

## **KIPP New Orleans Schools**

### Finance Committee Meeting Minutes

August 16, 2021

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held virtually via Zoom on August 16, 2021, at 5:20 p.m.

The following members of the finance committee were present: Treasurer Drew Marsh, Danielle Willis, Aimee McCarron, and Board Chairman Larry Washington. 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 Director of IT Glenn Walker.

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

Ms. Walmsley started the meeting by introducing Ms. Sekou and Mr. Walker to the Committee. Ms. Sekou presented a cyber security readiness memo to the board. The memo described the technical measures KNOS has employed to safeguard KNOS users, devices, and networks. After providing an overview of the memo, the board engaged in a question-and-answer period with the Director of IT, Glenn Walker. Mr. Walker responded to a variety of cyber security readiness questions from the committee.

The committee voted unanimously to approve the minutes from its June 14, 2021, meeting.

Ms. Walmsley reported the financial summary, noting the current projected FY21 adjusted fund balance as a percent of operating expenses of 28.64%, or of just over \$25 million, and that the fiscal year will close in a positive net operating position of over \$800k. Ms. Walmsley noted that this position is several thousand dollars better than predicted at the last committee meeting, which resulted mainly from federal TIF and SRCL grants landing higher than expected, and due in part to the need to recognize some future year non-restricted grant pledges as revenue this year. This projected final position is superior to the almost \$3 million operating deficit that the organization expected when the Board approved the FY21 budget; at that time, the majority of federal relief in response to the COVID-19 pandemic had not been passed by Congress and allocated to LEAs. Ms. Walmsley reiterated that this financial position enables the organization to enter FY22 – the year when per-pupil funding will reach its lowest point due to the delay in sales tax reductions on school revenue – better positioned to navigate the pandemic’s financial challenges and programmatic imperatives simultaneously.

Mr. Rosenblat turned to the FY21 financial statements. Mr. Rosenblat highlighted that the larger-than-usual cash balance reflected Payroll Protection Plan (PPP) funds deposited in April combined with no new investments. Mr. Rosenblat also noted that a portion of ESSER II funds have not been drawn down yet, and that the team was required to wait until the Louisiana Department of Education re-opened their grant management portal so that final FY21 claims could be submitted.

Mr. Rosenblat then turned to the FY22 revenue and budget targets. Mr. Rosenblat shared that, while the financial summary does not reflect a consequential variance to proposed budget, that the projection reflects a \$1 million increase in revenues that is largely offset by an increase in COVID-related mitigation and incentive expenses. These newly planned expenses are designed to encourage COVID vaccinations among eligible students and staff, and to respond to the need to host quarantine school for students who test positive for COVID or are exposed to another COVID-positive staff member or student. It was further noted that 93 percent of the ESSER funding intended to respond to COVID recovery and mitigation needs is still available for drawdown for the FY23-FY25 fiscal years.

Ms. Walmsley then turned to the FY22 enrollment forecast, highlighting an overall decrease of 5 students from last committee meeting. Ms. Walmsley noted that most of the decrease resulted from bureaucratic delays in Pre-K enrollment related to waiting periods and COVID related hesitancy from families.

Next, Mr. Rosenblat led a review of the KNOS financial scorecard, noting that FY21 grants are noted as not being current as a result of the Louisiana Department of Education's grant management portal being closed to grant claims at the present time. However, Mr. Rosenblat reiterated that the team is prepared to submit final claims once the portal is re-opened and noted that liquidity remains very strong.

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 resolution that would require a vote at the upcoming board meeting.

With the CFO report complete, Mr. Marsh adjourned the meeting at 6:05 p.m.