



KIPP NYC PUBLIC CHARTER SCHOOLS

**CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
JUNE 30, 2023 AND 2022**

KIPP NYC PUBLIC CHARTER SCHOOLS

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June 30, 2023 and 2022

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**Unmodified Opinion on Financial Statements Accompanied by Supplementary
Information – Not-For-Profit Entity**

Independent Auditor's Report

To the Board of Directors of
KIPP NYC Public Charter Schools:

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of KIPP NYC Public Charter Schools (a New York nonprofit corporation) (the School), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of KIPP NYC Public Charter Schools as of June 30, 2023, and the changes in their net assets and their cash flows for the year 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 the School 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 opinion.

Emphasis of Matter - Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, effective July 1, 2022, the School adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the optional transition method which does not require prior periods to be recast. Our opinion is not modified with respect to that matter.

Adjustment to Prior Period Financial Statements

The consolidated financial statements of the School as of and for the year ended June 30, 2022, were audited by other auditors whose report dated October 28, 2022, expressed an unmodified opinion on those consolidated financial statements. As more fully described in Note 15 to the consolidated financial statements, the School has restated its fiscal year 2022 consolidated financial statements during the current year to properly state certain account balances, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the fiscal year 2022 consolidated financial statements before the restatement.

Adjustment to Prior Period Financial Statements (Continued)

As part of our audit of the fiscal year 2023 consolidated financial statements, we also audited the adjustments described in Note 15 that were applied to restate the fiscal year 2022 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the fiscal year 2022 consolidated financial statements of the School other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the fiscal year 2022 consolidated financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated 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 the School's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 the School'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 20 through 34 and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2023, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 supplementary information shown on pages 20 through 34 and the Schedule of Expenditures of Federal Awards are 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 November 29, 2023, on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

AAFCPA, Inc.

Westborough, Massachusetts
November 29, 2023

KIPP NYC PUBLIC CHARTER SCHOOLS

 Consolidated Statements of Financial Position
 June 30, 2023 and 2022

Assets	2023	2022 (As Restated)
Current Assets:		
Cash and cash equivalents	\$ 11,328,875	\$ 15,505,321
Grants and contracts receivable	6,387,050	6,768,392
Prepaid expenses and other assets	7,435,477	6,553,654
Total current assets	25,151,402	28,827,367
Other Assets:		
Right-of-use lease assets - operating, net	42,418,762	-
Right-of-use lease assets - finance	553,376	-
Property and equipment, net	6,660,164	6,610,756
Total assets	<u>\$ 74,783,704</u>	<u>\$ 35,438,123</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of loan payable	\$ 200,000	\$ 100,000
Current portion of finance lease liabilities	153,141	245,803
Current portion of operating lease liabilities	4,379,252	-
Accounts payable and accrued expenses	4,714,012	5,836,247
Due to KIPP NYC Enterprise	289,254	4,436,631
Deferred revenue	166,332	794,644
Deferred rent	-	1,976,021
Total current liabilities	9,901,991	13,389,346
Other Liabilities:		
Loan payable, net of current portion	100,000	200,000
Finance lease liabilities, net of current portion	410,926	-
Operating lease liabilities, net of current portion	40,361,597	-
Total liabilities	<u>50,774,514</u>	<u>13,589,346</u>
Net Assets:		
Without donor restrictions	23,936,723	21,540,041
With donor restrictions	72,467	308,736
Total net assets	<u>24,009,190</u>	<u>21,848,777</u>
Total liabilities and net assets	<u>\$ 74,783,704</u>	<u>\$ 35,438,123</u>

KIPP NYC PUBLIC CHARTER SCHOOLS

Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	2023			2022 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Per-pupil tuition	\$ 118,909,553	\$ -	\$ 118,909,553	\$ 107,449,851	\$ -	\$ 107,449,851
Government grants and contracts	28,772,092	-	28,772,092	25,670,373	-	25,670,373
Interest and other	1,018,346	-	1,018,346	533,916	-	533,916
Grants and contributions	56,054	138,715	194,769	868,451	273,491	1,141,942
Donated goods and services	126,080	-	126,080	43,086	-	43,086
Net assets released from purpose restrictions	374,984	(374,984)	-	337,257	(337,257)	-
Total operating revenue	149,257,109	(236,269)	149,020,840	134,902,934	(63,766)	134,839,168
Operating Expenses:						
Program services	127,766,897	-	127,766,897	120,218,587	-	120,218,587
Supporting services	19,093,530	-	19,093,530	16,710,325	-	16,710,325
Total operating expenses	146,860,427	-	146,860,427	136,928,912	-	136,928,912
Changes in net assets from operations	2,396,682	(236,269)	2,160,413	(2,025,978)	(63,766)	(2,089,744)
Net Assets:						
Beginning of year	21,540,041	308,736	21,848,777	23,566,019	372,502	23,938,521
End of year	\$ 23,936,723	\$ 72,467	\$ 24,009,190	\$ 21,540,041	\$ 308,736	\$ 21,848,777

The accompanying notes are an integral part of these consolidated statements.

KIPP NYC PUBLIC CHARTER SCHOOLS

 Consolidated Statements of Cash Flows
 For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u> (As Restated)
Cash Flows from Operating Activities:		
Receipts from per-pupil tuition and government grants and contracts	\$ 146,778,001	\$ 130,255,694
Receipts from other sources	1,869,789	1,675,858
Payments for personnel and related	(98,627,221)	(87,487,042)
Payments for supplies and services	(51,633,033)	(34,070,312)
Payments for interest	(18,780)	-
	<u>(1,631,244)</u>	<u>10,374,198</u>
Net cash provided by (used in) operating activities	(1,631,244)	10,374,198
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(2,225,936)	(1,630,628)
Cash Flows from Financing Activities:		
Principal payments on finance lease liabilities	(319,266)	(245,802)
Net Change in Cash and Cash Equivalents	(4,176,446)	8,497,768
Cash and Cash Equivalents:		
Beginning of year	15,505,321	7,007,553
End of year	<u>\$ 11,328,875</u>	<u>\$ 15,505,321</u>
Reconciliation of Changes in Net Assets to Net Cash and Cash Equivalents		
Provided by (Used in) Operating Activities:		
Changes in net assets	\$ 2,160,413	\$ (2,089,744)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	2,260,682	1,927,304
Non-cash operating lease expense	6,504,581	-
Changes in operating assets and liabilities:		
Grants and contracts receivable	381,342	(2,550,466)
Prepaid expenses and other assets	(881,823)	2,572,772
Change in operating lease liabilities	(4,182,494)	-
Accounts payable and accrued expenses	(1,122,235)	1,639,154
Due to/from KIPP NYC Enterprise	(4,147,377)	6,190,312
Deferred revenue	(628,312)	708,845
Deferred rent	(1,976,021)	1,976,021
	<u>\$ (1,631,244)</u>	<u>\$ 10,374,198</u>
Net cash provided by (used in) operating activities	(1,631,244)	10,374,198
Supplemental Disclosure of Non-Cash Transaction:		
Right-of-use lease assets - operating exchanged for operating lease liabilities	<u>\$ 46,882,227</u>	<u>\$ -</u>
Right-of-use lease assets - finance exchanged for finance lease liabilities	<u>\$ 637,530</u>	<u>\$ -</u>

