

**KIPP SOCAL PUBLIC SCHOOLS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)**

**INDEPENDENT AUDITORS' REPORT AND CONSOLIDATING
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2023

**School Success Team (SST)
KLARE Holdings and Subsidiaries (KLARE)**

CHARTER SCHOOLS:

**KIPP Academy of Opportunity (KAO) - #530
KIPP Los Angeles College Preparatory School (KLAP) - #531
KIPP Raices Academy (KRA) - #1010
KIPP Comienza Community Prep (KCCP) - #1196
KIPP Empower Academy (KEA) - #1195
KIPP Scholar Academy (KSA) - #1377
KIPP Philosophers Academy (KPA) - #1378
KIPP Sol Academy (KSOL) - #1379
KIPP Iluminar Academy (KIA) - #1508
KIPP Academy of Innovation (KAI) - #1586
KIPP Vida Preparatory Academy (KVPA) - #1587
KIPP Promesa Preparatory (KPP) - #1721
KIPP Ignite Academy (KIG) - #1720
KIPP Corazon Academy (KCA) - #1855
KIPP Compton Community School (KCCS) - #1996
KIPP Pueblo Unido (KPU) - #2041
KIPP Adelante Preparatory Academy (KAPA) - #0550
KIPP Generations Academy (KGA) - #2079
KIPP Poder Public School (KPPS) - #2112
KIPP Endeavor College Preparatory Charter (KECP) - #1094**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of KIPP SoCal Public Schools (KIPP SoCal), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the KIPP SoCal as of June 30, 2023, and the changes in its net assets and its 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 audits 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of KIPP SoCal 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 KIPP SoCal adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KIPP SoCal's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the KIPP SoCal'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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on KIPP SoCal's consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The other accompanying supplementary schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The Local Education Agency Organization Structure, which is marked "unaudited", has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2023 on our consideration of KIPP SoCal'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 on KIPP SoCal's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP SoCal's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California
December 11, 2023

