

KIPP New Orleans Schools

Finance Committee Meeting Minutes

February 22, 2021

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held virtually on Zoom on February 22, 2021, at 5:20 p.m.

The following members of the finance committee were present: Board Chairman Larry Washington, Treasurer Drew Marsh, and Danielle Willis. Aimee McCarron did not attend. A quorum was established.

The following KIPP staff members were present: Chief Executive Officer Rhonda Kalifey-Aluise, Chief Financial Officer Katie Walmsley, and Managing Director of Finance Brad Rosenblat.

The following guests were present: Ericksen Krentel audit partner Jeremy Thibodeaux.

The committee voted unanimously to approve the minutes from its December 7, 2020 meeting.

Ms. Walmsley reported the financial summary, noting the current projected FY21 adjusted fund balance as a percent of operating expenses of 24.4%. Ms. Walmsley noted the \$26K increase in projected FY21 surplus from the last committee meeting, which resulted from an increase in MFP base per pupil funding, regional cost savings, offset by a reduction in House Bill 393 \$100 per pupil funding. Additionally, Management continues to hold the full budgeted contingency as a conservative practice at this stage of the fiscal year.

Mr. Rosenblat turned to the FY21 financial statements. Mr. Rosenblat highlighted the net loss of \$425K through December 31, noting the loss was in line with the overall FY21 board approved spending deficit. Mr. Rosenblat led a review of the KNOS financial scorecard, noting that FY21 grants remained in good position.

Ms. Walmsley then turned to FY22 enrollment forecast, highlighting an overall decrease of 27 students from last committee meeting. Ms. Walmsley noted that most of the decrease resulted from pre-K and grades 5 – 8, offset by positive increases in 9 – 12.

Ms. Walmsley then turned to the FY22 revenue and budget targets. Ms. Walmsley reminded the committee that Management previously forecasted MFP to decline from FY21 by approximately \$8 million and non-recurring revenue to decline by approximately \$5 million. Currently, however, Management expects MFP to decline from FY21 by \$6.5 million (a \$2.5 million positive increase from prior committee) due to better tax collections than previously forecasted, and non-recurring revenue is expected to increase from FY21 by \$8.8 million (a \$13.8 million positive increase from prior committee) due to the second round of COVID relief funding for K-12 schools. Management continues to hold the FY22 deficit target at negative \$6.2 million, which remains aligned with the plan to use surplus from FY20 during FY21 and FY22, as previously communicated to the board, as well as the planned use of surplus toward the Believe facility.

Mr. Rosenblat then provided the investment summary, reporting two maturities since the prior committee meeting. The current compounded average yield-to-maturity for the portfolio is 1.58%, and only one investment remains, which matures in April.

In conclusion, Ms. Walmsley provided an overview of the resolution that Management recommends presenting to the full board on Thursday to extend the no-cost line of credit with Whitney Bank for another two years, which has not been drawn on in many years.

With the CFO report complete, Mr. Marsh adjourned the meeting at 6:35 p.m.