

KIPP NEW ORLEANS, INC.
AND SUBSIDIARY
NEW ORLEANS, LOUISIANA
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.



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To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of KIPP New Orleans, Inc. and Subsidiary as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules “1” through “4” is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head (Schedule “5”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



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To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of KIPP New Orleans, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP New Orleans, Inc. and Subsidiary's internal control over financial reporting and compliance.

December 21, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 32,850,162	\$ 16,510,140
Grant receivables	7,440,374	6,022,583
Other receivables	268,138	47,312
Investments	-	4,333,814
Prepaid expenses	-	28,500
	<u>40,558,674</u>	<u>26,942,349</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	929,966	1,142,793
<u>OTHER ASSETS:</u>		
Note receivable	15,063,960	15,063,960
Deposits	<u>223,949</u>	<u>188,639</u>
	<u>15,287,909</u>	<u>15,252,599</u>
Total assets	<u>\$ 56,776,549</u>	<u>\$ 43,337,741</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 2,913,386	\$ 1,384,957
Accrued expenses	168,491	138,754
Current portion of long-term debt	836,021	823,676
Student activity funds	<u>373,058</u>	<u>272,997</u>
	<u>4,290,956</u>	<u>2,620,384</u>
<u>NON-CURRENT LIABILITIES:</u>		
Long-term debt, net of unamortized issuance costs	<u>18,650,100</u>	<u>9,459,044</u>
Total non-current liabilities	<u>18,650,100</u>	<u>9,459,044</u>
Total liabilities	<u>22,941,056</u>	<u>12,079,428</u>
<u>NET ASSETS:</u>		
Without donor restrictions	33,389,767	31,164,197
With donor restrictions	<u>445,726</u>	<u>94,116</u>
	<u>33,835,493</u>	<u>31,258,313</u>
Total liabilities and net assets	<u>\$ 56,776,549</u>	<u>\$ 43,337,741</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 62,169,285	\$ -	\$ 62,169,285
Federal grants	15,827,323	-	15,827,323
Grants and contributions	128,784	2,417,100	2,545,884
Other state funds	1,096,314	-	1,096,314
Other income	1,899,200	-	1,899,200
Net assets released from restrictions	<u>2,065,490</u>	<u>(2,065,490)</u>	<u>-</u>
 Total revenue	 <u>83,186,396</u>	 <u>351,610</u>	 <u>83,538,006</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	44,546,242	-	44,546,242
General non-instructional	19,385,628	-	19,385,628
Special education	10,778,096	-	10,778,096
Special programs	677,592	-	677,592
Administration	<u>5,573,268</u>	<u>-</u>	<u>5,573,268</u>
 Total expenses	 <u>80,960,826</u>	 <u>-</u>	 <u>80,960,826</u>
 Change in net assets	 2,225,570	 351,610	 2,577,180
 Net assets, beginning of year	 <u>31,164,197</u>	 <u>94,116</u>	 <u>31,258,313</u>
 Net assets, end of year	 <u>\$ 33,389,767</u>	 <u>\$ 445,726</u>	 <u>\$ 33,835,493</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 57,583,201	\$ -	\$ 57,583,201
Federal grants	15,276,118	-	15,276,118
Grants and contributions	733,776	631,469	1,365,245
Other state funds	929,980	-	929,980
Other income	2,509,765	-	2,509,765
Net assets released from restrictions	<u>600,281</u>	<u>(600,281)</u>	<u>-</u>
 Total revenue	 <u>77,633,121</u>	 <u>31,188</u>	 <u>77,664,309</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	37,264,919	-	37,264,919
General non-instructional	16,347,544	-	16,347,544
Special education	9,888,774	-	9,888,774
Special programs	844,293	-	844,293
Administration	<u>5,096,716</u>	<u>-</u>	<u>5,096,716</u>
 Total expenses	 <u>69,442,246</u>	 <u>-</u>	 <u>69,442,246</u>
 Change in net assets	 8,190,875	 31,188	 8,222,063
Net assets, beginning of year	<u>22,973,322</u>	<u>62,928</u>	<u>23,036,250</u>
 Net assets, end of year	 <u>\$ 31,164,197</u>	 <u>\$ 94,116</u>	 <u>\$ 31,258,313</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Total
	General Instructional	General Non-Instructional	Special Education	Special Program	Administration	
Salaries and stipend pay	\$ 31,328,354	\$ 1,973,625	\$ 7,509,360	\$ 525,110	\$ 2,860,877	\$ 44,197,326
Benefits	3,721,294	259,719	973,771	68,475	306,224	5,329,483
Payroll taxes	2,321,732	145,494	554,918	39,107	207,095	3,268,346
Purchased education services	1,179,798	36,344	17,468	6,490	27,239	1,267,339
Other purchased professional services	111,264	358,767	706,281	1,865	388,922	1,567,099
Purchased technical services	-	360	-	-	3,234	3,594
Utilities	-	1,540,708	-	-	-	1,540,708
Repairs and maintenance	36,572	3,751,391	-	-	57,935	3,845,898
Rentals	585,946	1,893,842	-	-	125,910	2,605,698
Student transportation	160,041	3,419,619	940,655	-	-	4,520,315
Insurance	-	1,371,004	-	-	-	1,371,004
Communciations	3,286	1,286	-	196	36,747	41,515
Advertising, printing, and binding	5,403	16,949	2,500	-	94,756	119,608
Tuition	783,348	49,934	-	20,756	3,301	857,339
Food service	-	1,747,319	-	-	-	1,747,319
Travel	11,576	1,923	873	2,948	3,892	21,212
Miscellaneous purchased services	595,538	203,592	48,864	8,811	65,884	922,689
Materials and supplies	2,292,258	1,680,006	22,130	3,771	932,069	4,930,234
Books and periodicals	202,988	155	1,126	21	347	204,637
Dues and fees	1,206,844	558,959	150	42	659	1,766,654
Miscellaneous	-	-	-	-	53	53
Depreciation	-	374,632	-	-	6,948	381,580
Interest	-	-	-	-	451,176	451,176
Total expenses	\$ 44,546,242	\$ 19,385,628	\$ 10,778,096	\$ 677,592	\$ 5,573,268	\$ 80,960,826

