

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Audited Financial Statements

Year Ended June 30, 2016

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
Supplementary Information:	
Schedule of Expenditures by Category	9
Schedule of Expenditures of Federal Awards and State Awards	10
Notes to Schedule of Expenditures of Federal and State Awards	11
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 <i>Government Auditing Standards</i>	12 - 13
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance and Wisconsin State Single Audit Guidelines	14 - 15
Schedule of Prior Year Audit Findings	16
Schedule of Findings and Questioned Costs	17 - 19

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

Independent Auditors' Report

The Board of Directors
Rocketship Southside Community Prep
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Rocketship Southside Community Prep ("RSCP") (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 RSCP as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by the *Wisconsin 2r Charter School Audit Manual* issued by the *Wisconsin Department of Public Instruction*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of expenditures by category on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements.

The financial information listed in the table of contents as supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 05, 2016 on our consideration of RSCP'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 RSCP's internal control over financial reporting and compliance.

Reilly, Penner & Benton LLP

October 05, 2016
Milwaukee, Wisconsin

ROCKETSHIP SOUTHSIDE COMMUNITY PREP

Milwaukee, Wisconsin

Statement of Financial Position

June 30, 2016

Current Assets:

Cash and equivalents	\$	386,046
Accounts receivable		2,872
Grants receivable		77,952
Prepaid expenses		62,546
Total current assets	\$	529,416

Liabilities and Net Assets (Deficit):

Current Liabilities:

Accounts payable	\$	101,021
Related party payable		661,472
Payroll and other related liabilities		11,820
Accrued vacation		12,416
Total current liabilities		786,729

Long-term Liabilities:

Deferred rent liability - related party		112,241
Related party payable		1,500,000
Total long-term liabilities		1,612,241
Total liabilities		2,398,970

Net Assets (Deficit):

Unrestricted		(1,869,554)
Total liabilities and net assets (deficit)	\$	529,416

The accompanying notes to financial statements
are an integral part of these statements.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP

Milwaukee, Wisconsin

Statement of Activities

For the Year Ended June 30, 2016

Revenue and Other Support:

Apportionment revenue	\$	3,199,284
Other state revenue		76,361
Federal revenue		873,360
Other local revenue		12,696
Contributions		3,500
Total revenue and other support		<u>4,165,201</u>

Program Expenses:

Educational programs		4,034,032
----------------------	--	-----------

Supporting Services:

Administration and general		<u>606,651</u>
----------------------------	--	----------------

Total expenses		<u>4,640,683</u>
-----------------------	--	------------------

Decrease in unrestricted net assets		(475,482)
--	--	-----------

Net Deficit, Beginning of year		<u>(1,394,072)</u>
---------------------------------------	--	--------------------

Net Deficit, End of year	\$	<u><u>(1,869,554)</u></u>
---------------------------------	----	---------------------------

The accompanying notes to financial statements
are an integral part of these statements.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP

Milwaukee, Wisconsin

Statement of Cash Flows

June 30, 2016

Cash Flows from Operating Activities:

Change in net assets	\$	(475,482)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in assets and liabilities:		
Accounts receivable		(577)
Grants receivable		(126)
Prepaid expenses		(45,028)
Accounts payable		(79,957)
Related party liabilities		307,310
Payroll and related liabilities		(27,060)
Accrued vacation		4,019
Deferred rent liability		<u>33,755</u>
Net cash used by operating activities		(283,146)

Cash and Equivalents - Beginning of year 669,192

Cash and Equivalents - End of year \$ 386,046

Supplemental Cash Flow Information:

Interest paid \$ 49,098

The accompanying notes to financial statements
are an integral part of these statements.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies

A. Nature of Activities

Rocketship Education Wisconsin, Inc. ("RSEW") is a nonprofit public benefit organization which was incorporated in October 2012 to hold the charter for its first Elementary School in Wisconsin, Rocketship Southside Community Prep ("RSCP"). The City of Milwaukee Common Council approved RSCP as a separate charter in November 2011. The Organization is an affiliate of Rocketship Education ("RSED") which is organized to manage, operate, guide, direct, and promote a network of public elementary charter schools.

B. Basis of Accounting

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

C. Basis of Presentation

Under accounting principles generally accepted in the United States of America, RSCP is required to report information regarding the financial position and activities according to three classes of net assets, defined as follows:

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

Temporarily restricted net assets - Net assets that have limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of governments

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of RSCP

D. Revenue and Other Support

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions. Revenues whose restrictions are met within the same fiscal year as received are reflected as unrestricted in the accompanying financial statements. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are for specific use in future periods are reported as temporarily restricted. Government grants are recognized to the extent of expenses incurred.

