

KIPP New Orleans Schools

Finance Committee Meeting Minutes

June 14, 2021

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 June 14, 2021, at 5:20 p.m.

The following members of the finance committee were present: Treasurer Drew Marsh, Board Chairman Larry Washington, and Board Member 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, Managing Director of Finance Brad Rosenblat, Director of Finance Jamiela Sekou, and General Ledger Accountant Rebecca Guarino.

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

The committee voted unanimously to approve the minutes from its April 19, 2021, meeting.

Ms. Walmsley reported the financial summary, noting the current projected FY21 adjusted fund balance as a percent of operating expenses of 27.9%. Ms. Walmsley noted the \$2.4 million increase in projected FY21 net income from the last committee meeting, which resulted mainly from advancing additional CARES-ESSER II funding from FY22 into FY21, combined with additional cost savings from vacant positions and some delays in planned facility upgrades.

Mr. Rosenblat turned to the FY21 financial statements. Mr. Rosenblat highlighted the net gain of \$390 thousand through April 30, noting that the gain was in line with the updated FY21 forecast. Mr. Rosenblat also highlighted that the larger than usual cash balance reflected Payroll Protection Plan (PPP) funds deposited in April combined with no new investments.

Next, Mr. Rosenblat led a review of the KNOS financial scorecard, noting that FY21 grants remain in good position and liquidity remains very strong.

Ms. Walmsley then turned to the FY22 enrollment forecast upon the conclusion of OneApp's Round Two, highlighting an overall increase of 55 students from last committee meeting. Ms. Walmsley noted that most of the increase resulted from K-8 results that exceeded the quite conservative initial assumptions that the team made after the conclusion of OneApp's Main Round.

Mr. Rosenblat then turned to the FY22 revenue and budget targets. Mr. Rosenblat shared that total budgeted revenues are expected to be up \$16.6 million, or \$2,306 per pupil, from the prior year's budget. The increase was driven by new one-time Federal ESSER and SBA Payroll Protection Plan revenue in FY22, as well as some enrollment growth, offset by expected declines in recurring MFP revenue. Mr. Rosenblat also highlighted that the budgeted expenses increased by \$14.2 million from prior year's budget. Mr. Rosenblat shared that the majority, about \$10 million, of the increased budget was related to non-recurring expenditures on staff retention, recruiting, and programs addressing

student learning, attendance, missed academic content, and mental health supports. The additional \$4 million increase was related to recurring expenditures resulting from overall organization enrollment growth, busing, benefits, increased central office capacity that had been reduced in FY21, and new CTE and dual-enrollment programs at the high schools. Mr. Rosenblat further shared that the budgeted deficit of \$467,000 is back in-line with the planned use of fund balance to pay rent expense at KIPP Believe until New Market Tax Credit equity is realized.

Mr. Rosenblat then reminded the committee that Management continues to wait for interest rates to increase before making any new investments. Lastly, Mr. Rosenblat informed the committee of the Hancock Whitney Bank's administrative resolution that would require a vote at the upcoming board meeting.

With the CFO report complete, Mr. Marsh adjourned the meeting at 6:33 p.m.