KIPP SoCal PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 91,959,221	\$ 12,987,180	\$ -	\$ 104,946,401
Investments	21,239,285	919,423	-	22,158,708
Restricted Cash and Cash Equivalents	-	22,308,931	-	22,308,931
Accounts Receivable - Federal And State	23,119,299	-	-	23,119,299
Accounts Receivable - Other	869,293	4,750	-	874,043
Intercompany Receivable	30,474,641	509,499	(30,984,140)	-
Prepaid Expenses and Other Assets	674,413	8,294	(186,486)	496,221
Total Current Assets	168,336,152	36,738,077	(31,170,626)	173,903,603
LONG-TERM ASSETS				
Restricted Cash and Cash Equivalents	-	480,959	-	480,959
Restricted Investments	-	6,496,231	-	6,496,231
Investments	10,021,968	-	-	10,021,968
Net Contributions Receivable	-	-	-	-
Deposits	237,556	322,180	(80,500)	479,236
Deferred Rent Asset	-	4,330,428	(4,330,428)	-
Operating Right of Use Assets	237,549,898	17,666,853	(244,404,834)	10,811,917
Financing Right of Use Assets, Net	1,730,709	-	-	1,730,709
Intercompany Notes Receivable	5,400,000	-	(5,400,000)	-
Property, Plant, and Equipment, Net	3,874,659	224,992,249	-	228,866,908
Total Long-Term Assets	258,814,790	254,288,900	(254,215,762)	258,887,928
Total Assets	<u>\$ 427,150,942</u>	<u>\$ 291,026,977</u>	<u>\$ (285,386,388)</u>	<u>\$ 432,791,531</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable - Federal and State	\$ 4,165,856	\$ -	\$ -	\$ 4,165,856
Accounts Payable - Other	7,248,232	713,648	-	7,961,880
Accrued Liabilities	2,560,929	4,137,483	(80,500)	6,617,912
Unearned Revenue	32,225,868	3,879,321	(3,879,321)	32,225,868
Operating Lease Liabilities	6,070,872	559,832	(4,970,025)	1,660,679
Financing Lease Liabilities	473,306	-	-	473,306
Notes Payable, Current Portion	-	126,481	-	126,481
Bonds Payable, Current Portion	-	2,695,000	-	2,695,000
Intercompany Payable	509,499	30,474,641	(30,984,140)	-
Total Current Liabilities	53,254,562	42,586,406	(39,913,986)	55,926,982
LONG-TERM LIABILITIES				
Intercompany Notes Payable	-	5,400,000	(5,400,000)	-
Deferred Rent Liability	-	188,332	(188,332)	-
Operating Lease Liabilities	231,940,944	19,235,614	(239,884,070)	11,292,488
Financing Lease Liabilities	1,279,554	-	-	1,279,554
Grant Fund Reserve Payable	-	516,000	-	516,000
Notes Payable, Net of Current Portion	-	28,906,934	-	28,906,934
Bonds Payable, Net Current Portion	-	178,226,954	-	178,226,954
Total Long-Term Liabilities	233,220,498	232,473,834	(245,472,402)	220,221,930
Total Liabilities	286,475,060	275,060,240	(285,386,388)	276,148,912
NET ASSETS				
Without Donor Restriction	137,803,679	15,966,737	-	153,770,416
With Donor Restriction	2,872,203	-	-	2,872,203
Total Net Assets	140,675,882	15,966,737	-	156,642,619
Total Liabilities and Net Assets	<u>\$ 427,150,942</u>	<u>\$ 291,026,977</u>	<u>\$ (285,386,388)</u>	<u>\$ 432,791,531</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCIAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
REVENUES, WITHOUT DONOR RESTRICTION				
State Revenue:				
Local Funding Formula Sources	\$ 118,328,716	\$ -	\$ -	\$ 118,328,716
Other State Revenue	51,876,387	-	-	51,876,387
Federal Revenue:				
Grants and Entitlements	20,828,322	-	-	20,828,322
Local Revenue:				
Contributions	19,821,932	175,000	-	19,996,932
Other Revenue	741,875	15,441,126	(15,338,706)	844,295
Interest and Investment Income	2,769,368	1,178,284	(54,000)	3,893,652
Total Revenues, Without Donor Restriction	<u>214,366,600</u>	<u>16,794,410</u>	<u>(15,392,706)</u>	<u>215,768,304</u>
Net Assets Released from Restriction	<u>504,000</u>	<u>-</u>	<u>-</u>	<u>504,000</u>
Total Revenues, Without Donor Restriction and Net Assets Released from Restriction	214,870,600	16,794,410	(15,392,706)	216,272,304
EXPENSES				
Program Services Expense:				
Educational Programs	169,107,329	20,551,140	(15,392,706)	174,265,763
Support Services Expense:				
Management and General	24,665,147	280,835	-	24,945,982
Fundraising and Development	1,673,616	-	-	1,673,616
Total Expenses	<u>195,446,092</u>	<u>20,831,975</u>	<u>(15,392,706)</u>	<u>200,885,361</u>
OTHER CHANGES IN NET ASSETS				
Capital Contribution	<u>(5,000,000)</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>
Other Changes in Net Assets	<u>(5,000,000)</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	14,424,508	962,435	-	15,386,943
NET ASSETS WITH DONOR RESTRICTION				
Investment Return	181,833	-	-	181,833
Net Assets Released from Restriction	<u>(504,000)</u>	<u>-</u>	<u>-</u>	<u>(504,000)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	<u>(322,167)</u>	<u>-</u>	<u>-</u>	<u>(322,167)</u>
CHANGE IN NET ASSETS	14,102,341	962,435	-	15,064,776
Net Assets, Beginning of Year	<u>126,573,541</u>	<u>15,004,302</u>	<u>-</u>	<u>141,577,843</u>
NET ASSETS, END OF YEAR	<u>\$ 140,675,882</u>	<u>\$ 15,966,737</u>	<u>\$ -</u>	<u>\$ 156,642,619</u>

See accompanying Notes to Consolidating Financial Statements.