KIPP NYC PUBLIC CHARTER SCHOOLS

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023					2022 (As Restated)
	Program Services			Support Services		
	Regular Education	Special Education	Total	Management and General	Total Expenses	Total Expenses
Personnel and Related:						
Employee wages	\$ 71,596,705	\$ 5,286,367	\$ 76,883,072	\$ -	\$ 76,883,072	\$ 69,135,452
Payroll taxes and employee benefits	18,212,747	1,323,478	19,536,225	-	19,536,225	17,976,149
Professional development	1,851,641	-	1,851,641	-	1,851,641	1,219,556
Total personnel and related	91,661,093	6,609,845	98,270,938	-	98,270,938	88,331,157
Occupancy and Related:						
Rent	7,303,591	-	7,303,591	-	7,303,591	5,811,454
Security and cleaning	1,980,852	-	1,980,852	-	1,980,852	2,257,425
Depreciation	1,526,048	-	1,526,048	-	1,526,048	1,335,942
Repairs and maintenance	1,067,214	-	1,067,214	-	1,067,214	1,673,980
Insurance	-	-	-	1,003,291	1,003,291	845,360
Contracted services	723,237	-	723,237	-	723,237	1,168,254
Utilities	450,119	-	450,119	-	450,119	389,438
Supplies and equipment	304,733	-	304,733	-	304,733	380,375
Total occupancy and related	13,355,794	-	13,355,794	1,003,291	14,359,085	13,862,228
Other:						
Management fee	-	-	-	17,592,854	17,592,854	15,451,852
Student supplies and materials	5,704,500	22,949	5,727,449	-	5,727,449	5,638,381
Technology	3,728,232	-	3,728,232	-	3,728,232	4,913,287
Contracted services	1,437,230	128,021	1,565,251	-	1,565,251	1,604,171
Office	1,546,960	-	1,546,960	-	1,546,960	1,840,158
Student services	1,429,668	-	1,429,668	-	1,429,668	947,636
Equipment and maintenance	888,017	-	888,017	-	888,017	1,276,666
Depreciation	650,480	-	650,480	-	650,480	591,362
Miscellaneous	54,539	-	54,539	384,343	438,882	666,676
Recruiting	305,639	-	305,639	-	305,639	76,757
Professional fees	132,174	-	132,174	113,042	245,216	432,767
Amortization	84,154	-	84,154	-	84,154	-
Interest	18,780	-	18,780	-	18,780	-
COVID-19 testing	8,822	-	8,822	-	8,822	1,104,599
Grants to related entities	-	-	-	-	-	191,215
Total other	15,989,195	150,970	16,140,165	18,090,239	34,230,404	34,735,527
Total expenses	\$ 121,006,082	\$ 6,760,815	\$ 127,766,897	\$ 19,093,530	\$ 146,860,427	\$ 136,928,912

The accompanying notes are an integral part of these consolidated statements.

KIPP NYC PUBLIC CHARTER SCHOOLS

 Consolidated Statement of Functional Expenses
 For the Year Ended June 30, 2022 (As Restated)

	Program Services			Support Services	
	Regular Education	Special Education	Total	Management and General	Total Expenses
Personnel and Related:					
Employee wages	\$ 64,225,478	\$ 4,909,974	\$ 69,135,452	\$ -	\$ 69,135,452
Payroll taxes and employee benefits	16,859,631	1,116,518	17,976,149	-	17,976,149
Professional development	1,219,556	-	1,219,556	-	1,219,556
Total personnel and related	82,304,665	6,026,492	88,331,157	-	88,331,157
Occupancy and Related:					
Rent	5,811,454	-	5,811,454	-	5,811,454
Security and cleaning	2,257,425	-	2,257,425	-	2,257,425
Depreciation	1,335,942	-	1,335,942	-	1,335,942
Repairs and maintenance	1,673,980	-	1,673,980	-	1,673,980
Insurance	-	-	-	845,360	845,360
Contracted services	1,168,254	-	1,168,254	-	1,168,254
Utilities	389,438	-	389,438	-	389,438
Supplies and equipment	380,375	-	380,375	-	380,375
Total occupancy and related	13,016,868	-	13,016,868	845,360	13,862,228
Other:					
Management fee	-	-	-	15,451,852	15,451,852
Student supplies and materials	5,634,554	3,827	5,638,381	-	5,638,381
Technology	4,913,287	-	4,913,287	-	4,913,287
Contracted services	1,529,217	74,954	1,604,171	-	1,604,171
Office	1,840,158	-	1,840,158	-	1,840,158
Student services	947,636	-	947,636	-	947,636
Equipment and maintenance	1,276,666	-	1,276,666	-	1,276,666
Depreciation	591,362	-	591,362	-	591,362
Miscellaneous	283,574	-	283,574	383,102	666,676
Recruiting	76,757	-	76,757	-	76,757
Professional fees	402,756	-	402,756	30,011	432,767
COVID-19 testing	1,104,599	-	1,104,599	-	1,104,599
Grants to related entities	191,215	-	191,215	-	191,215
Total other	18,791,781	78,781	18,870,562	15,864,965	34,735,527
Total expenses	\$ 114,113,314	\$ 6,105,273	\$ 120,218,587	\$ 16,710,325	\$ 136,928,912

The accompanying notes are an integral part of these consolidated statements.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS

KIPP NYC Public Charter Schools (the School) is an education corporation consisting of the consolidation of the former KIPP NYC Washington Heights Academy Charter School (Washington Heights), KIPP STAR College Prep Charter School (STAR), KIPP Infinity Charter School (Infinity), KIPP Always Mentally Prepared Academy Charter School (AMP), KIPP Freedom Charter School (Freedom), KIPP Bronx Charter School II, KIPP Bronx Charter School III, and KIPP Beyond Charter School. In fiscal years 2023 and 2022, the School served students in grades kindergarten through twelve. The schools have aligned the charter renewal timings to all be on the same timeline to increase operational efficiency. All eight charters are undergoing the renewal process during fiscal year 2024.

The School is exempt from Federal income taxes as an organization (not private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The School is also exempt from state income taxes. Contributions made to the School are deductible within the requirements of the IRC.

The School served approximately 6,070 and 5,700 students in fiscal years 2023 and 2022, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School prepares its consolidated financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Consolidation

The consolidated financial statements include the accounts of the KIPP NYC Public Charter Schools and its eight wholly-owned subsidiaries: Washington Heights PCS, LLC, STAR Harlem PCS, LLC, Infinity PCS, LLC, AMP PCS, LLC, Freedom PCS, LLC, Bronx PCS II, Bronx PCS III, and KIPP Beyond PCS, LLC (collectively, KIPP PCS). All intercompany accounts and transactions have been eliminated in consolidation.

Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in Topic 840, *Leases*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position for operating leases. The School adopted Topic 842 effective July 1, 2022, using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption remains as originally reported under Topic 840. The School elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the School to carry forward the historical lease classification, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease. The School also elected to combine lease and non-lease components and to exclude short-term leases from the consolidated statements of financial position. The School did not elect the hindsight practical expedient in determining the lease terms for existing leases as of July 1, 2022.

The most significant impact of adoption was the recognition of operating lease assets and operating lease liabilities of \$46,882,227 and \$48,923,343, respectively, as of July 1, 2022, while the School's accounting for finance leases remained substantially unchanged. As part of this adoption, the School also modified its control procedures and processes, none of which materially affected the internal control over financial reporting.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement (Continued)

The cumulative effect of the changes made to the consolidated statement of financial position for the adoption of the new lease standard as of July 1, 2022, was as follows:

<u>Consolidated Statement of Financial Position</u>	<u>As Previously Reported</u>	<u>Effect of Adoption</u>	<u>As Adjusted</u>
Right-of-use lease assets - operating	\$ -	\$ 46,882,227	\$ 46,882,227
Operating lease liabilities	\$ -	\$ 48,923,343	\$ 48,923,343
Deferred rent	\$ 1,976,021	\$ (2,041,116)	\$ (65,095)

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, management considers all highly liquid investments with an initial maturity of ninety days or less to be cash and cash equivalents. Cash and cash equivalents at June 30, 2023 and 2022, includes an escrow account with balances of \$300,000 and \$275,000, respectively, established by the School in accordance with the terms of its charter agreement. The escrow account was adequately funded as of June 30, 2023 and 2022. This account must be held in a separate account and can only be used in the event the School closes.

Grants and Contracts Receivable

Reserves for grants and contracts receivable are recorded based on management's analysis of specific grants and contracts receivable and their estimate of amounts that may become uncollectible, if any. Amounts are written off when they are determined to be uncollectible. There was no reserve deemed necessary at June 30, 2023 and 2022.

Property and Equipment and Depreciation

Property and equipment (see Note 5) are recorded at cost, if purchased, with a cost of \$2,500 or greater and a useful life of greater than one year, or at fair value at the date of donation. Repair and maintenance costs are expensed when incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	3 - 7 years
Technology and equipment	3 - 15 years
Leasehold improvements	3 - 15 years

Improvements to the facility are amortized over the useful life as there is no set lease term for the school building.

Leases

The School assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The School only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the consolidated statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Leases (Continued)**

All of the School's leases are presented as ROU assets with a corresponding current and long-term lease liability in the accompanying consolidated statements of financial position. ROU assets represent the School's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The School uses the implicit discount rate when it is readily determinable. Since the School's leases do not provide an implicit rate, the School uses the risk-free discount rate at the lease commencement date to determine the present value of the lease payments. Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The School's lease terms may include options to extend or terminate leases when it is reasonably certain that the options will be exercised.

