

KIPP NEW ORLEANS, INC.
AND SUBSIDIARY
NEW ORLEANS, LOUISIANA
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
<u>FINANCIAL STATEMENTS:</u>	
Exhibit “A” Consolidated Statements of Financial Position	4
Exhibit “B” Consolidated Statements of Activities	5 – 6
Exhibit “C” Consolidated Statements of Functional Expenses	7 – 8
Exhibit “D” Consolidated Statements of Cash Flows.....	9
Notes to Consolidated Financial Statements	10 – 22
<u>SUPPLEMENTARY INFORMATION:</u>	
Schedule “1” Consolidating Statement of Financial Position.....	23
Schedule “2” Consolidating Statement of Activities	24
Schedule “3” Combining Statement of Financial Position by School.....	25
Schedule “4” Combining Statement of Activities by School	26
Schedule “5” Schedule of Compensation, Benefits, and Other Payments to Agency Head ..	27
<u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS:</u>	
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>	28 – 29
<u>SINGLE AUDIT SECTION</u>	
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	30 – 32
Schedule of Expenditures of Federal Awards.....	33
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs.....	35
Summary Schedule of Prior Year Findings and Questioned Costs.....	36
<u>SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE STATISTICAL DATA)</u>	
Independent Accountants’ Report on Applying Agreed-Upon Procedures.....	37 – 39
Schedules Required by State Law (Performance Statistical Data)	40 – 41



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of KIPP New Orleans, Inc. and Subsidiary as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Notes 1 and 12 to the financial statements, KIPP New Orleans, Inc. and Subsidiary adopted FASB ASC 842, *Leases*, which resulted in the recognition of right-of-use assets and lease liabilities. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, and for 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.



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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP New Orleans, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 KIPP New Orleans, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP New Orleans, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, 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 28, 2023
New Orleans, Louisiana


Certified Public Accountants

FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 36,049,075	\$ 27,290,026
Grant receivables	4,409,189	8,413,936
Other receivables	77,227	282,569
Prepaid expenses	<u>165,796</u>	<u>220,295</u>
 Total current assets	 <u>40,701,287</u>	 <u>36,206,826</u>
 <u>PROPERTY AND EQUIPMENT, NET</u>	 3,103,774	 1,193,480
<u>OTHER ASSETS:</u>		
Right of use assets - operating leases, net	5,748,135	-
Note receivable	15,063,960	15,063,960
Deposits	<u>221,949</u>	<u>221,949</u>
 Total other assets	 <u>21,034,044</u>	 <u>15,285,909</u>
 Total assets	 <u>\$ 64,839,105</u>	 <u>\$ 52,686,215</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 3,830,948	\$ 6,024,298
Accrued expenses	170,116	164,533
Student activity funds	488,901	479,767
Deferred revenue	-	123,431
Current portion of operating leases	2,043,267	-
Current portion of long-term debt	<u>585,908</u>	<u>849,003</u>
 Total current liabilities	 <u>7,119,140</u>	 <u>7,641,032</u>
<u>NON-CURRENT LIABILITIES:</u>		
Operating leases, net of current portion	3,704,865	-
Long-term debt, net of unamortized issuance costs	<u>6,970,922</u>	<u>7,520,953</u>
 Total non-current liabilities	 <u>10,675,787</u>	 <u>7,520,953</u>
 Total liabilities	 <u>17,794,927</u>	 <u>15,161,985</u>
<u>NET ASSETS:</u>		
Without donor restrictions	46,797,926	36,955,225
With donor restrictions	<u>246,252</u>	<u>569,005</u>
 Total net assets	 <u>47,044,178</u>	 <u>37,524,230</u>
 Total liabilities and net assets	 <u>\$ 64,839,105</u>	 <u>\$ 52,686,215</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 79,618,115	\$ -	\$ 79,618,115
Federal grants	33,757,872	-	33,757,872
Private grants and contributions of financial assets	352,116	614,242	966,358
Contributions of nonfinancial assets	1,118,177	-	1,118,177
Other state funds	1,352,890	-	1,352,890
Other income	1,878,165	-	1,878,165
Debt forgiveness	-	-	-
Net assets released from restrictions	<u>936,995</u>	<u>(936,995)</u>	<u>-</u>
 Total revenue	 <u>119,014,330</u>	 <u>(322,753)</u>	 <u>118,691,577</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	52,895,400	-	52,895,400
General non-instructional	30,226,059	-	30,226,059
Special education	17,229,810	-	17,229,810
Special programs	1,597,746	-	1,597,746
Administration	<u>7,222,614</u>	<u>-</u>	<u>7,222,614</u>
 Total expenses	 <u>109,171,629</u>	 <u>-</u>	 <u>109,171,629</u>
 Change in net assets	 9,842,701	 (322,753)	 9,519,948
 Net assets, beginning of year	 <u>36,955,225</u>	 <u>569,005</u>	 <u>37,524,230</u>
 Net assets, end of year	 <u>\$ 46,797,926</u>	 <u>\$ 246,252</u>	 <u>\$ 47,044,178</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 63,695,562	\$ -	\$ 63,695,562
Federal grants	21,989,268	-	21,989,268
Private grants and contributions of financial assets	350,100	1,263,519	1,613,619
Contributions of nonfinancial assets	240,494		240,494
Other state funds	960,686	-	960,686
Other income	1,661,966	-	1,661,966
Debt forgiveness	10,000,000	-	10,000,000
Net assets released from restrictions	<u>1,140,240</u>	<u>(1,140,240)</u>	<u>-</u>
 Total revenue	 <u>100,038,316</u>	 <u>123,279</u>	 <u>100,161,595</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	49,406,067	-	49,406,067
General non-instructional	23,949,659	-	23,949,659
Special education	15,084,857	-	15,084,857
Special programs	1,306,166	-	1,306,166
Administration	<u>6,725,493</u>	<u>-</u>	<u>6,725,493</u>
 Total expenses	 <u>96,472,242</u>	 <u>-</u>	 <u>96,472,242</u>
 Change in net assets	 3,566,074	 123,279	 3,689,353
 Net assets, beginning of year	 <u>33,389,151</u>	 <u>445,726</u>	 <u>33,834,877</u>
 Net assets, end of year	 <u>\$ 36,955,225</u>	 <u>\$ 569,005</u>	 <u>\$ 37,524,230</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Support Services	
	General Instructional	General Non-Instructional	Special Education	Special Program	Administration	Total
Salaries and stipend pay	\$ 34,270,343	\$ 3,135,604	\$ 11,923,708	\$ 1,175,304	\$ 4,266,917	\$ 54,771,876
Benefits	3,531,843	342,735	1,067,075	94,818	364,432	5,400,903
Retirement	866,552	70,019	263,001	18,818	133,273	1,351,663
Payroll taxes	2,527,214	232,760	885,007	87,460	310,168	4,042,609
Purchased education services	1,741,579	477,604	354,681	2,592	78,853	2,655,309
Other purchased professional services	228,382	1,448,598	1,199,541	120,345	430,333	3,427,199
Purchased technical services	-	-	-	-	-	-
Utilities	-	2,032,438	-	-	-	2,032,438
Repairs and maintenance	15,060	4,704,210	-	-	50,651	4,769,921
Rentals	676,366	1,988,278	790	-	202,030	2,867,464
Student transportation	1,399,651	7,225,573	1,417,007	1,893	18,228	10,062,352
Insurance	-	1,640,743	-	-	-	1,640,743
Communciations	950	24,104	5	577	44,409	70,045
Advertising, printing, and binding	9,044	821	-	-	43,556	53,421
Tuition	1,106,617	33,300	-	22,476	4,188	1,166,581
Food service	-	4,227,308	-	-	-	4,227,308
Travel	283,919	6,108	319	17,874	17,523	325,743
Miscellaneous purchased services	1,084,892	92,905	51,788	19,841	109,929	1,359,355
Materials and supplies	3,180,186	2,088,685	46,340	31,913	635,587	5,982,711
Books and periodicals	483,394	1,381	20,148	3,803	781	509,507
Dues and fees	1,489,408	15,911	400	32	19,774	1,525,525
Miscellaneous	-	1,000	-	-	8,746	9,746
Depreciation	-	435,974	-	-	36,976	472,950
Interest	-	-	-	-	446,260	446,260
Total expenses	\$ 52,895,400	\$ 30,226,059	\$ 17,229,810	\$ 1,597,746	\$ 7,222,614	\$ 109,171,629