KIPP SoCal PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 14,102,341	\$ 962,435	\$ -	\$ 15,064,776
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	1,189,525	6,483,856	-	7,673,381
Loss on Disposal of Property, Plant, and Equipment	-	3,930,596	-	3,930,596
Unrealized (Gains) and Losses	(692,429)	-	-	(692,429)
Bond Premium and Issue Cost Amortization	-	(668,207)	-	(668,207)
Notes Payable Cost of Issuance Amortization	-	65,789	-	65,789
Amortization of Financing Right of Use Asset	446,680	-	-	446,680
(Increase) and Decrease in Operating Assets:				
Accounts Receivable - Federal and State	18,369,212	-	-	18,369,212
Accounts Receivable - Other	(58,863)	11,369	-	(47,494)
Contributions Receivable	504,000	-	-	504,000
Intercompany Receivable	(3,453,879)	(337,981)	3,791,860	-
Prepaid Expenses	1,639,193	57,746	186,486	1,883,425
Deposits	21,183	146,982	-	168,165
Deferred Rent Asset	515,090	(143,908)	(371,182)	-
Operating Right of Use Assets	(237,549,898)	(17,666,853)	244,404,834	(10,811,917)
Increase and (Decrease) in Operating Liabilities:				
Accounts Payable - Federal and State	2,917,753	-	-	2,917,753
Accounts Payable - Other	1,120,221	(732,583)	-	387,638
Accrued Liabilities	(145,384)	(54,075)	-	(199,459)
Unearned Revenue	20,272,283	1,809,710	262,774	22,344,767
Deferred Rent Liability	(4,441,161)	(2,382,081)	371,182	(6,452,060)
Operating Lease Liabilities	238,011,817	19,795,447	(244,854,095)	12,953,169
Intercompany Payable	337,981	3,453,878	(3,791,859)	-
Net Cash Provided by Operating Activities	53,105,665	14,732,120	-	67,837,785

See accompanying Notes to Consolidating Financial Statements.

KIPP SoCal PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	\$ (111,769,993)	\$ (7,415,654)	\$ -	\$ (119,185,647)
Sale of investments	104,816,451	-	-	104,816,451
Purchases of Property, Plant, and Equipment	(1,071,596)	(25,720,311)	-	(26,791,907)
Net Cash Used by Investing Activities	(8,025,138)	(33,135,965)	-	(41,161,103)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on Finance Leases	(424,528)	-	-	(424,528)
Payments on Notes Payable and Bonds Payable	(151,149)	(8,987,416)	-	(9,138,565)
Net Cash Used by Financing Activities	(575,677)	(8,987,416)	-	(9,563,093)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	44,504,850	(27,391,261)	-	17,113,589
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	47,454,371	63,168,331	-	110,622,702
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 91,959,221</u>	<u>\$ 35,777,070</u>	<u>\$ -</u>	<u>\$ 127,736,291</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Equipment Received in Exchange for Finance Lease	<u>\$ 2,177,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,177,389</u>
Cash Paid for Interest, Net of Capitalized Interest	<u>\$ 17,892</u>	<u>\$ 5,341,463</u>	<u>\$ -</u>	<u>\$ 5,359,355</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ 785,961</u>	<u>\$ -</u>	<u>\$ 785,961</u>
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION				
Cash and Cash Equivalents	\$ 91,959,221	\$ 12,987,180	\$ -	\$ 104,946,401
Restricted Cash and Cash Equivalents, Current	-	22,308,931	-	22,308,931
Restricted Cash and Cash Equivalents, Long-Term	-	480,959	-	480,959
Total Cash and Cash Equivalents	<u>\$ 91,959,221</u>	<u>\$ 35,777,070</u>	<u>\$ -</u>	<u>\$ 127,736,291</u>