Net Assets Classification*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the School.

Net Assets With Donor Restrictions

The School receives contributions and grants that are designated by donors for specific time periods or purposes. These contributions are recorded as net assets with donor restrictions until they have been expended for their designated purposes or as time restrictions expired. Net assets with donor restrictions are restricted for purpose at June 30, 2023 and 2022.

Revenue Recognition

The School's main sources of revenue are per-pupil tuition, government grants and contracts, and grants and contributions. These amounts have been recorded in accordance with FASB's ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions*. These conditional contributions are recognized as services are provided or as costs are incurred.

In accordance with Topic 958, the School must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the School should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. These amounts are reflected as deferred revenue in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Unconditional contributions without donor restrictions are recorded as revenue and net assets without donor restrictions when unconditionally received or committed by the donor. Grants and contributions with donor restrictions are generally transferred to revenues and net assets without donor restrictions as services are performed, costs are incurred, or through the passage of time.

Interest and other income is recorded as earned.

Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The School follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All of the School's qualifying assets and liabilities are valued using Level 1 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Allocation of Expenses**

The costs of providing services have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets and functional expenses. Allocation of expenses to program services and support services is completed by direct expenses related to each function and based on enrollment, where applicable. Allocated expenses include employee wages and payroll taxes and employee benefits.

Income Taxes

The School accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidated financial statements regarding a tax position taken or expected to be taken in a tax return. The School has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidated financial statements at June 30, 2023 and 2022. The School's informational returns are subject to examination by the appropriate jurisdictions.

Donated Goods and Services

The School receives donated goods and services. These amounts, which are based upon information provided by the donors who contributed these goods and services, are recorded at their estimated fair value determined on the date of contribution. Donated goods and services consist of food commodities for the years ended June 30, 2023 and 2022, and are included in donated goods and services in the accompanying consolidated statements of activities and changes in net assets and student supplies and materials in the accompanying consolidated statements of functional expenses. Donated goods and services were utilized by the School's program services and there were no donor-imposed restrictions associated with them.

The School also receives the services of volunteers who have made significant contributions of their time in furtherance of the School's mission. These services were not reflected in the accompanying consolidated statements of activities and changes in net assets because they do not meet the necessary criteria for recognition under U.S. GAAP.

The School occupies facilities through agreements with the New York City Department of Education at no charge (see Note 9). In addition, the New York City Department of Food Services provides free and reduced-price lunches, and the New York City Department of Transportation provides transportation vouchers directly to a majority of the School's students. The School was unable to determine a value for these services.

Subsequent Events

Subsequent events have been evaluated through November 29, 2023, which is the date the consolidated financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the consolidated financial statements other than those disclosed in Notes 6 and 10.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

3. LIQUIDITY

The School regularly monitors liquidity required to meet its operating needs and commitments, while also striving to maximize the investment of available funds. For purposes of analyzing resources available to meet general expenditures over the next year, the School considers all expenditures related to its ongoing school activities of teaching, educating, and other school activities. In addition to financial assets available to meet general expenditures over the next year, the School operates with a balanced budget and anticipates collecting sufficient revenue from state and local per-pupil subsidy and Federal and state grants and contributions in the next fiscal year to cover general expenditures.

As of June 30, 2023 and 2022, the following financial assets could be readily made available within one year of the consolidated statements of financial position date meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 11,328,875	\$ 15,505,321
Grants and contracts receivable	<u>6,387,050</u>	<u>6,768,392</u>
	17,715,925	22,273,713
Less - cash escrow	(300,000)	(275,000)
Less - donor-imposed restrictions	<u>(72,467)</u>	<u>(308,736)</u>
Total	<u>\$ 17,343,458</u>	<u>\$ 21,689,977</u>

4. KIPP NYC ENTERPRISE

The School is related to KIPP Academy Charter Schools through overlapping governance. Although not formally related to any other organizations, the School's mission is aligned with a set of other tax-exempt organizations, all of which support education in New York City. The other mission-aligned tax-exempt organizations include KIPP New York, Inc. (KNYI) (including its wholly-owned subsidiary limited liability companies), KIPP Facilities Holdings, Inc. (including its wholly-owned subsidiary limited liability companies), and PCS Properties Foundation, Inc. (collectively referred to as the KIPP NYC Enterprise). From time-to-time, these organizations support each other through access to capital in support of their missions. These amounts are reflected in the accompanying consolidated statements of financial position as due to KIPP NYC Enterprise.

Amounts due to and from the KIPP NYC Enterprise represent short-term timing differences of expenses incurred on behalf of the School that have not been paid or received as of the consolidated financial statement date.

In addition, the School leases and subleases spaces from subsidiaries of KNYI, subleases space from a subsidiary of KIPP Facilities Holdings, Inc., and leases space from a subsidiary of PCS Properties Foundation, Inc. (see Note 10), and a subsidiary of KNYI provides management services to the School (see Note 12).

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 731,681	\$ 688,076
Technology and equipment	8,310,114	7,976,156
Leasehold improvements	12,123,986	11,467,057
Work-in-progress	<u>1,240,767</u>	<u>49,323</u>
	22,406,548	20,180,612
Less - accumulated depreciation	<u>15,746,384</u>	<u>13,569,856</u>
Property and equipment, net	<u>\$ 6,660,164</u>	<u>\$ 6,610,756</u>

Work-in-progress at June 30, 2023 and 2022, consists of various projects that were underway at year-end. These assets will begin to be depreciated when placed in service.

6. LOAN PAYABLE

The School has entered into a \$300,000 unsecured loan agreement with KIPP Foundation, bearing interest at 1% per annum and maturing on June 30, 2025. As of June 30, 2023 and 2022, the outstanding principal balance of this loan was \$300,000. Interest expense incurred for the years ended June 30, 2023 and 2022, was \$3,000. Principal payments of \$100,000 are due annually beginning on June 30, 2023. The fiscal year 2023 principal payment was made subsequent to June 30, 2023.

Minimum loan payments are as follows for each of the fiscal years ending:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 200,000
2025	<u>100,000</u>
Total	<u>\$ 300,000</u>

7. PENSION PLANS

The School is part of the KIPP NYC 403(b) Retirement Plan, a multiemployer defined contribution plan, under Section 403(b) of the IRC, which employees of the School can elect to contribute. Employees who choose this plan can contribute up to the level set by the Internal Revenue Service. The employer match is a discretionary contribution. The employer contributions to the plan totaled \$2,265,685 and \$2,127,604 for the years ended June 30, 2023 and 2022, respectively, and are included in payroll taxes and employee benefits in the accompanying consolidated statements of functional expenses.

The School also contributes to the Teachers Retirement System of the City of New York, a multiemployer defined benefit pension plan (the Plan), on behalf of eligible teachers. The Plan provides New York City educators with retirement, disability, and death benefit services. The School's participation in the Plan constitutes less than 1% of total plan contributions. The funded status of the Plan was 80.4% at June 30, 2020, the date of the most recent actuarial calculation as indicated in the June 30, 2022 plan audit. The amount charged to operations for contributions to this Plan totaled \$532,601 and \$689,375 for the years ended June 30, 2023 and 2022, respectively, and are included in payroll taxes and employee benefits in the accompanying consolidated statements of functional expenses.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

8. CAPITAL LEASE OBLIGATION

In September 2018, the School and KIPP Academy Charter School entered into a lease for computer equipment under a capital lease that expired in 2023. As of June 30, 2022, the leased equipment is reflected at a cost of \$1,299,870 and related accumulated depreciation of \$1,054,067. The lease required annual principal payments of \$245,803. The capital lease agreement states the total annual payments are equal to the cost value of the leased equipment and no interest is included in the payments. This lease was paid in full during fiscal year 2023.

9. SCHOOL FACILITIES

The School occupies several facilities at no cost. The School has an agreement with the New York City Department of Education for the following dedicated and shared space:

- P.S. 125, a New York City public school, located at 433 West 123rd Street, New York City, New York;
- P.S. 115, New York City public school, located at 586 West 177th Street, New York City, New York;
- I.S. 90, a New York City public school, located at 21 Jumel Place, New York City, New York;
- M.S. 390, a New York City public school, located at 1224 Park Place, Brooklyn, New York;
- M.S. 195, a New York City public school, located at 625 West 133rd Street, New York City, New York;
- X859, a New York City public school, located at 2246 Jerome Avenue, Bronx, New York;
- P.S. 44, a New York City public school, located at 1825 Prospect Avenue, Bronx, New York; and
- M.S. 45, a New York City public school, located at 2502 Lorillard Place, Bronx, New York.