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Support Services	
	General	General	Special	Special	Administration	Total
	Instructional	Non-Instructional	Education	Program		
Salaries and stipend pay	\$ 33,190,908	\$ 2,098,248	\$ 10,805,961	\$ 967,299	\$ 3,359,692	\$ 50,422,108
Benefits	3,562,865	230,581	959,946	61,626	304,537	5,119,555
Retirement	920,247	49,925	256,995	13,018	116,096	1,356,281
Payroll taxes	2,444,972	154,240	802,269	71,881	243,971	3,717,333
Purchased education services	1,299,424	131,171	76,133	40	39,496	1,546,264
Other purchased professional services	165,466	670,946	717,992	-	457,777	2,012,181
Purchased technical services	-	-	-	-	132,870	132,870
Utilities	1,299	1,767,180	-	-	-	1,768,479
Repairs and maintenance	7,858	3,894,688	-	-	37,915	3,940,461
Rentals	636,965	1,924,781	300	1,890	162,649	2,726,585
Student transportation	600,110	6,166,759	1,366,834	2,697	-	8,136,400
Insurance	4,365	1,476,440	-	-	-	1,480,805
Communciations	1,143	56,741	-	1,972	3,670	63,526
Advertising, printing, and binding	11,320	16,123	-	37	55,886	83,366
Tuition	677,095	2,919	-	125,769	7,895	813,678
Food service	-	3,347,655	-	-	-	3,347,655
Travel	179,047	10,134	568	11,826	23,803	225,378
Miscellaneous purchased services	743,338	108,795	70,587	17,488	35,254	975,462
Materials and supplies	3,105,353	1,220,741	26,504	28,681	1,118,574	5,499,853
Books and periodicals	635,906	519	618	1,170	3,738	641,951
Dues and fees	1,218,386	394,968	150	772	18,643	1,632,919
Miscellaneous	-	1,000	-	-	204,400	205,400
Depreciation	-	225,105	-	-	5,645	230,750
Interest	-	-	-	-	392,982	392,982
Total expenses	\$ 49,406,067	\$ 23,949,659	\$ 15,084,857	\$ 1,306,166	\$ 6,725,493	\$ 96,472,242

