

**KIPP New Orleans Schools
Finance Committee Meeting
October 16, 2024**

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 October 16, 2024, at 9:10 a.m.

The following members of the finance committee were present: Reggie Jackson and Danielle Willis. Committee member Barrett Green called into the meeting to participate virtually. A quorum was established. The following KNOS staff members were present: CFO Katie Walmsley, CEO Rhonda Kalifey-Aluise, Director of Accounting Maura Redden and Director of Accounts Payable and Purchasing Alisha Saul. Director of Accounting Rebecca Guarino and Director of Budget Planning and Fund Administration Kristen Horwood attended virtually. One guest was present: Ericksen Krentel audit partner Jeremy Thibodeaux.

Ms. Willis motioned to approve meeting minutes from the August 21, 2024 meeting and Mr. Jackson seconded the approval of the minutes. The minutes were approved.

Mr. Jackson called the meeting to order at 9:12 a.m.

Ms. Walmsley began her CFO report by noting the organization's strong financial position, with a projected year-end liquid fund balance of 31.27%. She stated that this excess fund balance enables prepayment on the Believe building lease, expected to bring long-term financial benefits, while still leaving an adjusted fund balance as a percentage of operating expense of approximately 25%.

When reviewing the balance sheet, Ms. Walmsley discussed a \$5.7 million duplicate deposit error by NOLA Public Schools in June, which inflated cash and accounts payable figures at the close of FY24. The issue was corrected in July, and Ms. Walmsley stressed the need for stronger financial management practices in the district. Mr. Thibodeaux communicated to the committee that his firm is preparing a disclosure to explain this anomaly in the audit reports of all his Orleans Parish charter school clients, including KIPP New Orleans Schools.

Regarding the FY24 management fee, Ms. Walmsley relayed that the final amount remains pending as the finance team works on the annual AFR to ensure each LEA meets the 7.5% fund balance requirement. She relayed that should an expense variance of more than +5% result from the final management fee, she would present the required FY24 Budget amendment for adoption by vote at the December committee and board meetings. Turning the discussion to FY25, Ms. Walmsley raised concerns about a potential error in NOLA Public Schools’ multi-year District-Level Funding Allocation model originating from a large \$30+ million variance between the district’s projected and presumed-actual local revenues collected in FY24. Should this variance hold, it would lead to substantial revenue shortfalls for all Orleans parish charter operators in FY25. Ms. Walmsley indicated that the information available continued to shift dynamically, and she committed to providing a detailed update regarding the current situation at the December committee meeting.

The committee discussed the ongoing Believe building transaction, where ownership of the facility would ultimately transfer to Friends of KIPP after the tax credit period ends with approximately \$7 million in net outstanding debt principal remaining. Ms. Walmsley reminded the committee of the Board vote required to authorize management to enter into a long-term lease agreement with Friends of KIPP New Orleans in exchange for KIPP New Orleans Schools' pre-payment of rent expense, which Friends of KIPP New Orleans would in turn utilize to pay down the remaining debt on the facility. She also relayed that management has plans for a capital needs fund of \$260,000 per year for capital planning.

Ms. Walmsley concluded by calling for improved accountability in district-wide financial modeling and suggested that charter schools coordinate efforts with the Orleans Parish School Board to address financial transparency concerns. The committee agreed to explore collective action.

The meeting was adjourned at 10:28 a.m.