

KIPP New Orleans Schools
Finance Committee Meeting Minutes
August 19, 2019

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held August 19, 2018, at 5:20 p.m. at the KNOS School Support Center.

The following members of the finance committee were present: Board Chairman Larry Washington and Treasurer Drew Marsh. 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 Javier Cortez, and Director of Impact Erica Lipoff.

The committee voted to approve the June 17, 2019 meeting minutes.

Ms. Walmsley reported the FY19 financial summary, noting the preliminary FY19 adjusted fund balance as a percent of operating expenses of 23.9%. Ms. Walmsley noted that KNOS is projecting to close the year with expenses being within the organization’s Revised Budget, and with revenue being in the positive. KNOS invested surplus revenues into preparing the Sylvania Williams site to be the new home of KIPP Central City Primary, and to advance name restoration efforts for our two high schools. She noted a \$725K increase in projected FY19 surplus from the last committee meeting.

Next, Ms. Walmsley turned to the financial statements. Ms. Walmsley reminded the committee that the restricted cash on the consolidated balance sheet relates to the joint fundraising commitments on the Believe facility. On the KIPP New Orleans balance sheet, Ms. Walmsley noted that property, plant, and equipment would be finalized once the FY19 books were closed.

Ms. Walmsley then turned to the FY20 financial summary, noting the projected FY20 adjusted fund balance as a percent of operating expenses of 21.7%. Ms. Walmsley noted that the percentage decrease from FY19 is due entirely to the growth in the overall budget. The \$800K increase in projected FY20 surplus from the proposed budget was driven entirely by additional revenue projections and is subject to change as October 1st enrollment is solidified across the city.

Next, Ms. Walmsley presented the FY20 budget, reminding the committee that the same budget was read to the full board at the June meeting and that the full board will be asked to adopt the budget formally at its August meeting. Ms. Walmsley recapped that the budget posts an operating deficit of \$467,500. In accordance with the board’s financial planning, the deficit represents previously planned use of the organization’s fund balance to finance construction of the KIPP Believe facility through the building’s lease payments.

Mr. Rosenblat next led a review of the KNOS financial scorecard, noting that the organization was projecting to meet its debt covenants, even without obtaining the requested amendment, which was being circulated for signatures at the moment. Next, Mr. Rosenblat noted that FY19 grants remained on track to close the year, and that FY20 remained in good position, but turnover on the accounting team had put a strain on capacity. Further, Mr. Rosenblat shared that a new team member would be joining as the general ledger accounting before the end of the month.

To conclude, Mr. Cortez turned to the investment summary, reporting that management reinvested in two debt securities in July, Toyota and John Deere, totaling \$2.5 million. Mr. Cortez noted that all investments remain in line with the board's investment policy.

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