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 9,519,948	\$ 3,689,353
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	472,950	230,750
Amortization expense	26,457	26,457
Debt forgiveness	-	(10,000,000)
(Increase) decrease in:		
Grant receivables	4,004,747	(973,562)
Other receivables	205,342	(14,431)
Prepaid expenses	54,499	(220,295)
Deposits	-	2,000
Increase (decrease) in:		
Accounts payable	(2,193,350)	3,110,296
Accrued expenses	5,583	89,473
Student activity funds	9,134	106,709
Deferred revenue	(123,431)	30,000
	<u>11,981,879</u>	<u>(3,923,250)</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Capital expenditures	(2,383,247)	(494,264)
Sale of investments	<u>-</u>	<u>-</u>
	<u>(2,383,247)</u>	<u>(494,264)</u>
<u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u>		
Payments on long-term debt	<u>(839,583)</u>	<u>(1,142,622)</u>
	<u>(839,583)</u>	<u>(1,142,622)</u>
Net increase (decrease) in cash and cash equivalents	8,759,049	(5,560,136)
Cash and cash equivalents, beginning of year	<u>27,290,026</u>	<u>32,850,162</u>
Cash and cash equivalents, end of year	<u>\$ 36,049,075</u>	<u>\$ 27,290,026</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 eight Type 5. 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. In addition, the School Support Center (the SSC) 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. As of June 30, 2023 and 2022, KIPP operates eight charter schools as listed below as authorized by the operating agreements between Orleans Parish School Board (OPSB) and KIPP:

<u>School</u>	<u>Type</u>	<u>Term Date</u>
KIPP Believe	Type 3B	June 30, 2026
KIPP Central City	Type 3B	June 30, 2026
KIPP East	Type 3B	June 30, 2024
KIPP Leadership	Type 3B	June 30, 2024
KIPP Morial	Type 3B	June 30, 2026
Frederick A. Douglass High School	Type 3B	June 30, 2030
Booker T. Washington High School	Type 3B	June 30, 2026
John F. Kennedy High School	Type 3B	June 30, 2025

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. Throughout, KIPP New Orleans, Inc. and FKNO will be collectively referred to as "KIPP".

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

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Method of Accounting and Financial Reporting Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the 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.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

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, 2023 and 2022, no allowance has been recorded as management considers all receivables to be fully collectible.

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 BDF Elementary. 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, 2023 AND 2022

(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. 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statements of financial position.

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, 2023 AND 2022

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

Leases

KIPP applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. KIPP defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that KIPP will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

KIPP also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether KIPP can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

KIPP is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. KIPP generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

KIPP determines the incremental borrowing rate of each lease by estimating the credit rating of KIPP at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

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 program services and support services. Expenses related to more than one function are charged to program services and support 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.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Income Tax Status (continued)

As of June 30, 2023, 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, 2020 and later remain subject to examination by the taxing authorities.

New Accounting Pronouncement Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these Updates had a material impact on KIPP.

Date of Management Review

Subsequent events have been evaluated through December 28, 2023, which is the date the financial statements were available to be issued.

(2) STATEMENT OF CASH FLOW SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information at June 30th:

Cash paid during the year for:	<u>2023</u>	<u>2022</u>
Interest	<u>\$ 366,525</u>	<u>\$ 366,525</u>

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects KIPP's financial assets as of June 30, 2023 and 2022, 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.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

	2023	2022
Financial assets at year-end	\$ 55,599,451	\$ 51,022,131
Less those unavailable for general expenditure within one year due to:		
Note receivable (Note 6)	(15,063,960)	(15,063,960)
Debt service (Note 8)	(585,908)	(849,003)
Financial assets available to meet cash needs for general expenditures within one year	\$ 39,949,583	\$ 35,109,168

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.

(4) GRANT RECEIVABLES

Grant receivables consists of the following at June 30th:

	2023	2022
Due from State of Louisiana	\$ 4,303,433	\$ 8,296,898
Due from foundations	105,756	117,038
	\$ 4,409,189	\$ 8,413,936

(5) PROPERTY AND EQUIPMENT

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

	2023	2022
Furniture and fixtures	\$ 1,625,379	\$ 638,584
Land	44,877	44,877
Leasehold improvements	3,279,138	1,882,688
Software	32,579	32,579
	4,981,973	2,598,728
Less accumulated depreciation	(1,878,199)	(1,405,248)
Total property and equipment, net	\$ 3,103,774	\$ 1,193,480

Depreciation expense for the years ended June 30, 2023 and 2022 was \$472,950 and \$230,750, respectively.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(6) 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, 2023 and 2022.

Annual maturities of note receivable for each of the five years following June 30, 2023, in total thereafter follow:

2024-2028	\$	9,112,534
2029-2033		1,845,032
2034-2038		2,519,669
2039-2042		<u>1,586,725</u>
	\$	<u>15,063,960</u>

(7) LINE OF CREDIT

KIPP has a line of credit in the amount of \$2,000,000. The interest rate on the line of credit is 3.25%. There was no outstanding balance due on the line of credit as of June 30, 2023 and 2022. The line of credit expires on March 31, 2025.

