

KIPP NEW ORLEANS, INC.
AND SUBSIDIARY
NEW ORLEANS, LOUISIANA
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of KIPP New Orleans, Inc. and Subsidiary as of June 30, 2025 and 2024, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KIPP New Orleans, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP New Orleans, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP New Orleans, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in Schedules “1” through “4” is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head (Schedule “5”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2025 on our consideration of KIPP New Orleans, Inc. and Subsidiary’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP New Orleans, Inc. and Subsidiary’s internal control over financial reporting and compliance.

December 6, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 31,697,334	\$ 42,659,238
Grant receivables	2,114,994	3,664,770
Other receivables	-	146,205
Prepaid expenses	<u>109,618</u>	<u>417,390</u>
 Total current assets	 <u>33,921,946</u>	 <u>46,887,603</u>
 <u>PROPERTY AND EQUIPMENT, NET</u>	 24,374,585	 2,831,860
 <u>OTHER ASSETS:</u>		
Right of use assets - operating leases, net	748,405	3,996,559
Note receivable	-	15,063,960
Deposits	<u>185,259</u>	<u>185,259</u>
 Total other assets	 <u>933,664</u>	 <u>19,245,778</u>
 Total assets	 <u>\$ 59,230,195</u>	 <u>\$ 68,965,241</u>
 <u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 2,001,383	\$ 9,048,314
Accrued expenses	172,143	137,096
Student activity funds	497,831	489,872
Deferred revenue	1,556	-
Current portion of operating leases	269,423	1,657,449
Current portion of long-term debt, net of unamortized issuance costs	<u>-</u>	<u>6,997,095</u>
 Total current liabilities	 <u>2,942,336</u>	 <u>18,329,826</u>
 <u>NON-CURRENT LIABILITIES:</u>		
Operating leases, net of current portion	<u>478,981</u>	<u>2,339,110</u>
 Total non-current liabilities	 <u>478,981</u>	 <u>2,339,110</u>
 Total liabilities	 <u>3,421,317</u>	 <u>20,668,936</u>
 <u>NET ASSETS:</u>		
Without donor restrictions	55,748,760	48,221,968
With donor restrictions	<u>60,118</u>	<u>74,337</u>
 Total net assets	 <u>55,808,878</u>	 <u>48,296,305</u>
 Total liabilities and net assets	 <u>\$ 59,230,195</u>	 <u>\$ 68,965,241</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE:</u>			
Minimum Foundation Program funding	\$ 80,417,587	\$ -	\$ 80,417,587
Federal grants	19,504,906	-	19,504,906
Other state/local funds	11,279,029	-	11,279,029
Private grants and contributions of financial assets	309,097	1,191,830	1,500,927
Contributions of nonfinancial assets	7,444,763	-	7,444,763
Other income	432,437	-	432,437
Net assets released from restrictions	<u>1,206,049</u>	<u>(1,206,049)</u>	<u>-</u>
 Total revenue	 <u>120,593,868</u>	 <u>(14,219)</u>	 <u>120,579,649</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	51,742,742	-	51,742,742
General non-instructional	31,492,028	-	31,492,028
Special education	19,986,816	-	19,986,816
Special programs	1,900,167	-	1,900,167
Administration	<u>7,945,323</u>	<u>-</u>	<u>7,945,323</u>
 Total expenses	 <u>113,067,076</u>	 <u>-</u>	 <u>113,067,076</u>
 Change in net assets	 7,526,792	 (14,219)	 7,512,573
 Net assets, beginning of year	 <u>48,221,968</u>	 <u>74,337</u>	 <u>48,296,305</u>
 Net assets, end of year	 <u>\$ 55,748,760</u>	 <u>\$ 60,118</u>	 <u>\$ 55,808,878</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
Minimum Foundation Program funding	\$ 82,447,854	\$ -	\$ 82,447,854
Federal grants	27,374,940	-	27,374,940
Other state/local funds	6,204,677	-	6,204,677
Private grants and contributions of financial assets	768,772	634,490	1,403,262
Contributions of nonfinancial assets	334,982		334,982
Other income	1,212,890	-	1,212,890
Net assets released from restrictions	<u>806,405</u>	<u>(806,405)</u>	<u>-</u>
 Total revenue	 <u>119,150,520</u>	 <u>(171,915)</u>	 <u>118,978,605</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	52,358,058	-	52,358,058
General non-instructional	34,962,901	-	34,962,901
Special education	21,424,631	-	21,424,631
Special programs	1,301,230	-	1,301,230
Administration	<u>7,679,656</u>	<u>-</u>	<u>7,679,656</u>
 Total expenses	 <u>117,726,476</u>	 <u>-</u>	 <u>117,726,476</u>
 Change in net assets	 1,424,044	 (171,915)	 1,252,129
 Net assets, beginning of year	 <u>46,797,924</u>	 <u>246,252</u>	 <u>47,044,176</u>
 Net assets, end of year	 <u>\$ 48,221,968</u>	 <u>\$ 74,337</u>	 <u>\$ 48,296,305</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>				<u>Support Services</u>	
	<u>General</u>	<u>General</u>	<u>Special</u>	<u>Special</u>	<u>Administration</u>	<u>Total</u>
	<u>Instructional</u>	<u>Non-Instructional</u>	<u>Education</u>	<u>Program</u>		
Salaries and stipend pay	\$ 35,328,190	\$ 2,714,718	\$ 13,362,071	\$ 1,539,295	\$ 4,447,231	\$ 57,391,505
Benefits	4,057,145	326,683	1,594,293	184,286	440,897	6,603,304
Retirement	840,080	65,434	293,250	39,404	149,793	1,387,961
Payroll taxes	2,597,391	200,588	985,235	112,392	319,240	4,214,846
Purchased education services	2,238,029	121,563	19,008	-	83,190	2,461,790
Other purchased professional services	221,892	785,607	1,836,875	8,313	982,227	3,834,914
Utilities	445	1,843,052	437	-	-	1,843,934
Repairs and maintenance	14,636	5,137,635	-	-	24,194	5,176,465
Rentals	548,457	376,816	-	-	349,983	1,275,256
Student transportation	905,896	8,139,620	1,762,302	3,540	700	10,812,058
Insurance	4,275	2,211,412	-	-	-	2,215,687
Communications	732	57,192	-	639	32,956	91,519
Advertising, printing, and binding	6,585	68,471	-	-	11,922	86,978
Tuition	1,372,458	-	-	1,395	7,289	1,381,142
Food service	450,634	5,772,485	7,284	44	179,648	6,410,095
Travel	204,881	-	21,159	6,338	71,682	304,060
Miscellaneous purchased services	1,014,912	272,302	44,206	3,200	257,458	1,592,078
Materials and supplies	1,292,094	902,992	45,285	925	168,527	2,409,823
Books and periodicals	644,010	1,019	14,411	396	249	660,085
Dues and fees	-	1,856,817	-	-	44,856	1,901,673
Miscellaneous	-	15,500	1,000	-	500	17,000
Depreciation	-	622,122	-	-	227,028	849,150
Interest	-	-	-	-	145,753	145,753
Total expenses	<u>\$ 51,742,742</u>	<u>\$ 31,492,028</u>	<u>\$ 19,986,816</u>	<u>\$ 1,900,167</u>	<u>\$ 7,945,323</u>	<u>\$ 113,067,076</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>				<u>Support Services</u>	
	<u>General Instructional</u>	<u>General Non-Instructional</u>	<u>Special Education</u>	<u>Special Program</u>	<u>Administration</u>	<u>Total</u>
Salaries and stipend pay	\$ 35,565,945	\$ 2,751,049	\$ 14,715,294	\$ 922,508	\$ 4,675,718	\$ 58,630,514
Benefits	3,435,781	244,684	1,408,594	88,650	393,227	5,570,936
Retirement	807,835	62,643	287,815	24,514	137,469	1,320,276
Payroll taxes	2,624,312	207,762	1,090,261	67,725	337,465	4,327,525
Purchased education services	2,193,559	592,202	315,027	12,367	89,861	3,203,016
Other purchased professional services	245,541	1,338,162	1,672,755	88,251	623,852	3,968,561
Utilities	-	2,115,968	-	-	-	2,115,968
Repairs and maintenance	12,183	5,679,776	-	-	39,030	5,730,989
Rentals	679,933	1,945,929	1,721	1,139	364,766	2,993,488
Student transportation	1,638,009	7,954,483	1,773,014	-	45	11,365,551
Insurance	4,275	2,392,532	-	-	-	2,396,807
Communications	378	68,567	-	10,594	6,099	85,638
Advertising, printing, and binding	8,099	76,891	-	-	23,424	108,414
Tuition	1,138,451	-	-	39,743	12,631	1,190,825
Food service	579,272	5,547,618	10,291	5,854	176,160	6,319,195
Travel	171,229	-	-	9,017	19,876	200,122
Miscellaneous purchased services	1,195,677	354,434	91,696	22,965	114,014	1,778,786
Materials and supplies	1,693,035	1,411,065	53,808	6,448	131,487	3,295,843
Books and periodicals	362,879	2,796	4,355	1,443	2,614	374,087
Dues and fees	-	1,508,275	-	12	45,945	1,554,232
Miscellaneous	-	107,050	-	-	28,970	136,020
Depreciation	-	601,015	-	-	61,160	662,175
Interest	1,665	-	-	-	395,843	397,508
 Total expenses	 \$ 52,358,058	 \$ 34,962,901	 \$ 21,424,631	 \$ 1,301,230	 \$ 7,679,656	 \$ 117,726,476