See accompanying Notes to Consolidating Financial Statements.
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KIPP SOCAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	KIPP SoCal Public Schools				KLARE				
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Total Expenses	Eliminations	Total Expenses
Salaries and Wages	\$ 74,315,029	\$ 12,231,778	\$ 738,699	\$ 87,285,506	\$ -	\$ -	\$ -	\$ -	\$ 87,285,506
Pension Expense	2,420,551	436,482	27,511	2,884,544	-	-	-	-	2,884,544
Other Employee Benefits	9,136,317	2,336,460	165,983	11,638,760	-	-	-	-	11,638,760
Payroll Taxes	5,435,393	974,762	61,291	6,471,446	-	-	-	-	6,471,446
Management Fees	-	1,183,658	-	1,183,658	-	-	-	-	1,183,658
Legal Expenses	-	230,196	-	230,196	-	67,943	67,943	-	298,139
Accounting Expenses	-	138,707	-	138,707	-	29,402	29,402	-	168,109
Other Fees for Services	18,511,026	3,004,810	-	21,515,836	-	179,986	179,986	-	21,695,822
Advertising and Promotion	766,318	564,763	353,438	1,684,519	-	-	-	-	1,684,519
Office Expenses	2,138,684	519,096	-	2,657,780	-	169	169	-	2,657,949
Information Technology	2,216,626	497,220	33,988	2,747,834	-	-	-	-	2,747,834
Occupancy Expenses	29,780,692	1,739,557	13,711	31,533,960	1,345,635	-	1,345,635	(15,338,706)	17,540,889
Travel Expenses	543,198	-	-	543,198	-	-	-	-	543,198
Conferences and Meetings	1,197,367	-	-	1,197,367	-	-	-	-	1,197,367
Interest Expense	79,519	-	-	79,519	8,246,075	-	8,246,075	(54,000)	8,271,594
Amortization on Financing Leases	446,680	-	-	446,680	-	-	-	-	446,680
Depreciation	1,106,194	83,331	-	1,189,525	6,483,856	-	6,483,856	-	7,673,381
Insurance Expense	661,437	41,115	468	703,020	-	-	-	-	703,020
Instructional Materials & Services	10,165,665	-	-	10,165,665	-	-	-	-	10,165,665
Student Meals	7,038,680	-	-	7,038,680	-	-	-	-	7,038,680
Other Expenses	3,147,953	683,212	278,527	4,109,692	4,475,574	3,335	4,478,909	-	8,588,601
Subtotal	169,107,329	24,665,147	1,673,616	195,446,092	20,551,140	280,835	20,831,975	(15,392,706)	200,885,361
Eliminations	(15,338,706)	-	-	(15,338,706)	(54,000)	-	(54,000)	15,392,706	-
Total Functional Expenses	<u>\$ 153,768,623</u>	<u>\$ 24,665,147</u>	<u>\$ 1,673,616</u>	<u>\$ 180,107,386</u>	<u>\$ 20,497,140</u>	<u>\$ 280,835</u>	<u>\$ 20,777,975</u>	<u>\$ -</u>	<u>\$ 200,885,361</u>

See accompanying Notes to Consolidating Financial Statements.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

KIPP SoCal Public Schools (KIPP SoCal), formerly KIPP LA Schools, was organized in July 2008 as a nonprofit corporation under the laws of the state of California for the purpose of operating public charter schools. KIPP SoCal currently manages 20 charter schools: KIPP Academy of Opportunity, KIPP Los Angeles College Preparatory, KIPP Raíces Academy, KIPP Comienza Community Prep, KIPP Empower Academy, KIPP Scholar Academy, KIPP Philosophers Academy, KIPP Sol Academy, KIPP Iluminar Academy, KIPP Academy of Innovation, KIPP Vida Preparatory Academy, KIPP Promesa Preparatory, KIPP Ignite Academy, KIPP Corazon Academy, KIPP Compton Community School, KIPP Pueblo Unido, KIPP Adelante Preparatory Academy, KIPP Generations Academy, KIPP Poder Public School and KIPP Endeavor College Preparatory Charter. Of the charter schools listed above, 19 charter schools have charters approved by the state of California Department of Education through the Los Angeles Unified School District, the Compton Unified School District, and the San Diego Unified School District. KIPP Poder Public School has been approved by the California Department of Education through the Los Angeles County Office of Education. KIPP SoCal is a participant in the “Knowledge is Power Program” (KIPP). KIPP SoCal charter schools are economically dependent on state and federal funding.

In addition to its schools, KIPP SoCal operates KIPP SoCal School Success Team (SST), which is designed to provide operational, financial, fundraising, advocacy, and facilities services to its charter schools, allowing School Leaders to focus their efforts on instructional leadership. Additionally, the SST leads region-wide sharing best practices, data analysis and academic support, as well as oversight and accountability to ensure all schools and the region meet all state, local, and federal regulatory requirements. These financial statements also include KLARE Holdings (KLARE), a wholly owned nonprofit corporation, which was formed to finance, develop, lease, and maintain certain school facilities for the exclusive support of KIPP SoCal.

Net Assets Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets Classes (Continued)

KIPP SoCal's net assets consisted of the following at June 30:

Net Assets Without Donor Restrictions	
Undesignated	\$ 153,770,416
Total Net Assets Without Donor Restrictions	<u>\$ 153,770,416</u>
Net Assets With Donor Restrictions	
Subject to Specific Purpose:	
Karsh Family Teacher Recognition Fund	\$ 2,872,203
Total Net Assets With Donor Restrictions	<u>\$ 2,872,203</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30:

Release of Restrictions:	
Time Restrictions	\$ 504,000
Total Release of Restrictions	<u>\$ 504,000</u>

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by KIPP SoCal based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

All retained endowment earnings associated with donor-restricted assets are classified as with donor restriction until appropriated for expenditure, even if those earnings are not restricted by the donor.