(8) LONG-TERM DEBT

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

	<u>2023</u>	<u>2022</u>
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.	\$ 3,488,812	\$ 3,640,587
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.	3,816,515	3,921,946
Non-interest-bearing note to unrelated party with quarterly principal payments of \$145,594 starting March 2019. The note matures on December 1, 2023.	<u>291,189</u>	<u>873,566</u>
	7,596,516	8,436,099
Less: unamortized debt issuance costs	(39,686)	(66,143)
Less: current portion of long-term debt	<u>(585,908)</u>	<u>(849,003)</u>
Total long-term debt, net	<u>\$ 6,970,922</u>	<u>\$ 7,520,953</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(8) LONG-TERM DEBT (CONTINUED)

The proceeds of these notes payable, except for the PPP loan, were used by FKNO to make a leverage loan to COCRF Investor 90 (as further described in Note 6). 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.

KIPP recognized \$10,000,000 of debt forgiveness in the consolidated statement of activities for the year ended June 30, 2022 when the PPP loan was formally forgiven in March 2022.

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

2024	\$	585,908
2025		<u>7,010,608</u>
	\$	<u>7,596,516</u>

FKNO is subject to certain financial covenants under its notes payable. FKNO was in compliance with its financial covenants at June 30, 2023 and 2022.

(9) RESTRICTIONS ON NET ASSETS

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

	2023	2022
KIPP Foundation	\$ 196,216	\$ 524,765
Other	<u>50,036</u>	<u>44,240</u>
Net assets with donor restrictions	<u>\$ 246,252</u>	<u>\$ 569,005</u>

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

	2023	2022
FKNO	\$ -	\$ 300,000
KIPP Foundation	586,923	404,891
NSBR Capital High School consulting	-	291,270
Other	<u>350,072</u>	<u>144,079</u>
Net assets released from restrictions	<u>\$ 936,995</u>	<u>\$ 1,140,240</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(10) 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 \$1,351,663 and \$1,356,281 for the years ended June 30, 2023 and 2022, respectively.

(11) 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.

(12) LEASE COMMITMENTS

KIPP entered into agreements with the OPSB whereby each school has its own separate agreement which allows KIPP to use the facilities and contents at each location except for those described below. Lease terms range from July 1, 2023 through June 30, 2026 corresponding with each school's charter agreement.

All of the aforementioned leases call for payments based on the Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

In lieu of a security/damage deposit, KIPP pays a non-reimbursable Damage Fee to OPSB in the amount of \$12.50 per pupil payable over three years, beginning in FY22, or by the end of the term of the lease agreements, whichever occurs first. OPSB deposits the Damage Fee into a Damage Fund, as described in OPSB Policy HD, which is the repository for all Damage Fees remitted by all school operators leasing OPSB-owned facilities. The Damage Fund is a communal fund to be utilized to finance the cost of any incomplete maintenance or facility repair needs noted to facilities after any school operator exits its lease with OPSB. KIPP remains liable for any deferred maintenance or facility repair costs in excess of its contribution to the Damage Fund.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(12) LEASE COMMITMENTS (CONTINUED)

Leases under ASC 840

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 year ended June 30, 2022 was \$1,342,500.

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. Base rent under the sublease agreement is \$45,938 and \$43,750 per month for the years ended June 30, 2023 and 2022, respectively. Total rent expense under the terms of this lease for the year ended June 30, 2022 was \$551,256.

In July 2022, KIPP signed a lease agreement for office space commencing October 1, 2022 and ending 63 months thereafter. Minimum monthly rent payments for the first year shall be \$16,627 with annual increases of approximately 2.5%.

Leases Under ASC 842

Effective July 1, 2022, KIPP adopted FASB 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

KIPP elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows KIPP to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(12) LEASES (CONTINUED)

Leases Under ASC 842 (continued)

KIPP elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. KIPP also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

Additional information about KIPP's leases is as follows for the year ended June 30, 2023:

Operating lease cost	<u>\$ 2,021,067</u>
Cash paid for amounts in lease liabilities	\$ 2,021,067
Operating cash flows from operating leases	2,021,067
Right-of-use assets obtained in exchange for new operating lease liabilities	7,582,471
Weighted-average remaining lease term- operating leases	3.01 years
Weighted-average discount rate- operating leases	3.04%

The maturities of lease liabilities as of June 30, 2023 are as follows:

2024	\$ 2,043,268
2025	1,595,931
2026	1,789,710
2027	209,853
2028	<u>109,370</u>
	<u>\$ 5,748,132</u>

(13) 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, 2023 and 2022 totaled \$79,618,115 and \$62,169,285, respectively. Funding was received from various federal grants passed through the State of Louisiana totaled \$22,229,762 and \$15,827,323 for the years ended June 30, 2023 and 2022, 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 2023 relating to its grant awards.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(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, 2023 and 2022 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) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-13, "*Financial Instruments-Credit Losses*." The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. KIPP plans to adopt this Update as applicable by the effective date.