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Administration	Total
	General Instructional	General Non-Instructional	Special Education	Special Program			
Salaries and stipend pay	\$ 26,369,514	\$ 1,871,347	\$ 7,277,445	\$ 713,307	\$ 2,771,779	\$ 39,003,392	
Benefits	2,722,003	195,873	836,076	78,731	277,696	4,110,379	
Payroll taxes	1,959,685	133,189	539,935	52,255	205,864	2,890,928	
Purchased education services	730,829	7,283	7,763	-	6,590	752,465	
Other purchased professional services	87,509	306,135	580,964	-	296,414	1,271,022	
Purchased technical services	-	-	-	-	33,441	33,441	
Utilities	-	910,948	-	-	45	910,993	
Repairs and maintenance	2,422	2,353,670	-	-	12,167	2,368,259	
Rentals	402,666	1,885,916	-	-	142,583	2,431,165	
Student transportation	353,250	3,505,224	607,175	-	601	4,466,250	
Insurance	-	966,947	-	-	-	966,947	
Communications	579	20,467	-	-	77,329	98,375	
Advertising, printing, and binding	63,995	10,859	450	-	33,147	108,451	
Tuition	685,247	-	-	-	-	685,247	
Food service	-	2,794,858	-	-	-	2,794,858	
Travel	293,595	5,110	17,938	-	29,752	346,395	
Miscellaneous purchased services	368,401	68,721	6,000	-	82,277	525,399	
Materials and supplies	1,506,996	573,948	10,145	-	646,006	2,737,095	
Books and periodicals	621,760	315	3,221	-	735	626,031	
Dues and fees	1,096,468	347,282	1,662	-	9,728	1,455,140	
Miscellaneous	-	674	-	-	-	674	
Depreciation	-	388,778	-	-	-	388,778	
Interest	-	-	-	-	470,562	470,562	
Total expenses	\$ 37,264,919	\$ 16,347,544	\$ 9,888,774	\$ 844,293	\$ 5,096,716	\$ 69,442,246	

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 2,577,180	\$ 8,222,063
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	381,580	388,778
Amortization expense	26,457	26,457
Unrealized (gains)/losses on investments	-	(14,005)
(Increase) decrease in:		
Grant receivables	(1,417,791)	(3,576,483)
Other receivables	(220,826)	(10,937)
Prepaid expenses	28,500	(28,500)
Deposits	(35,310)	(25,222)
Increase (decrease) in:		
Accounts payable	1,528,429	(1,793,642)
Accrued expenses	29,737	48,085
Student activity funds	100,061	31,757
	<u>2,998,017</u>	<u>3,268,351</u>
Net cash from operating activities		
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Capital expenditures	(168,753)	(117,266)
Purchase of investments	-	(5,761,242)
Sale of investments	4,333,814	11,490,000
	<u>4,165,061</u>	<u>5,611,492</u>
Net cash from investing activities		
<u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u>		
Proceeds from issuance of long-term debt	10,000,000	-
Payments on long-term debt	(823,056)	(1,085,040)
	<u>9,176,944</u>	<u>(1,085,040)</u>
Net cash from (used for) financing activities		
Net increase in cash and cash equivalents	16,340,022	7,794,803
Cash and cash equivalents, beginning of year	<u>16,510,140</u>	<u>8,715,337</u>
Cash and cash equivalents, end of year	<u>\$ 32,850,162</u>	<u>\$ 16,510,140</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

KIPP New Orleans, Inc. and Subsidiary (KIPP) is a nonprofit corporation organized under the laws of the State of Louisiana. KIPP New Orleans, Inc. was incorporated in the Spring of 2005 for the purpose of operating charter schools in New Orleans, Louisiana to provide students with knowledge, skills, and character traits necessary to succeed in competitive high schools, college, and life. The Board of Elementary and Secondary Education (BESE) approved the granting of seven Type 5 charters to operate KIPP Believe (includes Primary and College Prep), KIPP Central City (includes Primary and Academy), KIPP East (includes Primary and Academy), KIPP Leadership (includes Primary and Academy), KIPP Morial (includes Primary and Middle), Frederick A. Douglass High School, Booker T. Washington High School, and John F. Kennedy High School (added on July 1, 2020). In addition, the School Support Center provides support to each of the schools in the areas of development, operations, finance, academics, recruitment, and planning. All KIPP schools and the SSC are governed by the KIPP Board of Directors.

