

KIPP New Orleans Schools

Finance Committee Meeting Minutes

October 19, 2020

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held October 19, 2020, at 5:20 p.m. at the KNOS School Support Center with a virtual Zoom meeting option.

The following member of the finance committee was present: Treasurer Drew Marsh. Board Chairman Larry Washington 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, Managing Director of Finance Brad Rosenblat, and Finance Intern Sameka Lindsay.

The committee reviewed the August 17, 2020 finance committee meeting minutes without comment.

Ms. Walmsley reported the FY20 financial summary, noting the updated FY20 adjusted fund balance as a percent of operating expenses of 31.9%, or 27.7% of the FY21 operating budget. Ms. Walmsley noted the \$2.5 million increase in KNOS’s FY20 ending adjusted fund balance compared to what Management previously reported. Ms. Walmsley shared that the increase consisted of \$2.2 million of pure timing difference from FY21 to FY20: a \$1.7 million Elementary and Secondary School Emergency Relief Fund (ESSERF) grant advanced from FY21 to FY20 and \$475 thousand of JFK start-up expenses delayed from FY20 to FY21. The final \$300 thousand consisted of net increases mostly from unanticipated MFP revenue for students in private facilities.

Ms. Walmsley then turned to FY21 preliminary October 1, 2020 enrollment results, which were 28 students below budget for the region. John F. Kennedy experienced the largest enrollment shortfall. With regard overall excess seat capacity, the region’s excess capacity is focused in the lower elementary grades, which is consistent with enrollment patterns across the city.

Next, Mr. Rosenblat turned to the FY21 financial summary, highlighting the projected FY21 adjusted fund balance as a percent of operating expenses of 25.8%, which is \$1.2 million higher than what the Board approved. Mr. Rosenblat noted that this projected FY21 adjusted fund balance decreased by \$1.0 million from the prior committee meeting, consisting of (i) the \$2.2 million that shifted from FY21 to FY20 as a result of the timing difference Ms. Walmsley noted earlier, offset by (ii) \$1.2 million in net increases due to (a) school operating expense savings (due to delayed and reduced in-person student attendance), (b) staffing savings (due to vacancies), (c) additional unanticipated MFP revenues for students in private facilities, despite (d) decreased revenue due to lower student enrollment and (e) additional expenses to support student learning.

Mr. Rosenblat then reviewed the FY21 financial statements and KNOS financial scorecard. Mr. Rosenblat shared that the \$1 million net income decrease through August 31 does not yet include federal grant revenues, as Management is behind schedule on submitting FY21 grant claims, which had been highlighted on the financial scorecard. Mr. Rosenblat added that Management had prioritized advancing the \$1.7 million ESSERF grant claim noted previously, closing FY20 financials, completing the implementation to the new ERP system, and commencing budget-to-actual reporting via the new ERP system. Further, FY21 grant claims will be submitted and on schedule within the coming weeks and in

advance of federal and state deadlines. Mr. Rosenblat also highlighted that, as noted on the scorecard and shared previously, John F. Kennedy was the only school with 10/1 enrollment below 98% of its budget target.

To conclude, Mr. Rosenblat turned to the investment summary, reporting one more investment matured in October, and no new investments were made. Mr. Rosenblat noted that all investments remain in line with the board's investment policy and the current compounded average yield-to-maturity for the portfolio is 1.62%.

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