(16) RECLASSIFICATIONS

Certain reclassifications have been made to prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

SUPPLEMENTARY INFORMATION

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2022

	KIPP New Orleans, Inc.	Friends of KIPP New Orleans, Inc.	Eliminating Entries	2023 Total	2022 Total
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 35,263,325	\$ 785,750	\$ -	\$ 36,049,075	\$ 27,290,026
Grant receivables	4,409,189	-	-	4,409,189	8,413,936
Other receivables	77,227	-	-	77,227	282,569
Prepaid expenses	165,796	-	-	165,796	220,295
Total current assets	<u>39,915,537</u>	<u>785,750</u>	<u>-</u>	<u>40,701,287</u>	<u>36,206,826</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>3,103,774</u>	<u>-</u>	<u>-</u>	<u>3,103,774</u>	<u>1,193,480</u>
<u>OTHER ASSETS:</u>					
Right of use assets - operating leases, net	5,748,135	-	-	5,748,135	-
Notes receivable	-	15,063,960	-	15,063,960	15,063,960
Deposits	221,949	-	-	221,949	221,949
Total other assets	<u>5,970,084</u>	<u>15,063,960</u>	<u>-</u>	<u>21,034,044</u>	<u>15,285,909</u>
Total assets	<u>\$ 48,989,395</u>	<u>\$ 15,849,710</u>	<u>\$ -</u>	<u>\$ 64,839,105</u>	<u>\$ 52,686,215</u>
<u>CURRENT LIABILITIES:</u>					
Accounts payable	\$ 3,826,513	\$ 4,435	\$ -	\$ 3,830,948	\$ 6,024,298
Accrued expenses	170,116	-	-	170,116	164,533
Student activity funds	488,901	-	-	488,901	479,767
Deferred revenue	-	-	-	-	123,431
Current portion of operating leases	2,043,267	-	-	2,043,267	-
Current portion of long-term debt	-	585,908	-	585,908	849,003
Total current liabilities	<u>6,528,797</u>	<u>590,343</u>	<u>-</u>	<u>7,119,140</u>	<u>7,641,032</u>
<u>NON-CURRENT LIABILITIES:</u>					
Operating leases, net of current portion	3,704,865	-	-	3,704,865	-
Long-term debt, net of unamortized issuance costs	-	6,970,922	-	6,970,922	7,520,953
Total non-current liabilities	<u>3,704,865</u>	<u>6,970,922</u>	<u>-</u>	<u>10,675,787</u>	<u>7,520,953</u>
Total liabilities	<u>10,233,662</u>	<u>7,561,265</u>	<u>-</u>	<u>17,794,927</u>	<u>15,161,985</u>
<u>NET ASSETS:</u>					
Without donor restrictions	38,509,481	8,288,445	-	46,797,926	36,955,225
With donor restrictions	246,252	-	-	246,252	569,005
Total net assets	<u>38,755,733</u>	<u>8,288,445</u>	<u>-</u>	<u>47,044,178</u>	<u>37,524,230</u>
Total liabilities and net assets	<u>\$ 48,989,395</u>	<u>\$ 15,849,710</u>	<u>\$ -</u>	<u>\$ 64,839,105</u>	<u>\$ 52,686,215</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED INFORMATION AT JUNE 30, 2022

	KIPP New Orleans, Inc.			Friends of KIPP New Orleans, Inc.			Eliminating Entries	2023 Total	2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
REVENUE:									
State/Local per pupil aid	\$ 79,618,115	\$ -	\$ 79,618,115	\$ -	\$ -	\$ -	\$ -	\$ 79,618,115	\$ 63,695,562
Federal grants	33,757,872	-	33,757,872	-	-	-	-	33,757,872	21,989,268
Private grants and contributions of financial assets	-	614,242	614,242	352,116	-	352,116	-	966,358	1,613,619
Contributions of nonfinancial assets	1,118,177	-	1,118,177	-	-	-	-	1,118,177	240,494
Other state funds	1,352,890	-	1,352,890	-	-	-	-	1,352,890	960,686
Other income	926,682	-	926,682	951,483	-	951,483	-	1,878,165	1,661,966
Debt forgiveness	-	-	-	-	-	-	-	-	10,000,000
Net assets released from restrictions	936,995	(936,995)	-	-	-	-	-	-	-
Total revenue	117,710,731	(322,753)	117,387,978	1,303,599	-	1,303,599	-	118,691,577	100,161,595
EXPENSES:									
Program services:									
General instructional	52,895,400	-	52,895,400	-	-	-	-	52,895,400	49,406,067
General non-instructional	30,226,059	-	30,226,059	-	-	-	-	30,226,059	23,949,659
Special education	17,229,810	-	17,229,810	-	-	-	-	17,229,810	15,084,857
Special programs	1,597,746	-	1,597,746	-	-	-	-	1,597,746	1,306,166
Administration	6,761,584	-	6,761,584	461,030	-	461,030	-	7,222,614	6,725,493
Total expenses	108,710,599	-	108,710,599	461,030	-	461,030	-	109,171,629	96,472,242
Change in net assets	9,000,132	(322,753)	8,677,379	842,569	-	842,569	-	9,519,948	3,689,353
Net assets, beginning of year	29,509,349	569,005	30,078,354	7,445,876	-	7,445,876	-	37,524,230	33,834,877
Net assets, end of year	\$ 38,509,481	\$ 246,252	\$ 38,755,733	\$ 8,288,445	\$ -	\$ 8,288,445	\$ -	\$ 47,044,178	\$ 37,524,230