See accompanying NOTES TO FINANCIAL STATEMENTS

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 7,512,573	\$ 1,252,129
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	849,150	662,175
Amortization expense	13,229	26,461
Contribution of non-financial assets	(7,202,040)	-
(Increase) decrease in:		
Grant receivables	1,549,776	744,419
Other receivables	146,205	(68,978)
Prepaid expenses	307,772	(251,594)
Deposits	-	36,688
Increase (decrease) in:		
Accounts payable	(7,046,931)	5,217,365
Accrued expenses	35,047	(33,020)
Student activity funds	7,959	971
Deferred revenue	1,556	-
	<u>(3,825,704)</u>	<u>7,586,616</u>
Net cash from (used for) operating activities		
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Capital expenditures	<u>(125,875)</u>	<u>(390,261)</u>
Net cash (used for) investing activities	<u>(125,875)</u>	<u>(390,261)</u>
<u>CASH FLOWS (USED FOR) FINANCING ACTIVITIES:</u>		
Payments on long-term debt	<u>(7,010,324)</u>	<u>(586,192)</u>
Net cash (used for) financing activities	<u>(7,010,324)</u>	<u>(586,192)</u>
Net increase (decrease) in cash and cash equivalents	(10,961,903)	6,610,163
Cash and cash equivalents, beginning of year	<u>42,659,238</u>	<u>36,049,075</u>
Cash and cash equivalents, end of year	<u>\$ 31,697,335</u>	<u>\$ 42,659,238</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

KIPP New Orleans, Inc. and Subsidiary (KIPP) is a nonprofit corporation organized under the laws of the State of Louisiana. KIPP New Orleans, Inc. was incorporated in the Spring of 2005 for the purpose of operating charter schools in New Orleans, Louisiana to provide students with knowledge, skills, and character traits necessary to succeed in competitive high schools, college, and life.

The Board of Elementary and Secondary Education (BESE) approved the granting of eight Type 5 charter schools. As a result of Orleans Parish city wide school reunification, effective July 1, 2018, BESE approved the transfer of all of KIPP's Type 5 charter schools to a Type 3B charter to operate under the jurisdiction of OPSB. In addition, the School Support Center (the SSC) provides support to each of the schools in the areas of development, operations, finance, academics, recruitment, and planning. All KIPP schools and the SSC are governed by the KIPP Board of Directors. As of June 30, 2025 and 2024, KIPP operates eight charter schools as listed below as authorized by the operating agreements between Orleans Parish School Board (OPSB) and KIPP:

<u>School</u>	<u>Type</u>	<u>Term Date</u>
KIPP Believe	Type 3B	June 30, 2026
KIPP Central City	Type 3B	June 30, 2026
KIPP East	Type 3B	June 30, 2029
KIPP Leadership	Type 3B	June 30, 2029
KIPP Morial	Type 3B	June 30, 2026
Frederick A. Douglass High School	Type 3B	June 30, 2030
Booker T. Washington High School	Type 3B	June 30, 2026
John F. Kennedy High School	Type 3B	June 30, 2030

Principles of Consolidation

These financial statements have been consolidated to include all accounts of KIPP New Orleans, Inc. and its subsidiary, Friends of KIPP New Orleans, Inc.