The School is responsible for any overtime-related costs for services provided beyond regular opening hours in all facilities. Costs for these kinds of services are included in contracted services in the accompanying consolidated statements of functional expenses.

The School also occupies approximately 132,500 square feet of space at 201 East 144th Street in the South Bronx, where the joint high school for KIPP NYC Public Charter Schools and KIPP Academy Charter School resides. The facility was provided to the School at no cost, but the School must provide for continuing maintenance and operating expenses. The expenses are also included in repairs and maintenance in the accompanying consolidated statements of functional expenses.

10. LEASES

Operating Leases

The School rents two facilities under operating lease agreements. The School is also responsible for its proportionate share of facility maintenance, repairs, utilities, safety, and other expenses as stated in the agreements.

On March 24, 2021, a subsidiary of KNYI and the School entered into a sublease for the facility located at 501 Gerard Avenue, Bronx, New York. The sublease was amended and restated on November 30, 2021, and on January 20, 2023. The term of the sublease payments started on September 1, 2021, and is through June 30, 2042. The School has an option to terminate at its first option on June 30, 2032.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

10. LEASES (Continued)

Operating Leases (Continued)

On July 26, 2021, a subsidiary of KIPP Facilities Holdings, Inc. and the School entered into a sublease agreement for the facility located at 533-535 West 121st Street, New York. The sublease commenced on August 1, 2021, and terminates on July 30, 2028.

The School has also entered into three additional facility lease agreements (for the Macombs Facility, the Jerome Facility and the Canal Facility) and one equipment lease agreement (for Canal Equipment) with subsidiaries of KNYI and PCS Properties Foundation, Inc. The Macombs Facility and Jerome Facility leases commenced on August 26, 2023, at the time of substantial completion. Rent for the Canal Facility lease and the Canal Equipment lease have not commenced yet as the facility is under construction and the rent commencement date is the date of substantial completion. Management expects substantial completion for school year 2025-2026. The School has made a payment of \$5,453,000 in connection with the Canal Facility and Canal Equipment leases, which is included in prepaid expenses and other assets as of June 30, 2023 and 2022.

The School has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. The School has elected the practical expedient to not include these leases within the operating ROU assets and lease liabilities.

The following summarizes facility lease costs for the year ended June 30, 2023:

Facility Lease Costs:

Operating lease cost (included in rent expense)	\$ 5,806,388
Add - variable lease cost (included in rent expense)	1,490,553
Add - short-term lease costs (included in rent expense)	<u>6,650</u>
Total lease costs (rent expense)	<u>\$ 7,303,591</u>

The maturities of operating lease liabilities by fiscal year as of June 30, 2023, are as follows:

2024	\$ 5,598,637
2025	5,672,439
2026	5,790,767
2027	5,866,859
2028	5,944,597
Thereafter	<u>21,871,650</u>
Total	50,744,949
Less - present value discount	<u>6,004,100</u>
Present value of lease liabilities	<u>\$ 44,740,849</u>

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

10. LEASES (Continued)

Operating Leases (Continued)

The following summarizes the weighted-average remaining lease term and discount rate for operating leases as of June 30, 2023:

Weighted-average remaining lease term (years)	8.51 years
Weighted-average discount rate	2.9%

The following summarizes the line items in the accompanying consolidated statement of financial position which include amounts for operating leases as of June 30, 2023:

Right-of-use lease assets - operating	\$ 46,882,227
Less - accumulated amortization	<u>(4,463,465)</u>
Right-of-use lease assets - operating, net	<u>\$ 42,418,762</u>
Operating lease liabilities:	
Current portion	\$ 4,379,252
Long-term portion	<u>40,361,597</u>
Total operating lease liabilities	<u>\$ 44,740,849</u>

In accordance with Topic 840, the School recognized rent expense on a straight-line basis over the term of the leases regardless of actual cash payments. Facility rent expense was \$5,811,454 for the year ended June 30, 2022, and is reflected as rent in the accompanying consolidated statement of functional expenses. At June 30, 2022, the School had \$1,976,021 of deferred rent.

The following is a schedule of future minimum lease payments by fiscal year in accordance with the lease agreements as of June 30, 2022:

2023	\$ 5,525,416
2024	5,598,637
2025	5,672,439
2026	5,790,767
2027	5,866,859
Thereafter	<u>27,816,247</u>
Total	<u>\$ 56,270,365</u>

Finance Lease

The School leases office equipment under a finance lease agreement effective December 2022 and expiring in December 2026.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

10. LEASES (Continued)

Finance Lease (Continued)

The following summarizes the line items in the accompanying consolidated statement of financial position which include amounts for finance leases as of June 30, 2023:

Right-of-use lease assets - finance	\$ 637,530
Less - accumulated amortization	<u>(84,154)</u>
Right-of-use lease assets - finance	<u>\$ 553,376</u>
Finance lease liabilities:	
Current portion	\$ 153,141
Long-term portion	<u>410,926</u>
Total finance lease liabilities	<u>\$ 564,067</u>

The following summarizes the line items in the accompanying consolidated statement of activities and changes in net assets which include the components of finance lease expense for the year ended June 30, 2023:

Amortization of lease asset presented as amortization expense	\$ 84,154
Interest on finance lease liabilities included in interest expense	<u>12,780</u>
Total lease expense	<u>\$ 96,934</u>

The maturities of finance lease liabilities by fiscal year as of June 30, 2023, are as follows:

2024	\$ 172,486
2025	172,486
2026	172,486
2027	<u>86,242</u>
Total	603,700
Less - present value discount	<u>(39,633)</u>
Present value of lease liabilities	<u>\$ 564,067</u>

The following summarizes the weighted-average remaining lease term and discount rate for finance lease as of June 30, 2023:

Weighted-average remaining lease term (years)	3.42 years
Weighted-average discount rate	4.0%

11. TRADEMARK LICENSE AGREEMENT

The Knowledge is Power Program Foundation (KIPP Foundation) is a national, nonprofit organization that trains school leaders to open and run academically rigorous public schools. The School is a member of KIPP Foundation's KIPP Network of Schools and, as such, is eligible for a range of benefits and fee-based services.

11. TRADEMARK LICENSE AGREEMENT (Continued)

The School has entered into a trademark license agreement with KIPP Foundation subject to a license fee of 1% per-pupil operating revenue not to exceed \$30,000 per elementary school, middle school, or high school. The School incurred licensing fees amounting to \$384,343 and \$383,102 for the years ended June 30, 2023 and 2022, respectively, which are included in miscellaneous expense in the accompanying consolidated statements of functional expenses.

The School can elect to terminate this agreement. However, if the School elects to terminate the agreement, it is required to reimburse KIPP Foundation up to \$300,000, which is intended to offset costs KIPP Foundation incurred in the training of staff and assistance in opening the School.

12. SHARED SERVICES AGREEMENT

The School is party to a fee agreement with KIPP NYC, LLC (LLC), a wholly-owned disregarded entity of KNYI (see Note 4), for the back-office functions. The management fee is 12% of the revenue as defined in the services agreement. The School incurred a management fee to LLC in the amount of \$17,592,854 and \$15,451,852 for the years ended June 30, 2023 and 2022, respectively. The amount due to LLC for shared services as of June 30, 2023 and 2022, was \$2,162,504 and \$687,796, respectively, and is included in accounts payable and accrued expenses as of June 30, 2023 and 2022.

13. FUNDING AND CONCENTRATIONS

The School receives significant funding from the State of New York for its per-pupil tuition revenue and grant support. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the consolidated statements of financial position of the School as of June 30, 2023 and 2022, or on the consolidated changes in net assets for the years then ended.

The School received approximately 99% of its revenue from the State of New York for the years ended June 30, 2023 and 2022. Approximately 91% and 88% of grants and contracts receivable are due from the State of New York at June 30, 2023 and 2022, respectively.

The School maintains its cash balances in a New York bank, which is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, these cash balances exceeded the insured amount. The School has not experienced any losses in such accounts. The School's management believes the School is not exposed to any significant credit risk on cash and cash equivalents.

14. CONTINGENCIES

The School, from time-to-time, is the defendant in lawsuits. It is management's experience that the results of these infrequent actions will not have a material impact on the consolidated statements of activities and changes in net assets of the School. Accordingly, no amounts have been reflected in the accompanying consolidated financial statements.