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
COMBINING STATEMENT OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
WITH SUMMARIZED INFORMATION AT JUNE 30, 2022

	KIPP Moran	KIPP Believe	KIPP Central City	KIPP Frederick A. Douglass High School	KIPP Leadership	KIPP East	KIPP Booker T. Washington High School	John F. Kennedy	School Support Center	Interfund Eliminations	2023 Total	2022 Final
ASSETS:												
Cash and cash equivalents	\$ 735,817	\$ 510,494	\$ 539,479	\$ 535,343	\$ 594,940	\$ 646,814	\$ 619,331	\$ 455,271	\$ 30,625,836	\$ -	\$ 35,263,325	\$ 26,510,154
Grant receivables	657,284	418,748	761,148	312,509	619,627	546,305	307,208	320,115	466,245	-	4,409,189	8,413,936
Other receivables	1,736,239	760,840	1,055,689	753,626	1,042,800	740,165	1,010,228	(255,204)	(6,767,156)	-	77,227	282,569
Prepaid expenses	-	-	14,000	7,000	7,000	7,000	-	-	130,796	-	165,796	220,295
Total current assets	3,129,340	1,690,082	2,370,316	1,608,478	2,264,367	1,940,284	1,936,767	520,182	24,455,721	-	39,915,537	35,426,954
PROPERTY AND EQUIPMENT, NET	590,052	728,842	388,691	92,351	226,208	560,598	108,515	110,681	297,836	-	3,103,774	1,193,480
OTHER ASSETS:												
Right of use assets - operating leases, net	-	4,248,218	-	-	-	-	628,379	-	871,538	-	5,748,135	-
Deposits	27,720	10,134	21,158	26,626	10,679	23,484	17,648	45,310	39,190	-	221,940	221,940
Total other assets	27,720	4,258,352	21,158	26,626	10,679	23,484	646,027	45,310	910,728	-	5,970,084	221,940
Total assets	\$ 3,747,112	\$ 6,677,276	\$ 2,780,165	\$ 1,727,455	\$ 2,501,254	\$ 2,524,366	\$ 2,691,309	\$ 676,173	\$ 25,664,285	\$ -	\$ 48,989,395	\$ 36,842,383
CURRENT LIABILITIES:												
Accounts payable	\$ 747,376	\$ 541,926	\$ 547,720	\$ 385,200	\$ 448,975	\$ 544,875	\$ 436,750	\$ 324,808	\$ (151,117)	\$ -	\$ 3,826,513	\$ 5,996,298
Accrued expenses	(5,693)	345	(2,488)	(5,019)	2,979	(12,259)	7,244	1,855	183,152	-	170,116	164,533
Student activity funds	97,965	41,678	28,744	64,152	40,485	9,694	124,690	81,493	-	-	488,901	479,767
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	123,431
Current portion of operating leases	-	1,243,163	-	-	-	-	628,378	-	171,726	-	2,043,267	-
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	839,648	1,827,112	573,976	444,333	492,439	542,310	1,197,062	408,156	203,761	-	6,528,797	6,764,029
NON-CURRENT LIABILITIES:												
Operating leases, net of current portion	-	3,005,054	-	-	-	-	-	-	699,811	-	3,704,865	-
Long-term debt, net of unamortized issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	-	3,005,054	-	-	-	-	-	-	699,811	-	3,704,865	-
Total liabilities	839,648	4,832,166	573,976	444,333	492,439	542,310	1,197,062	408,156	903,572	-	10,233,662	6,764,029
NET ASSETS:												
Without donor restrictions	2,907,464	1,845,110	2,206,189	1,283,122	2,008,815	1,982,056	1,494,247	268,017	24,514,461	-	38,509,481	29,509,349
With donor restrictions	-	-	-	-	-	-	-	-	246,252	-	246,252	560,005
Total net assets	2,907,464	1,845,110	2,206,189	1,283,122	2,008,815	1,982,056	1,494,247	268,017	24,760,713	-	38,755,733	30,078,354
Total liabilities and net assets	\$ 3,747,112	\$ 6,677,276	\$ 2,780,165	\$ 1,727,455	\$ 2,501,254	\$ 2,524,366	\$ 2,691,309	\$ 676,173	\$ 25,664,285	\$ -	\$ 48,989,395	\$ 36,842,383

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
COMBINING STATEMENT OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED INFORMATION AT JUNE 30, 2022