Friends of KIPP New Orleans, Inc. (FKNO) is a support organization established to foster the strategic development goals of KIPP New Orleans, Inc. FKNO was founded in September 2016 with operations commencing on June 1, 2017. FKNO is operated, supervised, and controlled by KIPP New Orleans, Inc. Throughout, KIPP New Orleans, Inc. and FKNO will be collectively referred to as "KIPP".

The accompanying consolidated financial statements are presented on a consolidated basis and significant intercompany accounts have been eliminated.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting and Financial Reporting Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, KIPP is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of KIPP. KIPP's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of KIPP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, KIPP considers all demand deposits and all highly liquid investments with a maturity of three months or less to be cash equivalents.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Grants, notes, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for credit losses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2025 and 2024, no allowance has been recorded as management considers all receivables to be fully collectible.

Property and Equipment and Depreciation

Excluding KIPP Believe, the land, building and building improvements used to operate KIPP are owned by OPSB and, as such, are recorded on the financial statements of OPSB. KIPP's authorizers, OPSB and RSD, also provided KIPP with furniture and equipment that is also recorded on the authorizer's financial statements and not reported by KIPP. KIPP only reports its direct purchases of leasehold improvements and furniture and equipment. Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. KIPP maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are charged to expense.

Depreciation of these assets is provided on the straight-line basis over the lesser of their estimated useful lives of 5 years for classroom furniture and equipment, 15 years for playground equipment, 5 years for musical instruments, 5-15 years for building improvements, 30 to 85 years for buildings, and 5 years for software, or the remaining number of years on the lease.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method.

Compensated Absences

All instructional staff members are granted ten paid time off (PTO) days at the beginning of each year. School Support Center and non-instructional staff are granted a total of 13 PTO days per year. Unused days do not carry forward at the end of the fiscal year and may not be redeemed for additional compensation at the end of the year or end of employment with KIPP.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. KIPP reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the consolidated statement of activities.

Revenues from federal and state grants are recorded when KIPP has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by KIPP, or when otherwise earned under the terms of the grants. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statements of financial position.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for contributed services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

In addition, KIPP receives services donated by parents and community members in carrying out KIPP's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under GAAP.

Leases

KIPP applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. KIPP defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that KIPP will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

KIPP also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether KIPP can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

KIPP is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. KIPP generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

KIPP determines the incremental borrowing rate of each lease by estimating the credit rating of KIPP at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements of KIPP report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, several expenses (e.g., utilities, supplies, repairs and maintenance, etc.) require allocation based on usage (e.g., building square footage, estimated consumption, etc.) by each function.

Income Tax Status

KIPP has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination.

As of June 30, 2025, KIPP believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2022 and later remain subject to examination by the taxing authorities.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management Review

Subsequent events have been evaluated through December 6, 2025, which is the date the financial statements were available to be issued.

(2) STATEMENT OF CASH FLOW SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information at June 30th:

Cash paid during the year for:	<u>2025</u>	<u>2024</u>
Interest	<u>\$ 132,524</u>	<u>\$ 371,052</u>

Noncash Investing Activity

During the year ended June 30, 2025, FKNO received a building with a fair market value of \$22,266,000. Part of this transaction was the discharge of note receivable of \$15,063,960. The net effect of the transaction was contributed nonfinancial assets to FKNO of \$7,202,040. See Note 4 for further information.

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects KIPP's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include restricted contributions, investments, long-term note receivable, deferred revenue, and debt service. However, amounts already appropriated from the restricted deposits and funded reserves for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2025</u>	<u>2024</u>
Financial assets at year-end	\$ 33,812,327	\$ 61,534,173
Less those unavailable for general expenditure within one year due to:		
Note receivable (Note 6)	(-)	(15,063,960)
Debt service (Note 9)	<u>(-)</u>	<u>(6,997,095)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,812,327</u>	<u>\$ 39,473,118</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of KIPP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the KIPP does not intend to spend from its restricted contributions other than amounts appropriated for general expenditure as part of its annual budget approval process, amounts from its contributions could be made available if necessary.

(4) KIPP BELIEVE TRANSACTION

On November 13, 2024, upon the conclusion of the seven-year New Market Tax Credit compliance period for the six qualified low-income community loans that COCRF Investor 90's subsidiary CDEs made in BDF Elementary, a subsidiary of the Bayou District Foundation, for the construction of the K-8 school building that had been leased to KIPP, the subsidiary CDEs' Managing Members executed plans to dissolve and liquidate, effectively moving COCRF Investor 90's qualified equity investments totaling \$22,266,000 back into the fund. Capital One, National Association, the holder of a 100% interest in the fund, had entered into an investment fund put/call agreement with FKNO dated October 25, 2017 which both parties executed via a Membership Interest Purchase Agreement dated November 13, 2024 for the pre-determined price of \$1,000.

FKNO, on behalf of COCRF Investor 90 in which it now held a 100% stake, executed an act of sale with BDF Elementary to purchase the building improvements in exchange for the acquittance and discharge of the six promissory notes at a fair market value of \$22,266,000. Concurrently, the facility lease agreement between KIPP and BDF Elementary, that was to remain in effect until the earlier of October 24, 2027 or the revocation or non-renewal of KIPP Believe's charter, was dissolved. Subsequently, FKNO liquidated COCRF Investor 90, which acquitted and discharged the note receivable that FKNO had from COCRF Investor 90 totaling \$15,063,960 (as described in Note 5). Concurrent to the act of sale, FKNO, Bayou District Foundation, and the Housing Authority of New Orleans – which owns the land parcel that is leased to St. Bernard Redevelopment, LLC and subleased to Bayou District Foundation - executed an assignment and assumption of the sub-sublease for the land parcel, amending the assignment and assumption of the sub-sublease from BDF Elementary to FKNO. Also concurrent to the assignment and assumption of the sub-sublease, Bayou District Foundation and FKNO entered into the first amendment to the sub-sublease agreement, which among other amendments extended the term until October 1, 2108.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(4) KIPP BELIEVE TRANSACTION (CONTINUED)

FKNO and KIPP entered into a facility operating lease agreement dated November 13, 2024 with a term extending through September 30, 2108 requiring a one-time immediate lease payment of \$6,740,140 (recognized as deferred revenue in the statement of financial position) and subsequent annual payments to fund specific building-related operating and capital expenses, mainly an annual contribution in a Capital Account for capital planning and repair. Concurrently, FKNO made balloon payments to acquit and discharge its remaining long-term debt obligations to Capital One, National Association and the Low Income Investment Fund (as described in Note 7), the original funding sources for FKNO's leverage loan to COCRF Investor 90 (as described in Note 9), in the amounts of \$3,266,865 and \$3,709,886 respectively.

