

## **KIPP New Orleans Schools**

### Finance Committee Meeting Minutes

December 06, 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 December 06, 2021, at 5:15 p.m.

The following members of the finance committee were present: Treasurer Drew Marsh and Danielle Willis. The following member(s) of the finance committee were absent: Larry Washington and Aimee McCarron. A quorum was not established.

The following KNOS 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 Senior Accountant Rebecca Guarino.

The following guests were present: Ericksen Krentel audit partner Jeremy Thibodeaux and Ericksen Krentel manager Gretchen Fischer.

Mr. Marsh called the meeting to order. The committee was unable to host a vote to approve the minutes from the October 16, 2021 meeting.

Mrs. Walmsley started the CFO report by introducing Mr. Thibodeaux. Mr. Thibodeaux led a presentation of the KNOS FY21 annual audit report, noting that KNOS annual audit is in the process of being finalized and would be complete before the deadline of December 31, 2021. Mr. Thibodeaux noted that Ericksen Krentel's tests so far have not identified any deficiencies in internal controls over (i) financial reporting or instances of noncompliance or other matters, or (ii) compliance or instances of noncompliance that could have a direct and material effect on KNOS's major federal programs. He noted that KNOS updated its functional expense methodology in this audit, which will be notated, and that several of his other charter management organization clients will also be implementing KNOS's methodology.

Ms. Willis made a motion to enter executive session with the associates from Ericksen Krentel. Mr. Marsh seconded the motion. KNOS staff members stepped out of the meeting room while members of the finance committee spoke with the associates from Erickson Krentel. KNOS staff members returned to the meeting room after being summoned back by Mr. Marsh.

Mrs. Walmsley then reported the FY22 financial summary, noting a projected FY22 adjusted fund balance as a percent of operating expenses of 20.32 percent. The 20.32 percent fund balance represents a positive net change from the original FY21 board approved budget, and from the last finance committee meeting, of approximately \$1.25 million.

Mr. Rosenblat noted that KNOS experienced a significant decline in 10/1 enrollment as compared to budget. However, the MFP funding allocation was adjusted upward by approximately \$869 in additional funding per pupil based on NOLA-PS's recently released MFP projections at their November School Finance Leaders meeting; the delay in this good news was connected to the significant delay in OPSB's

FY20 audit, which was not made publicly available until this month. Mr. Rosenblat continued that the updated MFP allocation enabled KNOS to decrease planned ESSER drawdowns, deferring more of these funds until FY23-FY25. These updates, in addition to salaries and benefits savings, lead to this report's positive variance of \$1.25 million. Mrs. Walmsley noted that KNOS continues to pace towards board-approved targets; however, noted that there is underlying variability in the forecast. The source of this underlying variability stems from a myriad of new COVID and Hurricane Ida expenses along with uncertainty regarding new revenue drawdown availability.

Mrs. Walmsley then turned to the FY22 enrollment forecast. Mrs. Walmsley informed committee members that an extensive enrollment report would be presented during the CEO report section in the December board meeting. Mrs. Walmsley noted that, for the first time in KNOS history, there are fewer students in our schools than in the year before. Mrs. Walmsley further noted that the two schools in New Orleans East have capacity rates that fall short of previous years, and that every grade contains fewer students than our schools could accept.

Mr. Rosenblat turned to the FY22 financial statements through October 31, 2021. Mr. Rosenblat highlighted the negative net income of around \$6 million. The negative net income stems from a lag in federal grant drawdowns, which is typical for this time of year. Additionally, Mr. Rosenblat noted, that year-to-date revenue does not include ESSER, FEMA, or increased MFP given the new MFP allocation update. Mr. Rosenblat also highlighted that long-term debt from the Payroll Protection Plan (PPP) loan will be reflected as debt until KNOS completes its PPP forgiveness application. Mr. Rosenblat noted that there are no new investments.

Next, Mr. Rosenblat led a review of the KNOS financial scorecard, noting that only three of our eight LEAs met the 98 percent enrollment benchmark per 10/1 counts. Mr. Rosenblat noted that grant claims are on track: all quarter one grant claims that were available for KNOS to claim have been submitted.

With the CFO report complete, Mr. Marsh adjourned the meeting at 6:28 p.m.