	KIPP Morial	KIPP Believe	KIPP Central City	KIPP Frederick A. Douglass High School	KIPP Leadership	KIPP East	KIPP Booker T. Washington High School	John F. Kennedy	School Support Center	Interfund Eliminations	2023 Total	2022 Total
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>												
<u>REVENUE:</u>												
State/Local per pupil aid	\$ 11,894,978	\$ 9,534,686	\$ 9,906,428	\$ 8,900,672	\$ 10,490,690	\$ 11,624,036	\$ 10,015,755	\$ 7,250,870	\$ -	\$ -	\$ 79,618,115	\$ 63,695,562
Federal grants	5,424,177	4,547,994	5,153,951	2,977,456	5,427,194	4,562,708	2,800,787	2,083,676	779,929	-	33,757,872	21,989,268
Private grants and contributions of financial assets	-	-	-	-	-	-	-	-	-	-	-	134,935
Contributions of nonfinancial assets	284,220	137,396	224,011	44,969	124,211	137,758	61,761	100,653	3,198	-	1,118,177	240,494
Other state funds	407,837	135,642	258,381	12,563	133,667	380,209	14,084	10,507	-	-	1,352,890	960,686
Other income	14,386	10,598	11,452	1,169	11,968	14,367	77,042	864	13,715,356	(12,930,520)	926,682	715,493
Debt forgiveness	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Net assets released from restrictions	54,670	45,096	69,608	77,373	53,265	71,243	77,363	82,407	405,970	-	936,995	915,240
Total revenue	18,050,265	14,411,412	15,623,831	12,014,202	16,240,995	16,790,321	13,046,792	9,528,977	14,904,453	(12,930,520)	117,710,731	98,651,678
<u>EXPENSES:</u>												
Program services:												
General instructional	6,350,513	5,523,893	6,725,537	6,310,866	6,545,992	6,530,239	5,765,236	5,534,119	3,609,005	-	52,895,400	49,406,067
General non-instructional	4,195,006	4,208,829	4,262,388	2,912,077	3,621,376	3,969,003	3,965,825	2,966,408	125,147	-	30,226,059	23,949,659
Special education	2,495,609	2,554,286	1,986,453	1,353,029	2,173,220	1,965,867	1,452,475	1,366,601	1,882,270	-	17,229,810	15,084,857
Special programs	275,616	74,066	210,093	80,349	19,994	339,535	53,069	8,795	536,229	-	1,597,746	1,306,166
Administration	4,443,018	1,580,587	1,461,364	139,371	2,923,093	2,383,426	-	-	6,761,245	(12,930,520)	6,761,584	6,211,475
Total expenses	17,759,762	13,941,661	14,645,835	10,795,692	15,283,675	15,188,070	11,236,605	9,875,923	12,913,896	(12,930,520)	108,710,599	95,958,224
<u>TRANSFERS IN (OUT):</u>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	23,687
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(23,687)
Total transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-
Change in net assets without donor restrictions	320,506	469,751	977,996	1,218,510	957,320	1,602,251	1,810,187	(346,946)	1,990,557	-	9,000,132	2,693,454
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>												
Grants and contributions	26,550	24,604	43,692	65,960	27,287	44,376	61,209	63,923	256,641	-	614,242	1,138,519
Net assets released from restrictions	(54,670)	(45,096)	(69,608)	(77,373)	(53,265)	(71,243)	(77,363)	(82,407)	(405,970)	-	(936,995)	(915,240)
Change in net assets with donor restrictions	(28,120)	(20,492)	(25,916)	(11,413)	(25,978)	(26,867)	(16,154)	(18,484)	(149,329)	-	(322,753)	223,279
Net assets, beginning of year	2,615,078	1,395,851	1,254,109	76,025	1,977,473	406,672	(299,786)	633,447	22,919,485	-	30,078,354	27,161,621
Net assets, end of year	\$ 2,907,464	\$ 1,845,110	\$ 2,206,189	\$ 1,283,122	\$ 2,008,815	\$ 1,982,056	\$ 1,494,247	\$ 268,017	\$ 24,760,713	\$ -	\$ 38,755,733	\$ 30,078,354

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

	Rhonda Kalifey-Aluise, CEO
Time served	07/01/22 through 06/30/23
Salary	\$ 216,248
Retention bonus	2,000
Benefits - insurance	10,518
Benefits - retirement	10,812
Gas stipend	1,200
Reimbursements	974
Travel	845
Total compensation, benefits, and other payments	\$ 242,597

(See Independent Auditors' Report)

**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, 2023, 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 28, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

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

Report on 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 28, 2023
New Orleans, Louisiana


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

Opinion on Each Major Federal Program

We have audited KIPP New Orleans, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of KIPP New Orleans, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of KIPP New Orleans, Inc. and Subsidiary's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to KIPP New Orleans, Inc. and Subsidiary's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on KIPP New Orleans, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about KIPP New Orleans, Inc. and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding KIPP New Orleans, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of KIPP New Orleans, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 KIPP New Orleans, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 28, 2023
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, 2023

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	\$ 3,646,054
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 1,517,844
Special Education - Preschool Grants	84.173	<u>18,128</u>
Total Special Education Cluster		1,535,972
Career and Technical Education - Basic Grants to States	84.048	67,651
English Language Acquisition State Grants	84.365	44,378
Improving Teacher Quality State Grants	84.367	395,351
Comprehensive Literacy Development	84.371	10,000
School Improvement Grants	84.377	-
Student Support and Academic Enrichment Program	84.424	303,928
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3,942,128
COVID-19 Governor's American Rescue Plan - Emergency Education Relief Fund - Homeless Children and Youth	84.425W	<u>12,086,120</u>
Total Education Stabilization Fund		16,028,248
<i>Pass-through KIPP Foundation</i>		
Charter Schools	84.282	732,532
<i>Pass-through New Schools for New Orleans</i>		
Teacher and School Leader Incentive Grants	84.374	2,208,319
Supporting Effective Educator Development Program	84.423	<u>134,088</u>
 Total U.S. Department of Education		 <u>25,106,521</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	1,048,205
National School Lunch Program	10.555	5,150,454
Fresh Fruit and Vegetable Program	10.582	<u>60,720</u>
Total Child Nutrition Cluster		<u>6,259,379</u>
 Total U.S. Department of Agriculture		 <u>6,259,379</u>
<u>Federal Communications Commission</u>		
Emergency Connectivity Program	32.009	<u>799,480</u>
 Total Federal Communications Commission		 <u>799,480</u>
 Total expenditures of federal awards		 <u>\$ 32,165,380</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, 2023