BESE, effective July 1, 2016, approved the transfer of the Type 5 charter to a Type 3B charter to operate KIPP Renaissance High School under the jurisdiction of Orleans Parish School Board (OPSB) rather than Recovery School District (RSD). As a result of Orleans Parish city wide school reunification, effective July 1, 2018, BESE approved the transfer of all of KIPP's Type 5 charter schools to a Type 3B charter to operate under the jurisdiction of OPSB.

Principles of Consolidation

These financial statements have been consolidated to include all accounts of KIPP New Orleans, Inc. and its subsidiary, Friends of KIPP New Orleans, Inc.

Friends of KIPP New Orleans, Inc. (FKNO) is a support organization established to foster the strategic development goals of KIPP New Orleans, Inc. FKNO was founded in September 2016 with operations commencing on June 1, 2017. FKNO is operated, supervised, and controlled by KIPP New Orleans, Inc.

The accompanying consolidated financial statements are presented on a consolidated basis and significant intercompany accounts have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, KIPP is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of KIPP. KIPP's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of KIPP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, KIPP considers all demand deposits and all highly liquid investments with a maturity of three months or less to be cash equivalents.

Receivables

Grants, notes, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2021 and 2020, no allowance has been recorded as management considers all receivables to be fully collectible.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 2 or Level 3 inputs were used by KIPP during 2021 and 2020.

Property and Equipment

Excluding KIPP Believe, the land, building and building improvements used to operate KIPP are owned by OPSB and, as such, are recorded on the financial statements of OPSB. The building and building improvements used to operate KIPP Believe are owned by Bayou District Foundation. KIPP's authorizers, OPSB and RSD, also provided KIPP with furniture and equipment that is also recorded on the authorizer's financial statements and not reported by KIPP. KIPP only reports its direct purchases of leasehold improvements and furniture and equipment. KIPP has adopted the practice of capitalizing all expenditures for depreciable assets where the unit costs exceed \$5,000. Property is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over the lesser of their estimated useful lives of 5 years for classroom furniture and equipment, 15 years for playground equipment, 5 years for musical instruments, 5-15 years for building improvements, and 5 years for software, or the remaining number of years on the lease.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All instructional staff members are granted ten paid time off (PTO) days at the beginning of each year. School Support Center and non-instructional staff are granted a total of 13 PTO days per year. In addition to PTO, all employees of KNOS received, for the 2020-21 school year, an additional ten (10) days of PTO to use for the following reasons related to the COVID-19 pandemic: (1) is subject to a government quarantine or isolation order related to COVID-19; (2) has been advised by a health care provider to self-quarantine related to COVID-19; (3) is experiencing COVID-19 symptoms and is seeking a medical diagnosis; (4) is caring for a family member subject to an order described in (1) or self-quarantine as described in (2); or (5) is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19. Unused days do not carry forward at the end of the fiscal year and may not be redeemed for additional compensation at the end of the year or end of employment with KIPP.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. KIPP reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the consolidated statement of activities.

Revenues from federal and state grants are recorded when KIPP has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by KIPP, or when otherwise earned under the terms of the grants.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

In addition, KIPP receives services donated by parents and community members in carrying out KIPP's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under GAAP.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Expenses

The costs of providing the various programs and other activities of KIPP have been summarized on a functional basis in the consolidated statements of activities. Directly identifiable expenses are charged to programs, support services, and non-instructional services. Expenses related to more than one function are charged to programs, support services, and non-instructional services on the basis of periodic time and expense studies.

Income Tax Status

KIPP has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2021, KIPP believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2018 and later remain subject to examination by the taxing authorities.

New Accounting Pronouncement Adopted

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*". The ASU and all subsequently issued clarifying ASUs superseded the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. KIPP has adjusted the presentation of these statements accordingly. The ASU have been applied retrospectively to all periods presented. The adoption had no material impact on KIPP's financial statements.

Date of Management Review

Subsequent events have been evaluated through December 21, 2021, which is the date the financial statements were available to be issued.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(2) STATEMENT OF CASH FLOW SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information at June 30th:

Cash paid during the year for:	<u>2021</u>	<u>2020</u>
Interest	<u>\$ 424,719</u>	<u>\$ 436,728</u>

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects KIPP's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include restricted contributions, investments, long-term note receivable, deferred revenue, and debt service. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 55,622,634	\$ 41,977,809
Less those unavailable for general expenditure within one year due to:		
Donor restrictions	(445,726)	(94,116)
Note receivable	(15,063,960)	(15,063,960)
Deferred revenue	-	(73,800)
Debt service	<u>(836,021)</u>	<u>(823,676)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 39,276,927</u>	<u>\$ 25,922,257</u>

As part of the KIPP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the KIPP does not intend to spend from its restricted contributions other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its contributions could be made available if necessary.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(4) GRANT RECEIVABLES

Grant receivables consists of the following at June 30th:

	<u>2021</u>	<u>2020</u>
Due from federal government	\$ -	\$ 91,308
Due from State of Louisiana	5,766,158	5,652,735
Due from foundations	<u>1,674,216</u>	<u>278,540</u>
	<u>\$ 7,440,374</u>	<u>\$ 6,022,583</u>

(5) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 386,046	\$ 318,237
Land	44,877	44,877
Leasehold improvements	1,640,959	1,540,014
Software	<u>32,579</u>	<u>32,579</u>
	2,104,461	1,935,707
Less accumulated depreciation	<u>(1,174,495)</u>	<u>(792,914)</u>
Total	<u>\$ 929,966</u>	<u>\$ 1,142,793</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$381,580 and \$388,778, respectively.