(5) GRANT RECEIVABLES

Grant receivables consists of the following at June 30th:

	<u>2025</u>	<u>2024</u>
Due from State of Louisiana	\$ 1,725,978	\$ 2,766,614
Due from NOLA PS	175,685	318,930
Due from foundations and others	<u>213,330</u>	<u>579,226</u>
	<u>\$ 2,114,993</u>	<u>\$ 3,664,770</u>

(6) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	<u>2025</u>	<u>2024</u>
Land	\$ 44,877	\$ 44,877
Building	22,266,000	-
Furniture and fixtures	1,762,075	1,696,065
Leasehold improvements	3,658,578	3,598,714
Software	<u>32,579</u>	<u>32,579</u>
	27,764,109	5,372,235
Less accumulated depreciation	<u>(3,389,525)</u>	<u>(2,540,375)</u>
Total property and equipment, net	<u>\$ 24,374,584</u>	<u>\$ 2,831,860</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$849,150 and \$662,175, respectively.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(7) NOTE RECEIVABLE

On October 25, 2017, FKNO entered into a leverage loan to lend \$15,063,960 to COCFR Investor 90, LLC. The note receivable was secured by COCFR Investor 90, LLC's membership interests in qualified community development entities (CDEs). The note bore interest at 6.28% annually until maturity on October 25, 2040. Interest was paid quarterly. A principal payment of \$8,123,597 was due October 25, 2024 followed by quarterly payments starting in March of 2025. See Note 4 for further information on the discharge of the note receivable.

(8) LINE OF CREDIT

KIPP has a line of credit in the amount of \$2,000,000. The interest rate on the line of credit is 3.25%. There was no outstanding balance due on the line of credit as of June 30, 2025 and 2024. The line of credit expires on March 31, 2027.

(9) LONG-TERM DEBT

FKNO has long-term notes payable as follows at June 30th:

	<u>2025</u>	<u>2024</u>
Notes payable to Capital One, bearing interest at 4.75% with quarterly interest payments starting December 2017 and quarterly principal payments starting March 2019. Balloon payment of \$3,913,426 due at maturity, October 25, 2024.	\$ -	\$ 3,297,730
Notes payable to Low Income Investment Fund ("LIIF"), bearing interest at 5.49% with quarterly interest payments starting March 2019, and balloon payment of \$3,685,716 due at maturity, October 25, 2024.	<u>-</u>	<u>3,712,594</u>
	-	7,010,324
Less: current portion of long-term debt	<u>(-)</u>	<u>(7,010,324)</u>
Total long-term notes payable	<u>\$ -</u>	<u>\$ -</u>

FKNO has unamortized debt issuance cost at June 30, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Debt issuance cost	\$ -	\$ 185,200
less accumulated amortization	<u>(-)</u>	<u>(171,971)</u>
Total unamortized debt issuance	<u>\$ -</u>	<u>\$ 13,229</u>

KIPP served as guarantor for both notes payable, and KIPP and FKNO were subject to certain financial covenants under FKNO's notes payable. KIPP and FKNO were in compliance with its financial covenants at June 30, 2024.

See Note 4 for further information on the discharge of these notes payable.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(9) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30th:

	<u>2025</u>	<u>2024</u>
KIPP Foundation	\$ 7,422	\$ 50,376
Other	<u>52,696</u>	<u>23,961</u>
Net assets with donor restrictions	<u>\$ 60,118</u>	<u>\$ 74,337</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30th:

	<u>2025</u>	<u>2024</u>
FKNO	\$ -	\$ 100,000
KIPP Foundation	672,480	280,839
Other	<u>533,569</u>	<u>425,566</u>
Net assets released from restrictions	<u>\$ 1,206,049</u>	<u>\$ 806,405</u>

(10) CONTRIBUTED NONFINANCIAL ASSETS

KIPP received contributed nonfinancial assets as follows for the years ended June 30th:

	<u>2025</u>	<u>2024</u>
Building	\$ 22,266,000	\$ -
Food commodities	<u>242,723</u>	<u>334,982</u>
Total contributions of nonfinancial assets	<u>\$ 22,508,723</u>	<u>\$ 334,982</u>

KIPP's policy related to gifts-in-kind is to utilize the assets received to carry out the mission of KIPP. If an asset is provided that does not allow KIPP to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

KIPP was provided a building and food commodities at estimated fair market value as determined by the individual grantor agencies and donors.

All contributed nonfinancial assets received by KIPP for the years ended June 30, 2025 and 2024 were considered without donor restrictions and able to be used by KIPP as determined by the board of directors and management.

See Note 4 for further information on the building donation as part of the KIPP Believe transaction.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(10) RETIREMENT PLAN

KIPP has a 403(b) deferred compensation plan covering substantially all employees. Covered employees may elect to contribute a portion of their salaries as allowable. KIPP has elected to match 5% of covered employees' salaries. KIPP's contributions were \$1,387,961 and \$1,320,276 for the years ended June 30, 2025 and 2024, respectively.

(11) LEASE COMMITMENTS

Operating leases with OPSB

KIPP entered into agreements with the OPSB whereby each school has its own separate agreement which allows KIPP to use the facilities and contents at each location except for those described below. Lease terms range from July 1, 2021 through June 30, 2030 corresponding with each school's charter agreement.

All of the aforementioned leases call for payments based on the Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

In lieu of a security/damage deposit, KIPP pays a non-reimbursable Damage Fee to OPSB in the amount of \$12.50 per pupil payable over three years, beginning in FY22, or by the end of the term of the lease agreements, whichever occurs first. OPSB deposits the Damage Fee into a Damage Fund, as described in OPSB Policy HD, which is the repository for all Damage Fees remitted by all school operators leasing OPSB-owned facilities. The Damage Fund is a communal fund to be utilized to finance the cost of any incomplete maintenance or facility repair needs to facilities noted after any school operator exits its lease with OPSB. KIPP remains liable for any deferred maintenance or facility repair costs in excess of its contribution to the Damage Fund.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(11) LEASE COMMITMENTS (CONTINUED)

Operating leases with Other Parties

KIPP entered into a sublease agreement on June 14, 2017 (effective date) with BTW School Facility, LLC for a new facility to house Booker T. Washington High School. During the year ended June 30, 2019, Booker T. Washington High School was relocated to the new facility and rent payments commenced on July 1, 2019 (rent commencement date). The sublease remained in effect until June 30, 2024. Base rent under the sublease agreement is \$45,938 per month for the year ended June 30, 2024. Total rent expense under the terms of this lease for the year ended June 30, 2024 was \$551,256.