KIPP NYC PUBLIC CHARTER SCHOOLS

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

15. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2023, the School became aware of certain amounts within the consolidated financial statements for the year ended June 30, 2022, were improperly stated. The effect of this misstatement resulted in an overstatement of operating revenue by \$1,040,296, overstatement of operating expenses by \$87,089, overstatement of net assets without donor restrictions by \$953,207, and an understatement of current liabilities by \$953,207.

The effect of the restatement on the consolidated changes in net assets and the consolidated financial position as of and for the year ended June 30, 2022, is as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Operating revenue	\$ 135,879,464	\$ (1,040,296)	\$ 134,839,168
Operating expenses	\$ 137,016,001	\$ (87,089)	\$ 136,928,912
Changes in net assets from operations	\$ (1,136,537)	\$ (953,207)	\$ (2,089,744)
Current liabilities	\$ 12,436,139	\$ 953,207	\$ 13,389,346
Net assets without donor restrictions	\$ 22,493,248	\$ (953,207)	\$ 21,540,041

16. RECLASSIFICATIONS

Certain amounts in the fiscal year 2022 consolidated financial statements have been reclassified to conform with the fiscal year 2023 presentation.

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Financial Position by Entity
June 30, 2023

	KIPP Star College Prep	KIPP NYC Washington Heights Academy	KIPP AMP Academy	KIPP Infinity	KIPP Freedom	KIPP Bronx II	KIPP Bronx III	KIPP Beyond	KIPP PCS	Total
Assets										
Current Assets:										
Cash and cash equivalents	\$ 1,278,030	\$ 3,183,361	\$ 1,861,298	\$ 1,380,012	\$ 1,219,380	\$ 322,131	\$ 1,061,678	\$ 163,830	\$ 859,155	\$ 11,328,875
Grants and contracts receivable	809,039	506,702	454,002	1,395,841	473,054	1,077,205	1,290,227	202,825	178,155	6,387,050
Prepaid expenses and other assets	1,049,083	1,569,690	1,224,692	132,318	1,073,638	584,440	1,715,757	85,859	-	7,435,477
Total current assets	3,136,152	5,259,753	3,539,992	2,908,171	2,766,072	1,983,776	4,067,662	452,514	1,037,310	25,151,402
Other Assets:										
Right-of-use lease assets - operating	-	-	-	-	-	7,776,028	30,026,735	4,615,999	-	42,418,762
Right-of-use lease assets - finance	-	-	-	-	-	-	-	-	553,376	553,376
Property and equipment, net	203,830	973,560	1,475,904	834,756	1,123,510	1,116,666	296,566	635,372	-	6,660,164
Total assets	<u>\$ 3,339,982</u>	<u>\$ 6,233,313</u>	<u>\$ 5,015,896</u>	<u>\$ 3,742,927</u>	<u>\$ 3,889,582</u>	<u>\$ 10,876,470</u>	<u>\$ 34,390,963</u>	<u>\$ 5,703,885</u>	<u>\$ 1,590,686</u>	<u>\$ 74,783,704</u>
Liabilities and Net Assets										
Current Liabilities:										
Current portion of loan payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Current portion of operating lease liabilities	-	-	-	-	-	730,653	2,821,379	827,220	-	4,379,252
Current portion of finance lease liabilities	-	-	-	-	-	-	-	-	153,141	153,141
Accounts payable and accrued expenses	393,362	290,311	289,302	1,390,687	400,554	407,600	756,256	60,207	725,733	4,714,012
Due to (from) KIPP NYC Enterprise	(1,458,138)	(10,189,254)	(4,190,419)	8,264,302	2,419,441	368,614	2,819,267	3,307,214	(1,051,773)	289,254
Deferred revenue	-	70,181	41,376	30,269	16,740	7,766	-	-	-	166,332
Total current liabilities	(1,064,776)	(9,828,762)	(3,859,741)	9,685,258	2,836,735	1,514,633	6,396,902	4,194,641	27,101	9,901,991
Other Liabilities:										
Loan payable, net of current portion	-	-	-	-	-	-	-	-	100,000	100,000
Operating lease liabilities, net of current portion	-	-	-	-	-	7,499,312	28,958,208	3,904,077	-	40,361,597
Finance lease liabilities, net of current portion	-	-	-	-	-	-	-	-	410,926	410,926
Total liabilities	<u>(1,064,776)</u>	<u>(9,828,762)</u>	<u>(3,859,741)</u>	<u>9,685,258</u>	<u>2,836,735</u>	<u>9,013,945</u>	<u>35,355,110</u>	<u>8,098,718</u>	<u>538,027</u>	<u>50,774,514</u>
Net Assets:										
Without donor restrictions	4,393,209	16,057,771	8,869,556	(5,991,364)	1,051,347	1,862,525	(964,147)	(2,394,833)	1,052,659	23,936,723
With donor restrictions	11,549	4,304	6,081	49,033	1,500	-	-	-	-	72,467
Total net assets	<u>4,404,758</u>	<u>16,062,075</u>	<u>8,875,637</u>	<u>(5,942,331)</u>	<u>1,052,847</u>	<u>1,862,525</u>	<u>(964,147)</u>	<u>(2,394,833)</u>	<u>1,052,659</u>	<u>24,009,190</u>
Total liabilities and net assets	<u>\$ 3,339,982</u>	<u>\$ 6,233,313</u>	<u>\$ 5,015,896</u>	<u>\$ 3,742,927</u>	<u>\$ 3,889,582</u>	<u>\$ 10,876,470</u>	<u>\$ 34,390,963</u>	<u>\$ 5,703,885</u>	<u>\$ 1,590,686</u>	<u>\$ 74,783,704</u>

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Activities and Changes in Net Assets by Entity
For the Year Ended June 30, 2023

	KIPP Star College Prep			KIPP NYC Washington Heights Academy		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Per-pupil tuition	\$ 14,003,405	\$ -	\$ 14,003,405	\$ 16,138,469	\$ -	\$ 16,138,469
Government grants and contracts	2,988,317	-	2,988,317	2,316,495	-	2,316,495
Interest and other	94,083	-	94,083	73,386	-	73,386
Grants and contributions	-	-	-	-	10,000	10,000
Net assets released from purpose restrictions	-	-	-	24,901	(24,901)	-
Total operating revenue	17,085,805	-	17,085,805	18,553,251	(14,901)	18,538,350
Operating Expenses:						
Program services	14,146,202	-	14,146,202	14,215,716	-	14,215,716
Supporting services	2,190,942	-	2,190,942	2,385,902	-	2,385,902
Total operating expenses	16,337,144	-	16,337,144	16,601,618	-	16,601,618
Changes in net assets from operations	748,661	-	748,661	1,951,633	(14,901)	1,936,732
Net Assets:						
Beginning of year, as restated	3,644,548	11,549	3,656,097	14,106,138	19,205	14,125,343
End of year	\$ 4,393,209	\$ 11,549	\$ 4,404,758	\$ 16,057,771	\$ 4,304	\$ 16,062,075

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Activities and Changes in Net Assets by Entity
For the Year Ended June 30, 2023

	KIPP AMP Academy			KIPP Infinity		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Per-pupil tuition	\$ 16,891,426	\$ -	\$ 16,891,426	\$ 34,509,415	\$ -	\$ 34,509,415
Government grants and contracts	2,371,684	-	2,371,684	7,622,193	-	7,622,193
Interest and other	90,408	-	90,408	426,784	-	426,784
Grants and contributions	-	-	-	16,166	100,635	116,801
Donated goods and services	-	-	-	126,080	-	126,080
Net assets released from purpose restrictions	-	-	-	231,734	(231,734)	-
Total operating revenue	19,353,518	-	19,353,518	42,932,372	(131,099)	42,801,273
Operating Expenses:						
Program services	14,328,430	-	14,328,430	39,571,949	-	39,571,949
Supporting services	2,492,446	-	2,492,446	5,587,763	-	5,587,763
Total operating expenses	16,820,876	-	16,820,876	45,159,712	-	45,159,712
Changes in net assets from operations	2,532,642	-	2,532,642	(2,227,340)	(131,099)	(2,358,439)
Net Assets:						
Beginning of year, as restated	6,336,914	6,081	6,342,995	(3,764,024)	180,132	(3,583,892)
End of year	\$ 8,869,556	\$ 6,081	\$ 8,875,637	\$ (5,991,364)	\$ 49,033	\$ (5,942,331)