(6) INVESTMENTS

The fair value of Level 1 investments is determined by reference to quoted prices in active markets for identical assets and is as follows at June 30th:

	<u>2021</u>	<u>2020</u>
Fixed income securities	<u>\$ -</u>	<u>\$ 4,333,814</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(6) INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the consolidated statements of activities which is included in other income for the years ended June 30th:

	2021	2020
Dividends and interest	\$ 33,204	\$ 239,078
Net unrealized gains	-	14,005
Total return on investments	\$ 33,204	\$ 253,083

(7) NOTE RECEIVABLE

FKNO has a note receivable from COCFR Investor 90, LLC bearing interest at 6.28% annually until maturity on October 25, 2040. Interest is paid quarterly. A principal payment of \$8,123,597 is due October 25, 2024 followed by quarterly payments starting in March of 2025. The balance of the note receivable was \$15,063,960 at June 30, 2021 and 2020.

Annual maturities of note receivable for each of the five years following June 30, 2021, in total thereafter follow:

2022-2026	\$ 8,521,174
2027-2031	1,628,796
2032-2036	2,224,376
2037-2041	2,689,614
	\$ 15,063,960

(8) LINE OF CREDIT

KIPP had a line of credit in the amount of \$2,000,000. The interest rate on the line of credit was 3.25%. There was no outstanding balance due on the line of credit as of June 30, 2021 and 2020. The line of credit expired on March 31, 2023.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(9) LONG-TERM DEBT

FKNO has long-term notes payable as follows at June 30th:

	2021	2020
Notes payable to Capital One, bearing interest at 4.75% with quarterly interest payments starting December 2017 and quarterly principal payments starting March 2019. Balloon payment of \$3,913,426 due at maturity, October 25, 2024.	\$ 4,114,043	\$ 4,267,113
Notes payable to Low Income Investment Fund (“LIIF”), bearing interest at 5.49% with quarterly interest payments starting March 2019, and balloon payment of \$3,685,716 due at maturity, October 25, 2024.	4,008,104	4,096,343
Non-interest-bearing note to unrelated party with quarterly principal payments of \$145,594 starting March 2019. The note matures on December 1, 2023.	1,455,944	2,038,321
Payroll Protection Program loan, due in monthly installments of \$234,667 if not forgiven, interest at 1.00%. Matures on April 5, 2026 if not forgiven. Unsecured.	10,000,000	-
	9,578,721	10,401,777
Less: unamortized debt issuance costs	(92,600)	(119,057)
Less: current portion of long-term debt	(836,021)	(823,676)
Total long-term debt, net	\$ 19,486,121	\$ 10,282,720

The proceeds of these notes payable, except for the Payroll Protection Program loan, were used by FKNO to make a leverage loan to COCRF Investor 90 (as further described in Note 7). The proceeds of the leverage loan were combined with Capital One's equity investment in COCRF Investor 90 to make qualified equity investment in COCFR Investor 90's subsidiary CDEs which in turn made qualified low-income community investments in BDF Elementary for the construction of a K-8 school building to be leased to KIPP.

The maturities of long-term debt for next five years and thereafter are as follows:

2022	\$	836,021
2023		3,119,716
2024		3,321,407
2025		10,099,173
2026		2,201,774
	\$	19,486,121

FKNO is subject to certain financial covenants under its notes payable. FKNO was in compliance with its financial covenants at June 30, 2021 and 2020.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(10) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30th:

	<u>2021</u>	<u>2020</u>
FKNO	\$ 100,000	\$ 35,916
KIPP Foundation	75,362	35,916
Student scholarships	-	15,171
NSBR Capital High School consulting	241,275	-
Other	<u>29,089</u>	<u>43,029</u>
Net assets with donor restrictions	<u>\$ 445,726</u>	<u>\$ 94,116</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30th:

	<u>2021</u>	<u>2020</u>
FKNO	\$ 301,000	\$ 225,750
KIPP Foundation	695,998	4,354
Equipment for KIPP Believe	-	34,673
Student scholarships	-	10,106
John F. Kennedy transformation	511,784	-
NSBR Capital High School consulting	108,725	-
Other	<u>447,983</u>	<u>325,398</u>
Net assets released from restrictions	<u>\$ 2,065,490</u>	<u>\$ 600,280</u>

(11) RETIREMENT PLAN

KIPP has a 403(b) deferred compensation plan covering substantially all employees. Covered employees may elect to contribute a portion of their salaries as allowable. KIPP has elected to match 5% of covered employees' salaries. KIPP's contributions were \$1,275,767 and \$1,155,263 for the years ended June 30, 2021 and 2020, respectively.