In July 2022, KIPP signed a lease agreement for office space commencing October 1, 2022 and ending 63 months thereafter. Minimum monthly rent payments for the first year shall be \$16,627 with annual increases of approximately 2.5%. Minimum monthly payments for parking shall be \$6,300, with a fifty percent discount for the first twelve months.

Operating lease with FKNO

KIPP previously entered into a sublease agreement on October 25, 2017 (effective date) with BDF Elementary for a new facility to be constructed to house KIPP Believe. During the year ended June 30, 2019, KIPP Believe was relocated to the newly constructed facility and rent payments commenced on March 1, 2019 (rent commencement date).

Under the sublease, the lease remained in effect until the earlier of the ten-year anniversary of the rent commencement date or the revocation or non-renewal of KIPP Believe's charter. The sublease contained two renewal options for an additional ten years each and a third renewal option of five years. Base rent under the sublease agreement was \$175,000 per quarter. An additional rent payment was also due each quarter in the amount of \$160,625.

On November 13, 2024, in connection with the KIPP Believe transaction described in Note 4, KIPP's sublease with BDF Elementary was terminated. The termination did not result in any penalties to KIPP. As part of the unwind, ownership of the KIPP Believe building was transferred to FKNO.

Concurrently with the unwind on November 13, 2024, KIPP entered into a new facility lease agreement with FKNO for the same School Facilities. The lease commenced on November 13, 2024 and has an initial term expiring on September 30, 2108, subject to earlier termination if KIPP Believe's charter is not renewed or is terminated, as defined in the agreement. The lease does not transfer ownership of the facility to KIPP at the end of the lease term.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(11) LEASE COMMITMENTS (CONTINUED)

Operating lease with FKNO (continued)

At lease commencement, KIPP paid fixed lease consideration of \$6,740,140 to FKNO, representing all fixed lease payments due over the lease term. KIPP determined that the arrangement is an operating lease under ASC 842. The fixed lease consideration was used to initially measure the right-of-use (“ROU”) asset and related lease liability. The lease liability was fully settled upon payment, and the ROU asset is amortized on a straight-line basis as operating lease cost over the lease term.

Additional information about KIPP’s leases is as follows for the year ended June 30th:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ <u>268,529</u>	\$ <u>2,240,528</u>
Cash paid for amounts in lease liabilities	\$ 282,336	2,240,528
Operating cash flows from operating leases	282,336	2,240,528
Right-of-use assets obtained in exchange for new operating lease liabilities	-	-
Weighted-average remaining lease term- operating leases	2.67 years	2.54 years
Weighted-average discount rate- operating leases	3.04%	3.04%

The maturities of lease liabilities as of June 30, 2025 are as follows:

2026	\$ 269,423
2027	283,067
2028	<u>195,915</u>
	<u>\$ 748,405</u>

(12) GRANT PROGRAM CONTINGENCIES

KIPP participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that KIPP has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2025 and 2024 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and KIPP.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(13) ECONOMIC DEPENDENCY

KIPP receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2025 and 2024 totaled \$80,417,587 and \$82,447,854, respectively. Funding was received from various federal grants passed through the State of Louisiana totaled \$19,504,906 and \$27,374,940 for the years ended June 30, 2025 and 2024, respectively. Other state funding received from the State of Louisiana totaled \$4,001,912 and \$3,850,433 for the years ended June 30, 2025 and 2024, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds KIPP receives could be reduced significantly and have an adverse impact on its operations.

In October 2024, NOLA-PS notified KIPP and all charter school operators it authorizes that local tax revenue estimates provided in March 2024 for the 2024-2025 school year had been overstated. Revised projections indicated a system-wide funding shortfall of up to approximately \$50 million compared to those earlier estimates. To mitigate the impact of this shortfall, during the year ended June 30, 2025 the Orleans Parish School Board approved a non-recurring \$35 million allocation to schools, outside of the annual MFP funding allocation. As a result of these actions, KIPP received additional funding from NOLA-PS during the year ended June 30, 2025, which is included in other state/local funds in the accompanying statement of activities.

(14) CONCENTRATIONS OF CREDIT RISK

KIPP periodically maintains cash in bank accounts in excess of insured limits. KIPP has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of KIPP's cash is maintained in collateralized bank accounts.

(15) RECLASSIFICATIONS

Certain reclassifications have been made to prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

SUPPLEMENTARY INFORMATION

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024

	KIPP New Orleans, Inc.	Friends of KIPP New Orleans, Inc.	Eliminating Entries	2025 Total	2024 Total
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 30,954,044	\$ 743,290	\$ -	\$ 31,697,334	\$ 42,659,238
Grant receivables	2,114,994	-	-	2,114,994	3,664,770
Other receivables	-	-	-	-	146,205
Prepaid expenses	109,618	-	-	109,618	417,390
Total current assets	33,178,656	743,290	-	33,921,946	46,887,603
<u>PROPERTY AND EQUIPMENT, NET</u>	2,275,742	22,098,843	-	24,374,585	2,831,860
<u>OTHER ASSETS:</u>					
Right of use assets - operating leases, net	7,437,945	-	(6,689,540)	748,405	3,996,559
Note receivable	-	-	-	-	15,063,960
Deposits	185,259	-	-	185,259	185,259
Total other assets	7,623,204	-	(6,689,540)	933,664	19,245,778
Total assets	\$ 43,077,602	\$ 22,842,133	\$ (6,689,540)	\$ 59,230,195	\$ 68,965,241
<u>CURRENT LIABILITIES:</u>					
Accounts payable	\$ 2,001,383	\$ -	\$ -	\$ 2,001,383	\$ 9,048,314
Accrued expenses	172,143	-	-	172,143	137,096
Student activity funds	497,831	-	-	497,831	489,872
Deferred revenue	1,556	6,689,540	(6,689,540)	1,556	-
Current portion - operating leases	269,423	-	-	269,423	1,657,449
Current portion - long-term debt, net of unamortized issuance costs	-	-	-	-	6,997,095
Total current liabilities	2,942,336	6,689,540	(6,689,540)	2,942,336	18,329,826
<u>NON-CURRENT LIABILITIES:</u>					
Operating leases, net of current portion	478,981	-	-	478,981	2,339,110
Total non-current liabilities	478,981	-	-	478,981	2,339,110
Total liabilities	3,421,317	6,689,540	(6,689,540)	3,421,317	20,668,936
<u>NET ASSETS:</u>					
Without donor restrictions	39,596,167	16,152,593	-	55,748,760	48,221,968
With donor restrictions	60,118	-	-	60,118	74,337
Total net assets	39,656,285	16,152,593	-	55,808,878	48,296,305
Total liabilities and net assets	\$ 43,077,602	\$ 22,842,133	\$ (6,689,540)	\$ 59,230,195	\$ 68,965,241

