KIPP New Orleans Schools
Finance Committee Meeting
April 9, 2025

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 April 9th, 2025, at 8:07 a.m.

The following members of the finance committee were present: Danielle Willis, Reggie Jackson and Barrett Green. A quorum was established. The following KNOS staff members were present: CFO Katie Walmsley, CEO Rhonda Kalifey-Aluise, Directors of Accounting Rebecca Guarino and Maura Redden, and Kristen Horwood. One guest was present: Ericksen Krentel LLP audit partner Jeremy Thibodeaux.

Mr. Green called the meeting to order at 8:07 a.m.

Mr. Green motioned to approve meeting minutes from February 19, 2025, meeting and Mr. Jackson seconded the approval of the minutes. The minutes were approved.

Ms. Walmsley began her financial report by noting an improvement in the organization's projected year-end position, moving from an anticipated $5.4 million deficit to a revised projection of a $1.6 million deficit. This shift was driven by a potential projected increase in the per-pupil DLFA base payment, which remains uncertain in the absence of clear projections from the district, as well as $25 million in one-time, non-repayable district funding to be split proportionally among all schools.

Ms. Walmsley acknowledged ongoing concerns related to the district's financial reporting processes, including delays in audit delivery and limited transparency. Considering these challenges, the finance team developed an internal financial model to better track assumptions and projections. Committee members expressed support for this proactive approach while also emphasizing the need for continued clarity in communication with stakeholders.

The committee reviewed the key assumptions behind the improved financial forecast and discussed how best to present these updates at the upcoming board meeting. There was consensus around ensuring transparency regarding which revenue has been confirmed versus projected. Some members encouraged a conservative posture around booking anticipated revenue, noting the reputational risks of overstating funding that has yet to be received.

Ms. Walmsley then presented an updated enrollment scorecard, illustrating that schools are currently operating at various capacity levels—ranging from approximately 80% to 95%. Declining city-wide enrollment remains a significant factor impacting future revenue, with current open enrollment match results trending notably lower than prior years.

Ms. Walmsley reported that, in response to rising benefits costs driven by higher employee participation and higher claims, and due to management's desire to obtain better strategic counsel for its long-term benefits strategy, the organization is transitioning its benefits consultant and will be considering plan design and provider changes. The team is working to ensure a smooth transition while communicating cost implications to staff.

The committee discussed ongoing financial uncertainty, with year-end deficit projections currently ranging from $1.5 to $5 million depending on key variables. Maintaining a healthy fund balance remains a priority; the organization's current balance stands at 25.67%, representing roughly 94 days of operating expenses, and the committee agrees with management that the minimum threshold the organization should ever keep would be 60 days.

Looking ahead to FY26, Ms. Walmsley advised that multi-million-dollar expense reductions will be necessary. These reductions will be analyzed and categorized based on their potential impact on core academic programming. School consolidation was identified as a long-term strategy that could support financial sustainability, though members acknowledged the complexities and trade-offs surrounding such a move.

The team also highlighted potential risks to USDOE funding because of the federal funding landscape that place millions of dollars in revenue at risk. In anticipation of continued cash flow fluctuations, the organization intends to renew its $2 million line of credit with Hancock Whitney Bank.

The meeting concluded with a discussion of how best to frame these fiscal challenges for the full board, including outlining trade-offs between preserving key student programs—such as summer school, band, and athletics—while addressing structural budget gaps.

The meeting was adjourned at 9:32 a.m.