(12) CONCENTRATIONS OF CREDIT RISK

KIPP maintains cash in bank accounts in excess of insured limits periodically. KIPP has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of KIPP's cash is maintained in collateralized bank accounts.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(13) LEASE COMMITMENTS

KIPP entered into lease agreements with the RSD and OPSB ("KIPP's authorizers") to allow KIPP to use several facilities and their contents for a lease term equivalent to the remaining number of years on the charter agreement. The lease agreement may be extended based on the charter renewal terms, in the event BESE, or OPSB, extends the respective charter contract. KIPP's authorizers have forgone the payment of rent for the 2021 and 2020 years for each of the lease agreements. Use of the property, including fixtures, furniture and equipment provided by the RSD and OPSB is not recorded as an in-kind contribution. KIPP is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

KIPP entered into a sublease agreement on October 25, 2017 (effective date) with BDF Elementary for a new facility to be constructed to house KIPP Believe. During the year ended June 30, 2019, KIPP Believe was relocated to the newly constructed facility and rent payments commenced on March 1, 2019 (rent commencement date). The sublease will remain in effect until the earlier of the ten-year anniversary of the rent commencement date or the revocation or non-renewal of KIPP Believe's charter. The sublease contains two renewal options for an additional ten years each and a third renewal option of five years. Base rent under the sublease agreement is \$175,000 per quarter. An additional rent payment is also due each quarter in the amount of \$160,625. Total rent expense under the terms of this lease for the years ended June 30, 2021 and 2020 was \$1,342,500 and \$1,342,500, respectively.

KIPP entered into a sublease agreement on June 14, 2017 (effective date) with BTW School Facility, LLC for a new facility to house Booker T. Washington High School. During the year ended June 30, 2019, Booker T. Washington High School was relocated to the new facility and rent payments commenced on July 1, 2019 (rent commencement date). The sublease will remain in effect until the earlier of June 30, 2024 or the revocation or non-renewal of Booker T. Washington High School's charter. The sublease contains a renewal option for one additional year. Base rent under the sublease agreement is \$43,750 and \$41,667 per month for the years ended June 30, 2021 and 2020, respectively. Total rent expense under the terms of this lease for the year ended June 30, 2021 and 2020 was \$520,173 and \$500,004, respectively.

Future minimum lease payments under the operating leases for the next five years and thereafter are as follows:

2022	\$	1,893,756
2023		1,921,308
2024		1,657,946
2025		<u>175,000</u>
	\$	<u>5,648,010</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(14) GRANT PROGRAM CONTINGENCIES

KIPP participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that KIPP has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2021 and 2020 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and KIPP.

(15) ECONOMIC DEPENDENCY

KIPP receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2021 and 2020 totaled \$62,169,285 and \$57,583,201, respectively. Funding was received from various federal grants passed through the State of Louisiana totaling \$15,827,323 and \$15,276,118 for the years ended June 30, 2021 and 2020, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds KIPP receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds KIPP will receive in fiscal year 2021 relating to its grant awards.

(16) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, "*Leases*." This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, "*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*." Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 "*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*." Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. KIPP plans to adopt this Update as applicable by the effective date.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

(16) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, “*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.” This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP’s programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. KIPP plans to adopt this Update as applicable by the effective date.

(17) RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. KIPP is operating within social distancing guidelines. However, the future effects of these issues are unknown.

(18) CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2021, KIPP updated its functional expense methodology to reflect changes in its accounts and reporting structure. The effect of the change was to decrease administration functional expenses by \$7,203,101 and increase program expenses by \$7,203,101 for the year ended June 30, 2020.

(19) RECLASSIFICATIONS

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

SUPPLEMENTARY INFORMATION

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020

	KIPP New Orleans, Inc.	Friends of KIPP New Orleans, Inc.	Eliminating Entries	2021 Total	2020 Total
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 31,580,984	\$ 1,269,178	\$ -	\$ 32,850,162	\$ 16,510,140
Grant receivables	7,790,374	-	(350,000)	7,440,374	6,022,583
Other receivables	183,028	185,110	(100,000)	268,138	47,312
Investments	-	-	-	-	4,333,814
Prepaid expenses	-	-	-	-	28,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	39,554,386	1,454,288	(450,000)	40,558,674	26,942,349
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>PROPERTY AND EQUIPMENT, NET</u>	929,966	-	-	929,966	1,142,793
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>OTHER ASSETS:</u>					
Notes receivable	-	15,063,960	-	15,063,960	15,063,960
Deposits	223,949	-	-	223,949	188,639
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other assets	223,949	15,063,960	-	15,287,909	15,252,599
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 40,708,301</u>	<u>\$ 16,518,248</u>	<u>\$ (450,000)</u>	<u>\$ 56,776,549</u>	<u>\$ 43,337,741</u>
<u>CURRENT LIABILITIES:</u>					
Accounts payable	\$ 3,004,515	\$ 358,871	\$ (450,000)	\$ 2,913,386	\$ 1,384,957
Accrued expenses	168,491	-	-	168,491	138,754
Current portion of long-term debt	-	836,021	-	836,021	823,676
Student activity funds	373,058	-	-	373,058	272,997
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	3,546,064	1,194,892	(450,000)	4,290,956	2,620,384
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>NON-CURRENT LIABILITIES:</u>					
Long-term debt, net of unamortized issuance costs	10,000,000	8,650,100	-	18,650,100	9,459,044
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current liabilities	10,000,000	8,650,100	-	18,650,100	9,459,044
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	13,546,064	9,844,992	(450,000)	22,941,056	12,079,428
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET ASSETS:</u>					
Without donor restrictions	26,816,511	6,573,256	-	33,389,767	31,164,197
With donor restrictions	345,726	100,000	-	445,726	94,116
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	27,162,237	6,673,256	-	33,835,493	31,258,313
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 40,708,301</u>	<u>\$ 16,518,248</u>	<u>\$ (450,000)</u>	<u>\$ 56,776,549</u>	<u>\$ 43,337,741</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED INFORMATION AT JUNE 30, 2020