E. Income Tax Status

RSCP is exempt from federal and state income taxes on related exempt-function income under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation. RSCP does not consider any of its support and revenues to be unrelated business income and, accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Generally, for United States Federal income taxes, the Organization is only subject to examination for the current year's tax return and the preceding three years' returns.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2016
(Continued)

1. Summary of Significant Accounting Policies (continued)

F. Use of Estimates in the Preparation of Financial Statements

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

G. Accounts Receivable

Accounts receivable consist primarily of funds due from various governmental, nonprofit corporations and private individuals. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded.

H. Property, Plant and Equipment

Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful life of the assets ranging from three to thirty-five years. RSCP capitalizes all expenditures of land, buildings and equipment in excess of \$5,000. As of June 30, 2016, no individual items were purchased in excess of \$5,000.

I. Subsequent Events

RSCP has evaluated subsequent events for potential recognition and/or disclosure in the financial statements through the date that the financial statements were available to be issued (October 05, 2016). There were no subsequent events that required recognition or disclosure.

2. Related Party Transactions

RSCP entered into a line of credit agreement with RSED that has quarterly interest payments at Libor + 250 bps not to exceed 4% with a maturity date of June 30, 2019. For the year ended June 30, 2016, the total amount of related party long-term liabilities was \$1,500,000. For the year ended June 30, 2016, total interest paid was \$49,098.

RSCP entered into a contract to receive management and support services from RSED for which they pay management fees. For the year ended June 30, 2016, the total amounts expensed and accrued for management fees were \$542,450 and \$661,472, respectively.

RSCP entered into a building lease agreement with Launchpad Development Milwaukee One LLC (a division of Launchpad Development Company, a supporting organization of RSED). The lease expires June 30, 2023 and requires monthly payments. Total rental expense and deferred rent liability for the year ending June 30, 2016 was \$661,260 and \$112,241, respectively.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2016
(Continued)

2. Related Party Transactions (Continued)

The future estimated minimum required lease payments are as follows:

Year Ending June 30,	
2017	\$ 534,624
2018	546,660
2019	558,960
2020	571,536
2021	584,400
2022 and after	1,208,532
Total	\$ 4,004,712

3. Concentrations

RSCP received \$3,199,284 in revenue from one grant from the Wisconsin Department of Public Instruction during the year ended June 30, 2016 which represented 77% of RSCP's total revenue.

4. Operating Leases

RSCP leases a copier under non-cancelable operating leases. Total costs for such leases were \$16,329 for the year ended June 30, 2016. The future minimum lease payments for the leases are as follows:

Year Ending June 30,	
2017	\$ 5,404
2018	450
Total	\$ 5,854

5. Commitments and Contingencies

RSCP has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, management believes all compliance requirements have been met.

6. Employee Retirement Plan

RSCP employees are eligible to participate in RSED's sponsored 403(b) plan. RSED and affiliates matches the lessor of 3% of salary or \$2,500. During the year ended June 30, 2016, RSEW contributed \$19,654 to the plan.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP

Milwaukee, Wisconsin

Schedule of Expenditures by Category

For the Year Ended June 30, 2016

Certified salaries	\$	1,074,255
Classified salaries		543,130
Benefits		401,600
Books and supplies		636,581
Other operating expenses		1,936,019
Interest expenses		49,098
Total	\$	<u>4,640,683</u>

See Independent Auditors' Report.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