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Activities and Changes in Net Assets by Entity
For the Year Ended June 30, 2023

	KIPP Freedom			KIPP Bronx II		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Per-pupil tuition	\$ 13,054,813	\$ -	\$ 13,054,813	\$ 5,720,563	\$ -	\$ 5,720,563
Government grants and contracts	2,234,212	-	2,234,212	3,348,848	-	3,348,848
Interest and other	132,290	-	132,290	25,594	-	25,594
Grants and contributions	-	-	-	6,099	-	6,099
Total operating revenue	15,421,315	-	15,421,315	9,101,104	-	9,101,104
Operating Expenses:						
Program services	12,946,449	-	12,946,449	7,418,155	-	7,418,155
Supporting services	2,010,622	-	2,010,622	1,105,337	-	1,105,337
Total operating expenses	14,957,071	-	14,957,071	8,523,492	-	8,523,492
Changes in net assets from operations	464,244	-	464,244	577,612	-	577,612
Net Assets:						
Beginning of year, as restated	587,103	1,500	588,603	1,284,913	-	1,284,913
End of year	\$ 1,051,347	\$ 1,500	\$ 1,052,847	\$ 1,862,525	\$ -	\$ 1,862,525

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Activities and Changes in Net Assets by Entity
For the Year Ended June 30, 2023

	KIPP Bronx III			KIPP Beyond		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Per-pupil tuition	\$ 15,342,861	\$ -	\$ 15,342,861	\$ 3,248,601	\$ -	\$ 3,248,601
Government grants and contracts	6,487,304	-	6,487,304	1,403,039	-	1,403,039
Interest and other	63,977	-	63,977	25,268	-	25,268
Grants and contributions	25,939	28,080	54,019	-	-	-
Net assets released from purpose restrictions	28,080	(28,080)	-	90,269	(90,269)	-
Total operating revenue	21,948,161	-	21,948,161	4,767,177	(90,269)	4,676,908
Operating Expenses:						
Program services	19,868,943	-	19,868,943	5,089,553	-	5,089,553
Supporting services	2,744,156	-	2,744,156	566,019	-	566,019
Total operating expenses	22,613,099	-	22,613,099	5,655,572	-	5,655,572
Changes in net assets from operations	(664,938)	-	(664,938)	(888,395)	(90,269)	(978,664)
Net Assets:						
Beginning of year, as restated	(299,209)	-	(299,209)	(1,506,438)	90,269	(1,416,169)
End of year	\$ (964,147)	\$ -	\$ (964,147)	\$ (2,394,833)	\$ -	\$ (2,394,833)

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Activities and Changes in Net Assets by Entity For the Year Ended June 30, 2023

		KIPP PCS	
		Without Donor Restrictions	With Donor Restrictions
			Total
Operating Revenue:			
Interest and other	\$ 86,556	\$ -	\$ 86,556
Grants and contributions	7,850	-	7,850
Total operating revenue	94,406	-	94,406
Operating Expenses:			
Program services	181,500	-	181,500
Supporting services	10,343	-	10,343
Total operating expenses	191,843	-	191,843
Changes in net assets from operations	(97,437)	-	(97,437)
Net Assets:			
Beginning of year, as restated	1,150,096	-	1,150,096
End of year	\$ 1,052,659	\$ -	\$ 1,052,659

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP Star College Prep				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 8,985,983	\$ 551,696	\$ 9,537,679	\$ -	\$ 9,537,679
Payroll taxes and employee benefits	2,193,728	138,320	2,332,048	-	2,332,048
Professional development	257,876	-	257,876	-	257,876
Total personnel and related	11,437,587	690,016	12,127,603	-	12,127,603
Occupancy and Related:					
Security and cleaning	69,693	-	69,693	-	69,693
Depreciation	90,940	-	90,940	-	90,940
Repairs and maintenance	160,302	-	160,302	-	160,302
Insurance	-	-	-	124,580	124,580
Contracted services	55,877	-	55,877	-	55,877
Supplies and equipment	9,084	-	9,084	-	9,084
Total occupancy and related	385,896	-	385,896	124,580	510,476
Other:					
Management fee	-	-	-	1,993,996	1,993,996
Student supplies and materials	486,433	1,402	487,835	-	487,835
Technology	492,287	-	492,287	-	492,287
Contracted services	151,593	285	151,878	-	151,878
Office	249,899	-	249,899	-	249,899
Student services	126,274	-	126,274	-	126,274
Equipment and maintenance	56,405	-	56,405	-	56,405
Depreciation	21,296	-	21,296	-	21,296
Miscellaneous	755	-	755	60,000	60,755
Recruiting	38,105	-	38,105	-	38,105
Professional fees	6,796	-	6,796	12,366	19,162
COVID-19 testing	1,173	-	1,173	-	1,173
Total other	1,631,016	1,687	1,632,703	2,066,362	3,699,065
Total expenses	\$ 13,454,499	\$ 691,703	\$ 14,146,202	\$ 2,190,942	\$ 16,337,144

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

KIPP NYC Washington Heights Academy					
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 8,962,059	\$ 493,130	\$ 9,455,189	\$ -	\$ 9,455,189
Payroll taxes and employee benefits	2,192,800	118,142	2,310,942	-	2,310,942
Professional development	201,222	-	201,222	-	201,222
Total personnel and related	11,356,081	611,272	11,967,353	-	11,967,353
Occupancy and Related:					
Security and cleaning	4,480	-	4,480	-	4,480
Depreciation	217,558	-	217,558	-	217,558
Repairs and maintenance	288,245	-	288,245	-	288,245
Insurance	-	-	-	128,846	128,846
Contracted services	62,555	-	62,555	-	62,555
Supplies and equipment	11,814	-	11,814	-	11,814
Total occupancy and related	584,652	-	584,652	128,846	713,498
Other:					
Management fee	-	-	-	2,184,284	2,184,284
Student supplies and materials	420,527	3,805	424,332	-	424,332
Technology	612,025	-	612,025	-	612,025
Contracted services	102,515	-	102,515	-	102,515
Office	152,923	-	152,923	-	152,923
Student services	163,991	-	163,991	-	163,991
Equipment and maintenance	99,999	-	99,999	-	99,999
Depreciation	52,727	-	52,727	-	52,727
Miscellaneous	1,146	-	1,146	60,000	61,146
Recruiting	33,760	-	33,760	-	33,760
Professional fees	19,084	-	19,084	12,772	31,856
COVID-19 testing	1,209	-	1,209	-	1,209
Total other	1,659,906	3,805	1,663,711	2,257,056	3,920,767
Total expenses	\$ 13,600,639	\$ 615,077	\$ 14,215,716	\$ 2,385,902	\$ 16,601,618

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP AMP Academy				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 9,098,701	\$ 367,388	\$ 9,466,089	\$ -	\$ 9,466,089
Payroll taxes and employee benefits	2,335,745	82,044	2,417,789	-	2,417,789
Professional development	217,300	-	217,300	-	217,300
Total personnel and related	11,651,746	449,432	12,101,178	-	12,101,178
Occupancy and Related:					
Depreciation	227,923	-	227,923	-	227,923
Repairs and maintenance	124,949	-	124,949	-	124,949
Insurance	-	-	-	130,897	130,897
Contracted services	64,338	-	64,338	-	64,338
Supplies and equipment	26,591	-	26,591	-	26,591
Total occupancy and related	443,801	-	443,801	130,897	574,698
Other:					
Management fee	-	-	-	2,288,019	2,288,019
Student supplies and materials	457,517	156	457,673	-	457,673
Technology	450,878	-	450,878	-	450,878
Contracted services	225,103	-	225,103	-	225,103
Office	194,718	-	194,718	-	194,718
Student services	285,128	-	285,128	-	285,128
Equipment and maintenance	111,665	-	111,665	-	111,665
Depreciation	25,238	-	25,238	-	25,238
Miscellaneous	1,715	-	1,715	60,000	61,715
Recruiting	20,900	-	20,900	-	20,900
Professional fees	9,193	-	9,193	13,530	22,723
COVID-19 testing	1,240	-	1,240	-	1,240
Total other	1,783,295	156	1,783,451	2,361,549	4,145,000
Total expenses	\$ 13,878,842	\$ 449,588	\$ 14,328,430	\$ 2,492,446	\$ 16,820,876