	KIPP New Orleans, Inc.			Friends of KIPP New Orleans, Inc.			Eliminating Entries	2021 Total	2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
REVENUE:									
Local per pupil aid	\$ 62,169,285	\$ -	\$ 62,169,285	\$ -	\$ -	\$ -	\$ -	\$ 62,169,285	\$ 57,583,201
Federal grants	15,827,323	-	15,827,323	-	-	-	-	15,827,323	15,276,118
Grants and contributions	248,511	2,016,100	2,264,611	393,781	401,000	794,781	(513,508)	2,545,884	1,365,245
Other state funds	1,096,314	-	1,096,314	-	-	-	-	1,096,314	929,980
Other income	950,834	-	950,834	948,366	-	948,366	-	1,899,200	2,509,765
Intercompany	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	1,764,490	(1,764,490)	-	301,000	(301,000)	-	-	-	-
Total revenue	82,056,757	251,610	82,308,367	1,643,147	100,000	1,743,147	(513,508)	83,538,006	77,664,309
EXPENSES:									
Program services:									
General instructional	44,546,242	-	44,546,242	-	-	-	-	44,546,242	37,264,919
General non-instructional	19,385,628	-	19,385,628	-	-	-	-	19,385,628	16,347,544
Special education	10,778,096	-	10,778,096	-	-	-	-	10,778,096	9,888,774
Special programs	677,592	-	677,592	-	-	-	-	677,592	844,293
Administration	5,210,183	-	5,210,183	876,593	-	876,593	(513,508)	5,573,268	5,096,716
Total expenses	80,597,741	-	80,597,741	876,593	-	876,593	(513,508)	80,960,826	69,442,246
Change in net assets	1,459,016	251,610	1,710,626	766,554	100,000	866,554	-	2,577,180	8,222,063
Net assets, beginning of year	25,357,495	94,116	25,451,611	5,806,702	-	5,806,702	-	31,258,313	23,036,250
Net assets, end of year	\$ 26,816,511	\$ 345,726	\$ 27,162,237	\$ 6,573,256	\$ 100,000	\$ 6,673,256	\$ -	\$ 33,835,493	\$ 31,258,313

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
COMBINING STATEMENT OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2021
WITH SUMMARIZED INFORMATION AT JUNE 30, 2020

	KIPP Morial	KIPP Believe	KIPP Central City	KIPP Renaissance High School	KIPP Leadership	KIPP East	KIPP Booker T. Washington High School	John F. Kennedy	School Support Center	2021 Total	2020 Total
ASSETS:											
Cash and cash equivalents	\$ 77,952	\$ 44,772	\$ 31,952	\$ 66,799	\$ 15,733	\$ 4,102	\$ 94,278	\$ 37,470	\$ 31,207,926	\$ 31,580,984	\$ 15,484,678
Grant receivables	1,197,653	1,063,832	1,205,638	921,796	1,202,730	881,337	1,000,007	868,718	(551,337)	7,790,374	6,022,583
Other receivables	35,885	31,809	42,636	35,262	14,142	21,175	(26,122)	272	27,969	183,028	47,312
Investments	-	-	-	-	-	-	-	-	-	-	4,333,814
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	28,500
Total current assets	1,311,490	1,140,413	1,280,226	1,023,857	1,232,605	906,614	1,068,163	906,460	30,684,558	39,554,386	25,916,887
PROPERTY AND EQUIPMENT, NET	5,595	421,011	67,818	211,086	50,390	30,508	22,401	60,995	60,162	929,966	1,142,793
OTHER ASSETS:											
Deposits	27,720	10,134	23,158	26,626	10,679	23,484	17,648	45,310	39,190	223,949	188,639
Total other assets	27,720	10,134	23,158	26,626	10,679	23,484	17,648	45,310	39,190	223,949	188,639
Total assets	\$ 1,344,805	\$ 1,571,558	\$ 1,371,202	\$ 1,261,569	\$ 1,293,674	\$ 960,606	\$ 1,108,212	\$ 1,012,765	\$ 30,783,910	\$ 40,708,301	\$ 27,248,319
CURRENT LIABILITIES:											
Accounts payable	\$ 401,034	\$ 319,550	\$ 399,341	\$ 291,595	\$ 321,041	\$ 291,855	\$ 276,134	\$ 279,288	\$ 424,677	\$ 3,004,515	\$ 1,384,957
Accrued expenses	108,975	138,333	158,281	115,138	166,117	58,909	131,373	19,266	(727,901)	168,491	138,754
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Student activity funds	77,952	44,772	31,952	66,799	15,733	4,102	94,278	37,470	-	373,058	272,997
Total current liabilities	587,961	502,655	589,574	473,532	502,891	354,866	501,785	336,024	(303,224)	3,546,064	1,796,708
NON-CURRENT LIABILITIES:											
Long-term debt, net of unamortized issuance costs	-	-	-	-	-	-	-	-	10,000,000	10,000,000	-
Total non-current liabilities	-	-	-	-	-	-	-	-	10,000,000	10,000,000	-
Total liabilities	587,961	502,655	589,574	473,532	502,891	354,866	501,785	336,024	9,696,776	13,546,064	1,796,708
NET ASSETS:											
Without donor restrictions	756,844	1,068,903	781,628	788,037	790,783	605,740	606,427	676,741	20,741,408	26,816,511	25,357,495
With donor restrictions	-	-	-	-	-	-	-	-	345,726	345,726	94,116
Total net assets	756,844	1,068,903	781,628	788,037	790,783	605,740	606,427	676,741	21,087,134	27,162,237	25,451,611
Total liabilities and net assets	\$ 1,344,805	\$ 1,571,558	\$ 1,371,202	\$ 1,261,569	\$ 1,293,674	\$ 960,606	\$ 1,108,212	\$ 1,012,765	\$ 30,783,910	\$ 40,708,301	\$ 27,248,319

