material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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*.

We noted certain other matters that we reported to the management of KIPP AMP Academy Charter School in a separate letter dated October 21, 2009.

This report is intended solely for the information and use of the audit committee, board of trustees, management, the New York State Education Department and the Board of Regents of the University of the State of New York and should not be used by anyone other than these specified parties.

  
LarsonAllen LLP

Blue Bell, Pennsylvania  
October 21, 2009