

KIPP New Orleans Schools

Finance Committee Meeting Minutes

April 19, 2022

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held in person at the KNOS School Support Center on April 19, 2022, at 5:22 p.m.

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

The following KIPP staff members were present: Chief Executive Officer Rhonda Kalifey-Aluise, Chief Financial Officer Katie Walmsley, Director of Finance Jamiela Sekou, and Senior Accountant Rebecca Guarino.

No guests were present.

A vote to approve the minutes from the February 15, 2022 meeting could not be called.

Mrs. Walmsley reported the financial summary, noting the current projected FY22 adjusted fund balance as a percent of operating expenses of 28.83 percent. This projection aligns closely to the fund balance reported during the last committee meeting. Mrs. Walmsley noted that the nearly \$3.7 million variance to approved budget is related to increased projected revenue acquisition that is only partially offset by increased projected expenses. The largest reason for the increase in projected revenue is that OPSB’s 2020-21 revenue collection was substantially higher than NOLA-PS projected it would be; while OPSB still collected less than it disbursed to schools in 2020-21, KNOS’s projected deferred revenue liability in FY22 is much smaller than the organization expected. Mrs. Walmsley also remarked that non-recurring revenue has also risen; KNOS adjusted the weight of the FEMA funding intended to support COVID-related mitigation efforts from 50 percent during last committee meeting to 85 percent given successful progression in the claim submission process. Additionally, KNOS expects to realize some of the planning portion of two LDE Reimagine Schools Initiative grants intended to support our English Language Learner supports and our Post-secondary Pathway Programming. Projected expenses increased from the last committee meeting to reflect a more accurate projection for COVID and Hurricane Ida related expenses as well as increased costs for student technology devices and bussing. The increases in projected expenses were largely offset by salary savings assessed through vacancies at the central office.

Mrs. Walmsley turned to the FY22 financial statements. Mrs. Walmsley highlighted the net loss of nearly \$4.6 million through February 28, 2022, noting that the loss is less than last committee meeting due to advancements in KNOS grant claiming activities. The long-term debt from the Payroll Protection Plan (PPP) loan will be reflected as debt until KNOS receives confirmation of debt forgiveness from the Small Business Administration, which she expects to occur in May. Mrs. Walmsley noted that there are no new investments, but that KNOS will revisit our investment portfolio in the coming months.

Then, Mrs. Walmsley turned to FY23 enrollment forecast, highlighting that KNOS FY23 enrollment projections are now informed by main round application results. It was noted that KIPP Believe was awarded 20 Pre-K seats leading to a positive net change of 19 seats in the current FY23 enrollment forecast. It was further noted that the organization projects a significant drop in high school enrollment

from the FY22 10-1 count to the projected FY23 10-1 count due to an increase in high school seats and a decrease in projected citywide high school enrollment.

Next, Mrs. Walmsley led a review of the KNOS financial scorecard, noting that several schools did not meet the 98 percent budgeted enrollment target as of the 10/1 count. Grant claims status remained unchanged from last committee meeting given the significance of the delay in PPP loan forgiveness process, which the organization intends to resolve by the next committee meeting.

Mrs. Walmsley then turned to the FY23 revenue and budget targets. Mrs. Walmsley noted a reduced expectation in the MFP deferred revenue per pupil in FY23 and an increased expectation in the MFP Base. Additionally, given the LDE pay raise increase that has been proposed by the legislature, KNOS increased the forecast for certified and non-certified employees by \$500 and \$250 respectively. KNOS announced higher-than-typical pay increases for all staff, as well as retention bonuses for staff hired by early 2022 and who remain employed well into the fall of 2022, which the certificated and non-certificated pay increases directly support.

Mrs. Walmsley briefly provided an overview of the insurance coverage costs over the past three years, noting that between FY20 and FY22, insurance premium costs rose nearly 50 percent. FY23 insurance premium costs are being prospected by relevant central office team members, and further increased costs are expected.

In conclusion, Ms. Walmsley provided an overview of the resolutions that Management recommends presenting to the full board on Thursday such that the Board Chairman and Treasurer would be authorized to sign Hancock Whitney's required forms to authorize bank signatories within KNOS; those signatories would now include the Controller and Director of Finance in addition to the CFO and CEO.

With the CFO report complete, Mr. Marsh adjourned the meeting at 6:43 p.m.