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP Infinity				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 22,455,504	\$ 1,868,288	\$ 24,323,792	\$ -	\$ 24,323,792
Payroll taxes and employee benefits	6,105,298	439,569	6,544,867	-	6,544,867
Professional development	458,943	-	458,943	-	458,943
Total personnel and related	29,019,745	2,307,857	31,327,602	-	31,327,602
Occupancy and Related:					
Rent	6,650	-	6,650	-	6,650
Security and cleaning	1,076,227	-	1,076,227	-	1,076,227
Depreciation	369,859	-	369,859	-	369,859
Repairs and maintenance	237,181	-	237,181	-	237,181
Insurance	-	-	-	340,741	340,741
Contracted services	233,650	-	233,650	-	233,650
Utilities	381,980	-	381,980	-	381,980
Supplies and equipment	151,227	-	151,227	-	151,227
Total occupancy and related	2,456,774	-	2,456,774	340,741	2,797,515
Other:					
Management fee	-	-	-	5,135,439	5,135,439
Student supplies and materials	3,170,842	11,964	3,182,806	-	3,182,806
Technology	853,290	-	853,290	-	853,290
Contracted services	367,249	73,702	440,951	-	440,951
Office	365,172	-	365,172	-	365,172
Student services	382,993	-	382,993	-	382,993
Equipment and maintenance	226,219	-	226,219	-	226,219
Depreciation	216,028	-	216,028	-	216,028
Miscellaneous	14,463	-	14,463	80,658	95,121
Recruiting	86,195	-	86,195	-	86,195
Professional fees	16,890	-	16,890	30,925	47,815
COVID-19 testing	2,566	-	2,566	-	2,566
Total other	5,701,907	85,666	5,787,573	5,247,022	11,034,595
Total expenses	\$ 37,178,426	\$ 2,393,523	\$ 39,571,949	\$ 5,587,763	\$ 45,159,712

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP Freedom				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 7,685,213	\$ 586,849	\$ 8,272,062	\$ -	\$ 8,272,062
Payroll taxes and employee benefits	1,766,942	161,057	1,927,999	-	1,927,999
Professional development	189,028	-	189,028	-	189,028
Total personnel and related	9,641,183	747,906	10,389,089	-	10,389,089
Occupancy and Related:					
Security and cleaning	1,113	-	1,113	-	1,113
Depreciation	450,108	-	450,108	-	450,108
Repairs and maintenance	104,666	-	104,666	-	104,666
Insurance	-	-	-	109,854	109,854
Contracted services	67,829	-	67,829	-	67,829
Supplies and equipment	19,789	-	19,789	-	19,789
Total occupancy and related	643,505	-	643,505	109,854	753,359
Other:					
Management fee	-	-	-	1,828,684	1,828,684
Student supplies and materials	326,543	20	326,563	-	326,563
Technology	430,155	-	430,155	-	430,155
Contracted services	216,023	39,189	255,212	-	255,212
Office	219,707	-	219,707	-	219,707
Student services	228,644	-	228,644	-	228,644
Equipment and maintenance	134,788	-	134,788	-	134,788
Depreciation	241,898	-	241,898	-	241,898
Miscellaneous	5,524	-	5,524	60,000	65,524
Recruiting	32,010	-	32,010	-	32,010
Professional fees	38,283	-	38,283	12,084	50,367
COVID-19 testing	1,071	-	1,071	-	1,071
Total other	1,874,646	39,209	1,913,855	1,900,768	3,814,623
Total expenses	\$ 12,159,334	\$ 787,115	\$ 12,946,449	\$ 2,010,622	\$ 14,957,071

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP Bronx II				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 3,341,199	\$ 401,534	\$ 3,742,733	\$ -	\$ 3,742,733
Payroll taxes and employee benefits	792,873	108,940	901,813	-	901,813
Professional development	195,114	-	195,114	-	195,114
Total personnel and related	4,329,186	510,474	4,839,660	-	4,839,660
Occupancy and Related:					
Rent	1,281,928	-	1,281,928	-	1,281,928
Security and cleaning	87,633	-	87,633	-	87,633
Depreciation	15,368	-	15,368	-	15,368
Repairs and maintenance	100,945	-	100,945	-	100,945
Insurance	-	-	-	25,801	25,801
Contracted services	40,696	-	40,696	-	40,696
Supplies and equipment	8,940	-	8,940	-	8,940
Total occupancy and related	1,535,510	-	1,535,510	25,801	1,561,311
Other:					
Management fee	-	-	-	1,074,471	1,074,471
Student supplies and materials	286,279	1,268	287,547	-	287,547
Technology	233,480	-	233,480	-	233,480
Contracted services	168,155	11	168,166	-	168,166
Office	88,970	-	88,970	-	88,970
Student services	70,120	-	70,120	-	70,120
Equipment and maintenance	134,246	-	134,246	-	134,246
Depreciation	20,795	-	20,795	-	20,795
Miscellaneous	2,463	-	2,463	-	2,463
Recruiting	34,388	-	34,388	-	34,388
Professional fees	2,546	-	2,546	5,065	7,611
COVID-19 testing	264	-	264	-	264
Total other	1,041,706	1,279	1,042,985	1,079,536	2,122,521
Total expenses	\$ 6,906,402	\$ 511,753	\$ 7,418,155	\$ 1,105,337	\$ 8,523,492

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP Bronx III				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 8,939,361	\$ 898,097	\$ 9,837,458	\$ -	\$ 9,837,458
Payroll taxes and employee benefits	2,300,187	248,367	2,548,554	-	2,548,554
Professional development	283,500	-	283,500	-	283,500
Total personnel and related	11,523,048	1,146,464	12,669,512	-	12,669,512
Occupancy and Related:					
Rent	4,950,098	-	4,950,098	-	4,950,098
Security and cleaning	419,022	-	419,022	-	419,022
Depreciation	8,490	-	8,490	-	8,490
Repairs and maintenance	24,462	-	24,462	-	24,462
Insurance	-	-	-	126,480	126,480
Contracted services	164,841	-	164,841	-	164,841
Utilities	68,139	-	68,139	-	68,139
Supplies and equipment	38,214	-	38,214	-	38,214
Total occupancy and related	5,673,266	-	5,673,266	126,480	5,799,746
Other:					
Management fee	-	-	-	2,540,603	2,540,603
Student supplies and materials	377,765	4,334	382,099	-	382,099
Technology	414,496	-	414,496	-	414,496
Contracted services	174,444	14,834	189,278	-	189,278
Office	222,124	-	222,124	-	222,124
Student services	128,021	-	128,021	-	128,021
Equipment and maintenance	77,320	-	77,320	-	77,320
Depreciation	60,652	-	60,652	-	60,652
Miscellaneous	353	-	353	63,685	64,038
Recruiting	41,099	-	41,099	-	41,099
Professional fees	9,578	-	9,578	13,388	22,966
COVID-19 testing	1,145	-	1,145	-	1,145
Total other	1,506,997	19,168	1,526,165	2,617,676	4,143,841
Total expenses	\$ 18,703,311	\$ 1,165,632	\$ 19,868,943	\$ 2,744,156	\$ 22,613,099

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

	KIPP Beyond				
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Personnel and Related:					
Employee wages	\$ 2,128,685	\$ 119,385	\$ 2,248,070	\$ -	\$ 2,248,070
Payroll taxes and employee benefits	525,174	27,039	552,213	-	552,213
Professional development	48,658	-	48,658	-	48,658
Total personnel and related	2,702,517	146,424	2,848,941	-	2,848,941
Occupancy and Related:					
Rent	1,064,915	-	1,064,915	-	1,064,915
Security and cleaning	322,684	-	322,684	-	322,684
Depreciation	145,802	-	145,802	-	145,802
Repairs and maintenance	26,464	-	26,464	-	26,464
Insurance	-	-	-	16,092	16,092
Contracted services	33,451	-	33,451	-	33,451
Supplies and equipment	39,074	-	39,074	-	39,074
Total occupancy and related	1,632,390	-	1,632,390	16,092	1,648,482
Other:					
Management fee	-	-	-	547,358	547,358
Student supplies and materials	178,594	-	178,594	-	178,594
Technology	241,621	-	241,621	-	241,621
Contracted services	16,153	-	16,153	-	16,153
Office	46,610	-	46,610	-	46,610
Student services	44,497	-	44,497	-	44,497
Equipment and maintenance	47,375	-	47,375	-	47,375
Depreciation	11,846	-	11,846	-	11,846
Miscellaneous	1,192	-	1,192	-	1,192
Recruiting	19,182	-	19,182	-	19,182
Professional fees	998	-	998	2,569	3,567
COVID-19 testing	154	-	154	-	154
Total other	608,222	-	608,222	549,927	1,158,149
Total expenses	\$ 4,943,129	\$ 146,424	\$ 5,089,553	\$ 566,019	\$ 5,655,572

