

**KIPP New Orleans Schools
Finance Committee Meeting
December 11, 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 December 11, 2024, at 9:02 a.m.

The following members of the Finance Committee were present: Reggie Jackson, Barrett Green, and Danielle Willis. A quorum was established. The following KNOS staff members were present: CFO Katie Walmsley, CEO Rhonda Kalifey-Aluise, Directors of Accounting Maura Redden and Rebecca Guarino, and Director of Accounts Payable and Purchasing Alisha Saul. Director of Budget Planning and Fund Administration Kristen Horwood attended virtually. Two guests were present: Ericksen Krentel LLP audit partner Jeremy Thibodeaux and Ericksen Krent audit manager Gretchen Fischer.

Mr. Jackson called the meeting to order at 9:02 a.m. Ms. Willis motioned to approve meeting minutes from October 16, 2024, meeting and Mr. Green seconded the approval of the minutes. The minutes were approved.

Ms. Walmsley began her CFO report by presenting a retroactive update to the FY24 Budget, highlighting a projected \$561,000 surplus. She attributed the need to retroactively vote on an FY24 budget amendment to both higher revenue and expenses, with a \$2.5 million increase for legislatively mandated teacher stipends, and a higher internal management fee, which the audit presentation eliminates from both revenue and expense. The committee acknowledged that this item would require a Board vote at the full Board meeting.

Turning to the FY24 audit, Ms. Walmsley turned the floor over to Mr. Thibodeaux and Ms. Fischer. The audit partners reported an unmodified (clean) audit opinion. They shared that Net Assets increased by \$1.25 million. Instructional costs saw slight reductions, while non-instructional expenses increased due to post-pandemic school experience and engagement strategies and inflationary pressure on operational costs including transportation services. Auditors flagged stale Student Activity Fund checks from 2021 as a minor issue for the team to investigate with schools and recommended exploring the Louisiana Asset Management Pool (LAMP) to optimize cash reserves.

Ms. Walmsley then highlighted the recent KIPP Believe lease transaction. The acquisition by Friends of KIPP resulted in a new \$22 million capital asset on the balance sheet, replacing a \$15 million loan receivable and \$7 million in cash that was used to pay off the remainder of Friends of KIPP’s long-term debt, strengthening the organization’s long-term financial stability.

The committee also reviewed concerns about Minimum Foundation Program (MFP) funding projection shortfalls at the district. These could create a deficit of \$1.5 million to \$7 million or more, depending upon the closure of a \$20 million settlement from the cooperative endeavor agreement being negotiated between the City of New Orleans and the Orleans Parish School Board and the result of OPSB’s ongoing FY24 audit in which revenue from the city remains unconfirmed.

Enrollment challenges remain a concern, with 121 fewer Pre-K–12 students as of October 1st compared to the previous year. Some schools, like Central City and Booker T. Washington, are operating significantly below enrollment capacity, which impacts funding and resource allocation across the enterprise.

Finally, Ms. Walmsley noted a recent mid-year closure of a small charter school in the district, displacing 87 students. She emphasized KIPP's resilience in avoiding closures and mentioned the executive team's inquiries into shifts in our K-8 and high school models to improve retention and optimize facilities.

Mr. Jackson adjourned the meeting at 10:26 a.m, seconded by Ms. Willis.