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED INFORMATION AT JUNE 30, 2024

	KIPP New Orleans, Inc.			Friends of KIPP New Orleans, Inc.					
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminating Entries	2025 Total	2024 Total
<u>REVENUE:</u>									
Minimum Foundation Program funding	\$ 80,417,587	\$ -	\$ 80,417,587	\$ -	\$ -	\$ -	\$ -	\$ 80,417,587	\$ 82,447,854
Federal grants	19,504,906	-	19,504,906	-	-	-	-	19,504,906	27,374,940
Other state/local funds	11,279,029	-	11,279,029	-	-	-	-	11,279,029	6,204,677
Private grants and contributions of financial assets	307,413	1,191,830	1,499,243	1,684	-	1,684	-	1,500,927	1,403,262
Contributions of nonfinancial assets	242,723	-	242,723	7,202,040	-	7,202,040	-	7,444,763	334,982
Other income	81,472	-	81,472	401,566	-	401,566	(50,601)	432,437	1,212,890
Net assets released from restrictions	1,206,049	(1,206,049)	-	-	-	-	-	-	-
Total revenue	113,039,179	(14,219)	113,024,960	7,605,290	-	7,605,290	(50,601)	120,579,649	118,978,605
<u>EXPENSES:</u>									
Program services:									
General instructional	51,742,742	-	51,742,742	-	-	-	-	51,742,742	52,358,058
General non-instructional	31,492,028	-	31,492,028	-	-	-	-	31,492,028	34,962,901
Special education	19,986,816	-	19,986,816	-	-	-	-	19,986,816	21,424,631
Special programs	1,900,167	-	1,900,167	-	-	-	-	1,900,167	1,301,230
Administration	7,563,760	-	7,563,760	432,164	-	432,164	(50,601)	7,945,323	7,679,656
Total expenses	112,685,513	-	112,685,513	432,164	-	432,164	(50,601)	113,067,076	117,726,476
Change in net assets	353,666	(14,219)	339,447	7,173,126	-	7,173,126	-	7,512,573	1,252,129
Net assets, beginning of year	39,242,501	74,337	39,316,838	8,979,467	-	8,979,467	-	48,296,305	47,044,176
Net assets, end of year	\$ 39,596,167	\$ 60,118	\$ 39,656,285	\$ 16,152,593	\$ -	\$ 16,152,593	\$ -	\$ 55,808,878	\$ 48,296,305

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
COMBINING STATEMENT OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2025
WITH SUMMARIZED INFORMATION AT JUNE 30, 2024

	KIPP Morial	KIPP Believe	KIPP Central City	KIPP Frederick A. Douglass High School	KIPP Leadership	KIPP East	KIPP Booker T. Washington High School	John F. Kennedy	School Support Center	Interfund Eliminations	2025 Total	2024 Final
<u>ASSETS:</u>												
Cash and cash equivalents	\$ 712,741	\$ 522,634	\$ 535,750	\$ 510,208	\$ 599,469	\$ 687,685	\$ 571,166	\$ 505,368	\$ 26,309,023	\$ -	\$ 30,954,044	\$ 41,746,636
Grant receivables	235,849	233,124	239,343	192,669	359,779	380,212	256,085	97,712	120,221	-	2,114,994	3,664,770
Other receivables	1,163,628	1,151,734	1,743,709	(30,697)	829,119	1,427,290	2,146	208,314	(6,495,243)	-	-	146,205
Prepaid expenses	-	-	-	-	-	-	-	-	109,618	-	109,618	417,390
Total current assets	2,112,218	1,907,492	2,518,802	672,180	1,788,367	2,495,187	829,397	811,394	20,043,619	-	33,178,656	45,975,001
<u>PROPERTY AND EQUIPMENT, NET</u>	302,659	600,745	204,986	259,907	176,238	377,053	80,491	89,616	184,047	-	2,275,742	2,831,860
<u>OTHER ASSETS:</u>												
Right of use assets - operating leases, net	-	-	-	-	-	-	-	-	7,437,945	-	7,437,945	3,996,559
Deposits	27,720	10,134	21,158	26,626	10,679	23,484	17,648	45,310	2,500	-	185,259	185,259
Total other assets	27,720	10,134	21,158	26,626	10,679	23,484	17,648	45,310	7,440,445	-	7,623,204	4,181,818
Total assets	<u>\$ 2,442,597</u>	<u>\$ 2,518,371</u>	<u>\$ 2,744,946</u>	<u>\$ 958,713</u>	<u>\$ 1,975,284</u>	<u>\$ 2,895,724</u>	<u>\$ 927,536</u>	<u>\$ 946,320</u>	<u>\$ 27,668,111</u>	<u>\$ -</u>	<u>\$ 43,077,602</u>	<u>\$ 52,988,679</u>
<u>CURRENT LIABILITIES:</u>												
Accounts payable	\$ 335,176	\$ 402,060	\$ 404,245	\$ 270,798	\$ 316,445	\$ 317,046	\$ 343,128	\$ 201,604	\$ (589,119)	\$ -	\$ 2,001,383	\$ 9,048,314
Accrued expenses	5,109	(13,555)	(11,790)	2,976	(17,789)	(16,076)	(3,705)	(4,489)	231,462	-	172,143	137,096
Student activity funds	74,889	53,818	25,015	40,415	45,014	50,565	76,525	131,590	-	-	497,831	489,872
Deferred revenue	-	1,556	-	-	-	-	-	-	-	-	1,556	-
Current portion of operating leases	-	-	-	-	-	-	-	-	269,423	-	269,423	1,657,449
Total current liabilities	415,174	443,879	417,470	314,189	343,670	351,535	415,948	328,705	(88,234)	-	2,942,336	11,332,731
<u>NON-CURRENT LIABILITIES:</u>												
Operating leases, net of current portion	-	-	-	-	-	-	-	-	478,981	-	478,981	2,339,110
Total non-current liabilities	-	-	-	-	-	-	-	-	478,981	-	478,981	2,339,110
Total liabilities	415,174	443,879	417,470	314,189	343,670	351,535	415,948	328,705	390,747	-	3,421,317	13,671,841
<u>NET ASSETS:</u>												
Without donor restrictions	2,027,423	2,074,492	2,327,476	644,524	1,631,614	2,544,189	511,588	617,615	27,217,246	-	39,596,167	39,242,501
With donor restrictions	-	-	-	-	-	-	-	-	60,118	-	60,118	74,337
Total net assets	2,027,423	2,074,492	2,327,476	644,524	1,631,614	2,544,189	511,588	617,615	27,277,364	-	39,656,285	39,316,838
Total liabilities and net assets	<u>\$ 2,442,597</u>	<u>\$ 2,518,371</u>	<u>\$ 2,744,946</u>	<u>\$ 958,713</u>	<u>\$ 1,975,284</u>	<u>\$ 2,895,724</u>	<u>\$ 927,536</u>	<u>\$ 946,320</u>	<u>\$ 27,668,111</u>	<u>\$ -</u>	<u>\$ 43,077,602</u>	<u>\$ 52,988,679</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
COMBINING STATEMENT OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED INFORMATION AT JUNE 30, 2024