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of KIPP New Orleans, Inc. and Subsidiary (KIPP) under programs of the federal government for the year ended June 30, 2023. The information in the 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). Because the schedule presents only a selected portion of the operations of KIPP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2023.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$318,698 and \$799,479 is reported in the schedule as AL No. 10.555 and AL No. 32.009, respectively, at the fair market value of the commodities received and disbursed.

(3) INDIRECT COST RATE

KIPP 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, 2023

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 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 Title I (AL No. 84.010) and Education Stabilization Fund (AL No. 84.425)
8. The threshold for distinguishing Types A and B programs was \$964,961.
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, 2023.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit for the year ended June 30, 2023.

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, 2023.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT

Finding 2022-001 Noncompliance with Reporting Requirements

Condition: KIPP New Orleans, Inc. and Subsidiary did not comply with these laws, submitting the required report after the required deadline.

This finding has been resolved as of June 30, 2023.

II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs related to major federal award programs audit for the year ended June 30, 2022.

III. MANAGEMENT LETTER

There was no management letter for the year ended June 30, 2022.

**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, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514.I. 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 of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. 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 1)

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: No exceptions were found as a result of applying the procedure.

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

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: No exceptions were found as a result of applying the procedure.

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: No exceptions were found as a result of applying the procedure.

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: No exceptions were found as a result of applying the procedure.

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.

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.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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

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 28, 2023
New Orleans, Louisiana

Erickson 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, 2023

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 11,653,313	
Other instructional staff salaries	-	
Instructional staff employee benefits	4,138,243	
Purchased professional and technical services	1,020,072	
Instructional materials and supplies	3,073,654	
Instructional equipment	-	
Total teacher and students interaction activities		\$ 19,885,282
Other instructional activities		4,048,203
Pupil support services	4,370,308	
Less: Equipment for pupil support services	-	
Net pupil support services		4,370,308
Instructional staff services	2,719,372	
Less: Equipment for instructional staff services	-	
Net instructional staff services		2,719,372
School administration	7,351,409	
Less: equipment for school administration	-	
Net school administration		7,351,409
Total general fund instructional expenditures (total of column B)		\$ 38,374,574
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, 2023
AS OF OCTOBER 1, 2022

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	23%	108	59%	280	18%	87	0%	-
Elementary/Activity Classes	19%	23	63%	77	16%	20	2%	2
Middle/Jr. High	11%	24	64%	142	25%	56	0%	-
Middle/Jr. High Activity Classes	12%	7	77%	46	12%	7	0%	-
High	44%	201	42%	192	14%	65	0%	1
High Activity Classes	63%	100	26%	41	11%	17	1%	1
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.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
KIPP NEW ORLEANS, INC.
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
JUNE 30, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Governance of
KIPP New Orleans, Inc.

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. KIPP New Orleans, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

KIPP New Orleans, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its 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 attached in Schedule "1."

We were engaged by KIPP New Orleans, Inc. 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 applicable standards of *Government Auditing Standards*. 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 those C/C areas identified in the SAUPs. 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.

We are required to be independent of KIPP New Orleans, Inc. 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 of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

December 28, 2023
New Orleans, Louisiana


Certified Public Accountants

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES
JULY 1, 2022 – JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of performing the procedures.

BOARD OR FINANCE COMMITTEE

- 2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of applying the procedures.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

BANK RECONCILIATIONS

3. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of performing the procedures.

COLLECTIONS

4. **Procedures:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

COLLECTIONS (CONTINUED)

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedures:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of performing the procedures.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

8. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5):
9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. **Procedures:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were found as a result of performing the procedures.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

CREDIT CARDS/DEBIT CARDS/P-CARDS

12. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of performing the procedures.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

15. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of performing the procedures.

CONTRACTS

16. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of performing the procedures.

PAYROLL AND PERSONNEL

17. **Procedures:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

18. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to entity policy.
20. **Procedures:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of performing the procedures.

ETHICS

21. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. **Procedures:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of performing the procedures.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

DEBT SERVICE

23. **Procedures:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
24. **Procedures:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable. The Organization did not issue bonds during the fiscal period nor does it need State Bond Commission approval for the issuance of notes.

FRAUD NOTICE

25. **Procedures:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
26. **Procedures:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of performing the procedures.

INFORMATION TECHNOLOGY/DISASTER RECOVERY/ BUSINESS CONTINUITY

27. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

KIPP NEW ORLEANS, INC.
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. **Procedures:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

SEXUAL HARASSMENT

29. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
30. **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: The Organization as a charter school is not subject to the sexual harassment law, R.S. 42:344.