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
COMBINING STATEMENT OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED INFORMATION AT JUNE 30, 2020

	KIPP Morial	KIPP Believe	KIPP Central City	KIPP Renaissance High School	KIPP Leadership	KIPP East	KIPP Booker T. Washington High School	John F. Kennedy	School Support Center	Interfund Eliminations	2021 Total	2020 Total
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>												
<u>REVENUE:</u>												
State/Local per pupil aid	\$ 9,179,406	\$ 8,027,428	\$ 8,912,240	\$ 7,136,793	\$ 8,597,474	\$ 6,875,101	\$ 7,912,812	\$ 5,528,031	\$ -	\$ -	\$ 62,169,285	\$ 57,583,201
Federal grants	2,321,300	1,901,753	2,712,881	1,219,817	2,050,705	1,898,040	1,276,112	1,760,470	686,245	-	15,827,323	15,276,118
Grants and contributions	-	-	-	-	-	10,000	-	75,000	163,511	-	248,511	477,714
Other state funds	304,670	13,383	327,615	11,469	107,886	309,735	10,197	11,359	-	-	1,096,314	929,980
Other income	126,239	101,808	102,557	1,836	81,937	36,492	131,312	342	9,332,640	(8,964,329)	950,834	1,559,859
Net assets released from restrictions	74,106	64,064	54,875	58,081	84,809	83,831	38,358	576,136	728,230	-	1,764,490	374,531
Total revenue	12,005,721	10,108,436	12,110,168	8,427,996	10,922,811	9,215,199	9,368,791	7,951,338	10,910,626	(8,964,329)	82,056,757	76,201,403
<u>EXPENSES:</u>												
Program services:												
General instructional	6,225,820	5,227,936	5,919,341	4,673,718	5,614,990	4,786,774	4,485,364	4,483,036	3,129,263	-	44,546,242	37,264,919
General non-instructional	2,419,930	3,176,267	2,982,370	1,791,138	2,312,326	1,816,428	2,225,071	2,169,377	492,721	-	19,385,628	16,347,544
Special education	1,551,849	1,355,908	1,256,396	956,364	1,816,443	1,084,073	1,143,385	743,442	870,236	-	10,778,096	9,888,774
Special programs	165,988	-	56,275	-	40,132	142,062	-	-	273,135	-	677,592	844,293
Administration	1,689,285	294,734	2,138,352	1,063,265	1,054,639	1,288,395	1,442,744	(7,072)	5,210,170	(8,964,329)	5,210,183	4,556,536
Total expenses	12,052,872	10,054,845	12,352,734	8,484,485	10,838,530	9,117,732	9,296,564	7,388,783	9,975,525	(8,964,329)	80,597,741	68,902,066
<u>TRANSFERS IN (OUT):</u>												
Transfers in	76,294	74,762	121,018	67,602	69,368	68,198	30,251	12,420	3,450	(523,363)	-	-
Transfers out	(72,294)	(100,457)	(114,666)	(64,426)	(63,133)	(65,375)	(27,192)	(15,820)	-	523,363	-	-
Total transfers in (out)	4,000	(25,695)	6,352	3,176	6,235	2,823	3,059	(3,400)	3,450	-	-	-
Change in net assets without donor restrictions	(43,151)	27,896	(236,214)	(53,313)	90,516	100,290	75,286	559,155	938,551	-	1,459,016	7,299,337
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>												
Donations and contributions	74,106	64,064	54,875	58,081	84,809	85,831	38,358	576,136	979,840	-	2,016,100	405,719
Net assets released from restrictions	(74,106)	(64,064)	(54,875)	(58,081)	(84,809)	(85,831)	(38,358)	(576,136)	(728,230)	-	(1,764,490)	(374,531)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	251,610	-	251,610	31,188
Net assets, beginning of year	799,995	1,041,007	1,017,842	841,350	700,267	505,450	531,141	117,586	19,896,973	-	25,451,611	18,121,086
Net assets, end of year	\$ 756,844	\$ 1,068,903	\$ 781,628	\$ 788,037	\$ 790,783	\$ 605,740	\$ 606,427	\$ 676,741	\$ 21,087,134	\$ -	\$ 27,162,237	\$ 25,451,611

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

	Rhonda Kalifey-Aluise, CEO
	<u>06/30/20</u> through <u>06/30/21</u>
Time served	
Salary	\$ 198,900
Benefits - insurance	8,843
Benefits - retirement	9,955
Gas stipend	1,200
Reimbursements	81
Special meals	<u>58</u>
Total compensation, benefits, and other payments	<u>\$ 219,037</u>

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**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 of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

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 consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control Over Financial Reporting

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

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the KIPP New Orleans, Inc. and Subsidiary'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 KIPP New Orleans, Inc. and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 21, 2021
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited KIPP New Orleans, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of KIPP New Orleans, Inc. and Subsidiary's major federal programs for the year ended June 30, 2021. KIPP New Orleans, Inc. and Subsidiary's major federal 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 compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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



To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Opinion on Each Major Federal Program

In our opinion, KIPP New Orleans, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of KIPP New Orleans, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered KIPP New Orleans, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary's internal control over compliance.