	KIPP Morial	KIPP Believe	KIPP Central City	KIPP Frederick A. Douglass High School	KIPP Leadership	KIPP East	KIPP Booker T. Washington High School	John F. Kennedy	School Support Center	Interfund Eliminations	2025 Total	2024 Total
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>												
<u>REVENUE:</u>												
Minimum Foundation Program funding	\$ 12,154,064	\$ 10,099,812	\$ 10,644,289	\$ 8,779,575	\$ 11,082,841	\$ 11,329,314	\$ 7,482,715	\$ 8,844,977	\$ -	\$ -	\$ 80,417,587	\$ 82,447,854
Federal grants	3,205,137	2,554,588	2,977,353	1,600,938	3,065,941	2,718,462	1,778,953	1,414,465	189,069	-	19,504,906	27,374,940
Other state/local funds	1,869,971	1,321,225	1,577,313	1,193,237	1,662,621	1,798,225	904,619	951,818	-	-	11,279,029	6,204,677
Private grants and contributions of financial assets	7,920	3,016	150	5,143	3,316	1,620	3,895	24,059	258,294	-	307,413	717,933
Contributions of nonfinancial assets	48,295	31,358	41,174	11,469	37,724	49,707	11,809	11,187	-	-	242,723	334,982
Other income	-	-	-	-	-	-	-	-	15,003,992	(14,922,520)	81,472	260,349
Net assets released from restrictions	157,369	107,603	121,419	157,105	128,078	149,831	63,056	62,652	258,936	-	1,206,049	706,405
Total revenue	17,442,756	14,117,602	15,361,698	11,747,467	15,980,521	16,047,159	10,245,047	11,309,158	15,710,291	(14,922,520)	113,039,179	118,047,140
<u>EXPENSES:</u>												
Program services:												
General instructional	7,015,932	5,917,929	6,286,886	6,210,604	6,152,313	6,347,608	4,582,404	5,263,736	3,965,330	-	51,742,742	52,358,058
General non-instructional	4,381,648	3,672,979	4,505,463	3,433,299	4,216,983	4,462,853	3,364,624	3,376,307	77,872	-	31,492,028	34,962,901
Special education	2,820,012	2,387,391	2,367,790	1,529,627	2,968,815	2,442,553	1,692,296	1,584,172	2,194,160	-	19,986,816	21,424,631
Special programs	290,266	116,169	155,132	115,925	186,587	286,750	174,026	251,392	323,920	-	1,900,167	1,301,230
Administration	3,396,306	1,950,549	2,258,380	1,148,297	2,352,806	2,024,547	1,570,186	588,703	7,196,506	(14,922,520)	7,563,760	7,267,298
Total expenses	17,904,164	14,045,017	15,573,651	12,437,752	15,877,504	15,564,311	11,383,536	11,064,310	13,757,788	(14,922,520)	112,685,513	117,314,118
Change in net assets without donor restrictions	(461,408)	72,585	(211,953)	(690,285)	103,017	482,848	(1,138,489)	244,848	1,952,503	-	353,666	733,022
<u>NET ASSETS WITH DONOR RESTRICTIONS:</u>												
Grants and contributions	157,369	107,603	121,419	150,605	128,078	149,831	73,056	59,692	244,177	-	1,191,830	534,490
Net assets released from restrictions	(157,369)	(107,603)	(121,419)	(157,105)	(128,078)	(149,831)	(63,056)	(62,652)	(258,936)	-	(1,206,049)	(706,405)
Change in net assets with donor restrictions	-	-	-	(6,500)	-	-	10,000	(2,960)	(14,759)	-	(14,219)	(171,915)
Net assets, beginning of year	2,488,831	2,001,907	2,539,429	1,341,309	1,528,597	2,061,341	1,640,077	375,727	25,339,620	-	39,316,838	38,755,731
Net assets, end of year	\$ 2,027,423	\$ 2,074,492	\$ 2,327,476	\$ 644,524	\$ 1,631,614	\$ 2,544,189	\$ 511,588	\$ 617,615	\$ 27,277,364	\$ -	\$ 39,656,285	\$ 39,316,838

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2025

	Rhonda Kalifey-Aluise, CEO
	07/01/24 through 06/30/25
Time served	
Salary	\$ 281,000
LDOE certificated and support staff stipend	2,000
Benefits - insurance	12,560
Benefits - retirement	12,766
Reimbursements	313
Travel	3,516
Gas stipend	1,200
	<hr/>
Total compensation, benefits, and other payments	\$ 313,355

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered KIPP New Orleans, Inc. and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIPP New Orleans, Inc. and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the KIPP New Orleans, Inc. and Subsidiary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the KIPP New Orleans, Inc. and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 6, 2025
New Orleans, Louisiana


Certified Public Accountants

SINGLE AUDIT SECTION



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP New Orleans, Inc. and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of KIPP New Orleans, Inc. and Subsidiary's major federal programs for the year ended June 30, 2025. KIPP New Orleans, Inc. and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, KIPP New Orleans, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of KIPP New Orleans, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of KIPP New Orleans, Inc. and Subsidiary's compliance with the compliance requirements referred to above.