KIPP NYC PUBLIC CHARTER SCHOOLS

Statement of Functional Expenses by Entity
For the Year Ended June 30, 2023

KIPP PCS					
	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Other:					
Contracted services	\$ 15,995	\$ -	\$ 15,995	\$ -	\$ 15,995
Office	6,837	-	6,837	-	6,837
Miscellaneous	26,928	-	26,928	-	26,928
Professional fees	28,806	-	28,806	10,343	39,149
Amortization	84,154	-	84,154	-	84,154
Interest	18,780	-	18,780	-	18,780
Total expenses	<u>\$ 181,500</u>	<u>\$ -</u>	<u>\$ 181,500</u>	<u>\$ 10,343</u>	<u>\$ 191,843</u>

KIPP NYC PUBLIC CHARTER SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed-through New York State Education Department:			
COVID-19 - Education Stabilization Fund	84.425D	5891-21-5445 5891-21-5515 5891-21-5520 5891-21-4294 5891-21-5720 5891-21-4160 5891-21-4282	\$ 1,582,461
COVID-19 - Education Stabilization Fund	84.425U	5880-21-5445 5880-21-5515 5880-21-5520 5880-21-4294 5880-21-4296 5880-21-5720 5880-21-4160 5880-21-4282 5218-21-4282	<u>9,231,724</u>
Total AL No. 84.425			10,814,185
Title I Grants to Local Educational Agencies	84.010	0021-22-5445 0021-22-5515 0021-22-5520 0021-22-4294 0021-22-4296 0021-22-4160 0021-22-4282 0021-23-5445 0021-23-5515 0021-23-5520 0021-23-4294 0021-23-4296 0021-23-5720 0021-23-4160 0021-23-4282	2,690,935
English Language Acquisition State Grants	84.365	0293-23-4282	44,372

KIPP NYC PUBLIC CHARTER SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education: (Continued)			
Passed-through New York State Education Department: (Continued)			
Supporting Effective Instruction State Grants (Formerly, Improving Teacher Quality State Grants)	84.367	0147-22-5445 0147-22-5515 0147-22-5520 0147-22-4294 0147-22-4296 0147-22-5720 0147-22-4160 0147-22-4282 0147-23-5445 0147-23-5515 0147-23-5520 0147-23-4294 0147-23-4296 0147-23-5720 0147-23-4160 0147-23-4282	405,476
Student Support and Academic Enrichment Program	84.424	0204-22-5445 0204-22-5515 0204-22-5520 0204-22-4294 0204-22-4296 0204-22-4160 0204-22-4282 0204-23-5445 0204-23-5515 0204-23-5520 0204-23-4294 0204-23-4296 0204-23-4160 0204-23-4282	190,909
Passed-through KIPP Foundation:			
Supporting Effective Educator Development Program	84.423	29246977	69,658
Total U.S. Department of Education			14,215,535

KIPP NYC PUBLIC CHARTER SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed-through New York State Education Department:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	2,084,522
National School Lunch Program (Food Commodities)	10.555	N/A	126,080
Total AL No. 10.555			2,210,602
School Breakfast Program	10.553	N/A	832,794
Summer Food Service Program for Children	10.559	N/A	187,541
Total Child Nutrition Cluster			3,230,937
COVID-19 - Pandemic EBT Administrative Costs	10.649	N/A	5,019
Total U.S. Department of Agriculture			3,235,956
Federal Communications Commission:			
Passed-through KIPP New York LLC:			
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	223,465
U.S. Department of Health and Human Services:			
Passed-through New York Office of Children and Family Services:			
Child Care and Development Block Grant (CCDF Cluster)	93.575	N/A	304,418
Total Expenditures of Federal Awards			\$ 17,979,374

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the School and is presented on the accrual basis of accounting. The information in this 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).

Note 2. Indirect Cost Rate

The School has elected not to use the 10% de minimis cost rate for its Federal programs.

**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**

Independent Auditor's Report

To the Board of Directors of
KIPP NYC Public Charter Schools:

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 NYC Public Charter Schools (the School), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 consolidated 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 consolidated 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

The School's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAFCPA, Inc.

Westborough, Massachusetts
November 29, 2023

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors of
KIPP NYC Public Charter Schools:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP NYC Public Charter Schools' (the School) 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 the School's major Federal programs for the year ended June 30, 2023. The School's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the School 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 the School's compliance with the compliance requirements referred to above.

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 the School's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the School'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 GAAS, *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 on the previous page 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 the School's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *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 the School'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 the School'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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

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 a 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 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.

Report on Internal Control Over Compliance (Continued)

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.

AAFCPA, Inc.

Westborough, Massachusetts
November 29, 2023

KIPP NYC PUBLIC CHARTER SCHOOLSSchedule of Findings and Questioned Costs
June 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS**Consolidated Financial Statements**

Type of auditor's report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report? Yes X No

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to consolidated financial statements noted? X Yes No**Federal Awards**

Internal control over major Federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
COVID-19 - Education Stabilization Fund	84.425D 84.425U
Title I Grants to Local Educational Agencies	84.010

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes X No

2. CONSOLIDATED FINANCIAL STATEMENT FINDINGS

Material Weakness:

Finding 2023-001

Criteria: The School is required to bill per-pupil tuition based on predetermined rates and number of pupils enrolled and attending the School.

Condition: During fiscal years 2022 and 2023, the School had unreconciled per-pupil tuition billing discrepancies with the New York State Education Department (NYSED) for both general education and special education students. The discrepancies resulted primarily from three types of data: (a) misalignment of the level of service billed compared to the level approved in the Special Education Student Information System, (b) data for students who left the School and for whom residence data in the School system lagged NYSED data, and (c) a misalignment of final attendance information between the School and NYSED data. In fiscal year 2022, the total per-pupil revenue was \$107,449,851 and the amount unreconciled for general education students was \$755,117 and \$180,552 for special education students. There was an unreconciled amount of \$104,627 for rental assistance payments. In fiscal year 2023, the total per-pupil revenue was \$118,909,553 and the amount unreconciled for general education students was \$660,328 and \$466,488 for special education students.

Cause: The School's per-pupil tuition billing software was not being reconciled timely with the student records database which led to the discrepancy in per-pupil tuition billing.

Effect: This resulted in an unreconciled per-pupil tuition amount of \$755,117 for general education students and \$180,552 for special education students in fiscal year 2022 that had a total per-pupil tuition revenue of \$107,449,851. A restatement of the fiscal year 2022 consolidated financial statements of \$1,040,296 was required, which also included an amount of \$104,627 for rental assistance payments. In addition, the fiscal year 2023 unreconciled per-pupil tuition was \$660,328 for general education students and \$466,488 for special education students, which had a total per-pupil tuition revenue of \$118,909,553 and adjusting entries were proposed during the audit fieldwork to properly state the balance.

Recommendation: We recommend the School develop policies and procedures surrounding its student records database and the per-pupil billing software to ensure records are updated concurrently amongst both systems. In addition, these policies and procedures should ensure a reconciliation between both systems is done on a more frequent basis to avoid overbillings and properly state revenue throughout the course of the year. Although these databases are not integrated, management should investigate if there is Robotic Process Automation (RPA) that could eliminate the need for duplicating entries into two systems.

Management's Response: Current management has developed the controls and procedures and will put additional training in place to ensure adherence to updated procedures. Management has widely distributed the new procedures and is working with staff to conduct trainings to ensure per-pupil tuition reconciliations are occurring on a timely basis. The timely reconciliations for both general and special education per-pupil tuition submissions in conjunction with current management conducting additional reviews of financials before providing to auditors for the year-end audit process will prevent client proposed adjustments.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

KIPP NYC PUBLIC CHARTER SCHOOLS

Schedule of Prior Year Findings and Questioned Costs
June 30, 2023

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Financial Statement Findings – Material Weakness

Finding 2022-001

Finding

During the performance of the audit, adjustments for the Gerard Facility operating lease were required to properly record the operating lease rental expense along with its termination option payout on a straight-line basis and record related deferred rent.

Status

Corrective action has been taken during fiscal year 2023. The School adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, and all lease activity was properly recorded during fiscal year 2023. This finding was addressed in fiscal year 2023.