<u>Federal Awards</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number(s)</u>	<u>Grant Amount</u>	<u>Subrecipient Awards</u>
U.S. Department of Education				
Passed through Wisconsin Department of Public Instruction:				
Title I Grants to Local Educational Agencies	84.010	A141-00000-408133	\$ 375,141	\$ ---
Title II-A Teacher/Principal Training	84.367	A365-00000-408133	11,750	---
<i>Special Education Cluster:</i>				
IDEA Flow Through (EIS)	84.027	A341-00000-408133	72,535	---
IDEA Preschool Entitlement	84.173	A347-00000-408133	11,061	---
<i>Subtotal Special Education Cluster</i>			<hr/> 83,596	---
ESEA Title III-A English Language Acquisition	84.365	A391-00000-408133	<hr/> 28,559	---
Total U.S. Department of Education			499,046	---
U.S. Department of Agriculture				
Passed through Wisconsin Department of Public Instruction:				
<i>Child Nutrition Cluster</i>				
Food Service Aid - Breakfast	10.553	A546-00000-408133	120,964	---
Food Service Aid - Lunch	10.555	A547-00000-408133	212,131	---
Donated Commodities - Noncash	10.555	N/A	12,984	---
<i>Subtotal Child Nutrition Cluster</i>			<hr/> 346,079	---
U.S. Department of Health and Human Services				
Passed through Wisconsin Medicaid and Badgercare Programs				
Medical Assistance Program	93.778	Unavailable	<hr/> 28,235	---
Total Federal Awards Programs			<hr/> <hr/> \$ 873,360	\$ ---
<u>State Awards</u>	<u>State ID Number</u>		<u>Grant Amount</u>	
Wisconsin Department of Public Instruction:				
Special Education and School Age Parents**	255.101	408133-100	\$ 57,524	\$ ---
State School Lunch Aid	255.102	408133-107	2,831	---
Charter Schools State Aid	255.109	408133-115	3,199,284	---
Educator Effectiveness Evaluation System Grants - Public	255.940	408133-154	1,600	---
Passed Thru CESA I:				
Special Education and School Age Parents	255.101	749901-100	<hr/> 14,406	---
Total State Awards Programs			<hr/> <hr/> \$ 3,275,645	\$ ---

** Total Wisconsin DPI aidable expenditures for the year ended June 30, 2016 were \$193,222.

See Independent Auditors' Report.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2016

1. Basis of Presentation

The accompanying "Schedule of Expenditures of Federal and State Awards" (the Schedule) includes the federal and state award activity of RSCP under programs of the federal and state government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and by the *Wisconsin 2r Charter School Audit Manual issued by the Wisconsin Department of Public Instruction*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the *Uniform Guidance* and *Wisconsin 2r Charter School Audit Manual*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. RSCP does not use the 10% de minimis indirect cost rate.

3. Noncash Awards

The federal donated commodities in the Child Nutrition Cluster listed subsequently is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in RSCP's financial statements. Commodities received during the year are included in the federal expenditures presented in the Schedule. There are no balances outstanding as of June 30, 2016.

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

**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 Directors
Rocketship Southside Community Prep
Milwaukee, Wisconsin

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 Rocketship Southside Community Prep ("RSCP") (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 05, 2016.

Internal Control Over Financial Reporting

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

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 RSCP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RSCP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reilly, Penner & Benton LLP

October 05, 2016
Milwaukee, Wisconsin

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Directors
Rocketship Southside Community Prep
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Rocketship Southside Community Prep's ("RSCP") compliance with the types of compliance requirements described in the *OMB Compliance Supplement and Wisconsin State Single Audit Guidelines* that that could have a direct and material effect on each of RSCP's major federal and state programs for the year ended June 30, 2016. RSCP's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of RSCP's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Wisconsin State Single Audit Guidelines*. Those standards and Uniform Guidance and *Wisconsin State Single Audit Guidelines* requires 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 or state program occurred. An audit includes examining, on a test basis, evidence about RSCP'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 and state program. However, our audit does not provide a legal determination on RSCP's compliance.

Opinion on Each Major Federal and State Program

In our opinion, RSCP 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 federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of RSCP 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 RSCP internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state 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 and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *Wisconsin State Single Audit Guidelines*, 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 RSCP'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 or state 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 or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement 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 requirements of the Uniform Guidance and *Wisconsin State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Reilly, Penner & Benton LLP

October 05, 2016
Milwaukee, Wisconsin

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Schedule of Prior Year Audit Findings
Year Ended June 30, 2016

RSCP has no prior year audit findings related to federal or state programs.

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified that are not considered to be material weakness? | No |
| 3. Noncompliance material to financial statements? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| A. Material weakness(es) identified: | No |
| B. Significant deficiency(ies) identified that are not considered to be material weakness? | No |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
(Continued)
June 30, 2016

Section I - Summary of Auditors' Results (Continued)

State Awards

10. Internal control over financial reporting:

A. Material weakness identified No

B. Significant deficiency(ies) identified that are not considered to be material weakness? No

11. Type of auditors' report issued on compliance for major programs: Unmodified

12. Any audit findings disclosed that are required to be reported in accordance with *Wisconsin State Single Audit Guidelines*? No

13. Identification of major state programs:

<u>CFDA Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School-Age Parents
255.109	Charter Schools State Aid

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

ROCKETSHIP SOUTHSIDE COMMUNITY PREP
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
(Continued)
June 30, 2016

Section IV – Other Issues

1. Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin State Single Audit Guidelines*:

No

Department of Public Instruction

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?

No

4. Name and signature of partner



Carrie Gindt, CPA

5. Date of Report

October 05, 2016