To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to KIPP New Orleans, Inc. and Subsidiary's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on KIPP New Orleans, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about KIPP New Orleans, Inc. and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding KIPP New Orleans, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of KIPP New Orleans, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of KIPP New Orleans, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.



To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 6, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 4,905,997
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027A	\$ 2,444,525
Special Education - Preschool Grants	84.173A	<u>32,313</u>
Total Special Education Cluster		2,476,838
Career and Technical Education - Basic Grants to States	84.048	63,667
English Language Acquisition State Grants	84.365	58,597
Supporting Effective Instruction State Grants	84.367	588,909
Comprehensive Literacy Development	84.371	798,200
Student Support and Academic Enrichment Program	84.424	425,430
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	<u>3,057,166</u>
 Total U.S. Department of Education		 <u>12,374,804</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
National School Lunch Program	10.555	6,268,259
Summer Food Service Program	10.559	4,620
Fresh Fruit and Vegetable Program	10.582	<u>282,174</u>
Total Child Nutrition Cluster		6,555,053
Child and Adult Care Food Program	10.558	<u>276,374</u>
 Total U.S. Department of Agriculture		 <u>6,831,427</u>
 Total expenditures of federal awards		 <u>\$ 19,206,231</u>

(See Independent Auditors' Report)

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of KIPP New Orleans, Inc. and Subsidiary (KIPP) under programs of the federal government for the year ended June 30, 2025. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of KIPP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2025.

Non-Cash Assistance

Nonmonetary assistance in the amount of \$242,723 is reported in the schedule as AL No. 10.555 at the fair market value of the commodities received and disbursed.

(3) INDIRECT COST RATE

KIPP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of KIPP New Orleans, Inc. and Subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for KIPP New Orleans, Inc. and Subsidiary expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were Child Nutrition Cluster (AL Nos. 10.555, 10.559, & 10.582) and Comprehensive Literacy Development (AL No. 84.371).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. KIPP New Orleans, Inc. and Subsidiary was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2025.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit for the year ended June 30, 2025.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal awards programs for the year ended June 30, 2025.

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit for the year ended June 30, 2024.

II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs related to major federal award programs audit for the year ended June 30, 2024.

III. MANAGEMENT LETTER

There was no management letter for the year ended June 30, 2024.

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
KIPP New Orleans, Inc. and Subsidiary
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of KIPP New Orleans, Inc. and Subsidiary for the fiscal year ended June 30, 2025; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514.I. Management of KIPP New Orleans, Inc. and Subsidiary is responsible for its performance and statistical data.

KIPP New Orleans, Inc. and Subsidiary has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
(Schedule 1)

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

Exceptions: No exceptions were found as a result of applying the procedure.



To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Exceptions: No exceptions were found as a result of applying the procedure.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Exceptions: Three out of twenty-five employees education level did not match and two out of twenty-five employees years of experience did not match the roll books.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Exceptions: No exceptions were found as a result of applying the procedure.

We were engaged by KIPP New Orleans, Inc. and Subsidiary to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



To the Board of Directors
KIPP New Orleans, Inc. and Subsidiary

We are required to be independent of KIPP New Orleans, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of the KIPP New Orleans, Inc. and Subsidiary, as required by Louisiana Revised Statute 24:514.I, and for the information and use of KIPP New Orleans, Inc. and Subsidiary, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 6, 2025
New Orleans, Louisiana

Certified Public Accountants

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2025

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	<u>Column A</u>	<u>Column B</u>
General Fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 19,165,281	
Other instructional staff salaries	-	
Instructional staff employee benefits	6,519,351	
Purchased professional and technical services	1,687,719	
Instructional materials and supplies	1,688,939	
Instructional equipment	<u>-</u>	
Total teacher and students interaction activities		\$ 29,061,290
Other instructional activities		3,325,618
Pupil support services	4,894,765	
Less: equipment for pupil support services	<u>-</u>	
Net pupil support services		4,894,765
Instructional staff services	2,238,102	
Less: equipment for instructional staff services	<u>-</u>	
Net instructional staff services		2,238,102
School administration	6,338,843	
Less: equipment for school administration	<u>-</u>	
Net school administration		<u>6,338,843</u>
Total General Fund instructional expenditures (total of column B)		<u>\$ 45,858,618</u>
Total General Fund equipment expenditures		<u>\$ -</u>
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
Total local taxation revenue		<u>\$ -</u>
Total local earnings on investment in real property		<u>\$ -</u>
Total state revenue in lieu of taxes		<u>\$ -</u>
Nonpublic textbook revenue		<u>\$ -</u>
Nonpublic transportation revenue		<u>\$ -</u>

KIPP NEW ORLEANS, INC. AND SUBSIDIARY
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2025
AS OF OCTOBER 1, 2024

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	16%	62	75%	287	8%	32	0%	-
Elementary/Activity Classes	11%	2	84%	16	5%	1	0%	-
Middle/Jr. High	42%	193	44%	202	14%	67	0%	2
Middle/Jr. High Activity Classes	21%	23	62%	68	12%	13	5%	5
High	61%	444	19%	139	18%	134	1%	10
High Activity Classes	28%	10	39%	14	22%	8	11%	4
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

KIPP NEW ORLEANS, INC.
CORRECTIVE ACTION PLAN – BESE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2025

December 6, 2025

Louisiana Legislative Auditor

KIPP New Orleans, Inc. respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: July 1, 2024 – June 30, 2025

The exceptions from the Agreed-Upon Procedures Report are discussed below:

Education Levels/Experience of Public School Staff (NO SCHEDULE)

Exceptions: Three of twenty-five employees education level did not match and two out of twenty-five employees years of experience did not match the roll books.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please call Katie Walmsey at (504) 619-9163.

Sincerely,



Signature

CFO

Title