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 21, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 3,658,700
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 1,730,546
Special Education - Preschool Grants	84.173	<u>19,121</u>
Total Special Education Cluster		1,749,667
English Language Acquisition State Grants	84.365	36,737
Improving Teacher Quality State Grants	84.367	490,219
Comprehensive Literacy Development	84.371	212,086
School Improvement Grants	84.377	39,716
Student Support and Academic Enrichment Program	84.424	287,542
COVID-19 Governor's Emergency Education Relief Fund	84.425C	491,845
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	<u>3,178,814</u>
Total Education Stabilization Fund		3,670,659
<i>Pass-through New Orleans Business Alliance</i>		
Career and Technical Education - Basic Grants to States	84.048	42,427
<i>Pass-through KIPP Foundation</i>		
Charter Schools	84.282	1,246,770
<i>Pass-through New Schools for New Orleans</i>		
Teacher and School Leader Incentive Grants	84.374	1,797,726
Supporting Effective Educator Development Program	84.423	<u>11,250</u>
 Total U.S. Department of Education		 <u>13,243,499</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
National School Lunch Program	10.555	599
Summer Food Service Program for Children	10.559	<u>2,539,056</u>
Total Child Nutrition Cluster		2,539,655
Child and Adult Care Food Program	10.558	11,622
Fresh Fruit and Vegetable Program	10.582	<u>28,736</u>
 Total U.S. Department of Agriculture		 <u>2,580,013</u>
 Total expenditures of federal awards		 <u>\$ 15,823,512</u>

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

All federal grant operations of KIPP New Orleans, Inc. and Subsidiary are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Special Education Cluster (AL Nos. 84.027 & 84.173)
Education Stabilization Fund (AL Nos. 84.425C and 84.425D)
Teacher and School Leader Incentive Grants (AL No. 84.374)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2021.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when KIPP New Orleans, Inc. and Subsidiary has met the qualifications for the respective grants.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2021.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$125,869 is reported in the schedule of expenditures of federal awards as AL No. 10.559 at the fair market value of the commodities received and disbursed.

NOTE 4 – INDIRECT COST RATE

KIPP New Orleans, Inc. and Subsidiary has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for KIPP New Orleans, Inc. and Subsidiary expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were Special Education Cluster (AL Nos. 84.027 & 84.173), Education Stabilization Fund (AL Nos. 84.425C and 84.425D), and Teacher and School Leader Incentive Grants (AL No. 84.374).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. KIPP New Orleans, Inc. and Subsidiary was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2021.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the consolidated financial statements for the year ended June 30, 2021.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal awards programs for the year ended June 30, 2021.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

Not applicable

**II. INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FEDERAL AWARDS**

Not applicable

III. MANAGEMENT LETTER

Not applicable

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of KIPP New Orleans, Inc. and Subsidiary for the fiscal year ended June 30, 2021. Management of KIPP New Orleans, Inc. and Subsidiary is responsible for its performance and statistical data.

KIPP New Orleans, Inc. and Subsidiary has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
(Schedule I)

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

Exceptions: None



To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Exceptions: None

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Exceptions: None

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Exceptions: None

We were engaged by KIPP New Orleans, Inc. and Subsidiary to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

We are required to be independent of KIPP New Orleans, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of the KIPP New Orleans, Inc. and Subsidiary, as required by Louisiana Revised Statute 24:514.I, and for the information and use of KIPP New Orleans, Inc. and Subsidiary, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 21, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 19,676,018	
Other instructional staff salaries	2,878,600	
Instructional staff employee benefits	4,698,672	
Purchased professional and technical services	3,690,753	
Instructional materials and supplies	1,750,780	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 32,694,823
Other instructional activities		1,680,563
Pupil support services	3,223,548	
Less: Equipment for pupil support services	-	
Net pupil support services		3,223,548
Instructional staff services	3,920,924	
Less: Equipment for instructional staff services	-	
Net instructional staff services		3,920,924
School administration	9,280,822	
Less: equipment for school administration	-	
Net school administration		9,280,822
Total general fund instructional expenditures (total of column B)		\$ 50,800,680
Total General fund equipment expenditures		\$ -
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
Total local taxation revenue		\$ -
Total local earnings on investment in real property		\$ -
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
Nonpublic transportation revenue		\$ -

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2021
AS OF OCTOBER 1, 2020

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	58%	228	20%	78	15%	60	7%	27
Elementary/Activity Classes	25%	4	44%	7	13%	2	19%	3
Middle/Jr. High	18%	71	41%	161	40%	157	1%	5
Middle/Jr. High Activity Classes	0%	-	33%	8	54%	13	13%	3
High	45%	250	25%	137	18%	100	12%	66
High Activity Classes	24%	17	10%	7	17%	12	49%	35
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.