Cash and Cash Equivalents

KIPP SoCal defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

In accordance with FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, KIPP SoCal reports its investments in marketable securities and other investments at fair value. In addition, ASC 820 affects how KIPP SoCal measures the fair value of investments in certain entities that do not have a quoted market price but calculate net assets value (NAV) per share or its equivalent. As a practical expedient, the guidance permits, but does not require, KIPP SoCal to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of KIPP SoCal's investments with California Community Foundation (CCF) was determined based on the NAV. See Note 5 for the fair market value of KIPP SoCal's investments as of June 30, 2023.

KIPP SoCal's investment return for the year ended June 30 was as follows:

Unrealized Gains	\$ 692,429
Interest and Dividends	2,073,235
Management Fees	(63,497)
Total Investment Return	<u><u>\$ 2,702,167</u></u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supportive services benefited.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Unconditional promises to give expected to be received in one year or less are recorded as contributions receivable at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded as contributions receivable at fair market value at the date of the promise.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when KIPP SoCal has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenues in the statement of financial position. As of June 30, 2023, KIPP SoCal has conditional grants of \$41,527,018 that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2023, KIPP SoCal has received conditional grants of \$32,225,868 that are recognized as unearned revenue in the consolidating statement of financial position because conditions have not yet been met.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of KIPP SoCal is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Accounts Receivables

Accounts receivable represent amounts due from organizations and the state and federal government based on contractual agreements or amounts billed but not received as of June 30, 2023. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. KIPP SoCal capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2023 was \$7,673,381.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

KIPP SoCal determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent KIPP SoCal's right to use an underlying asset for the lease term and lease liabilities represent KIPP SoCal's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that KIPP SoCal will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. KIPP SoCal has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, KIPP SoCal has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

KIPP SoCal has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Consolidation

The consolidating financial statements include the accounts of KIPP SoCal and its wholly owned subsidiary, KLARE Holdings, a California nonprofit public benefit corporation formed exclusively to support KIPP SoCal, and its single member limited liability company subsidiaries: KLA 2810 Whittier, LLC; 668 Atlantic, LLC; SOLA School 1, LLC; ChaMed, LLC; West51, LLC; Budnon, LLC; SOLA 2, LLC; SeLA, LLC; BH Soto, LLC; Curiosity RE, LLC; Gratitude RE, LLC; Optimism RE, LLC; Zest RE, LLC; Grit RE, LLC; KLARE 15, LLC; KLARE 16, LLC; KLARE 17, LLC; KLARE 18, LLC; KLARE 19, LLC; KLARE 20, LLC; KSD Facilities, LLC; KLARE 21, LLC, KLARE 22, LLC, KLARE 23, LLC; KLARE 24, LLC, KLARE 25, LLC and 1241-1263 South Soto LLC. All material intercompany transactions have been eliminated.

Income Taxes

KIPP SoCal is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

KIPP SoCal has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. KIPP SoCal is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. KIPP SoCal files an exempt return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Adoption of New Accounting Standard - Leases

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

KIPP SoCal adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented. KIPP SoCal has elected to adopt the package of practical expedients available in the year of adoption.

Subsequent Events

All events subsequent to the statement of financial position date of June 30, 2023 through December 11, 2023, which is the date these financial statements were available to be issued, have been evaluated in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30:

Cash and Cash Equivalents	\$ 104,946,401
Investments	22,158,708
Accounts Receivable - Federal And State	23,119,299
Accounts Receivable - Other	874,043
Less: Net Assets With Donor Restrictions	<u>(2,872,203)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 148,226,248</u></u>

As part of KIPP SoCal's liquidity management plan, KIPP SoCal invests cash in excess of daily requirements in short term investments, and money market funds.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 CONCENTRATION OF CREDIT RISK

KIPP SoCal maintains its interest-bearing cash in bank deposit accounts at various institutions. KIPP SoCal occasionally has a need to maintain a cash balance with a single financial institution in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC). KIPP SoCal has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 FAIR VALUE MEASUREMENTS

KIPP SoCal has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy:

Level 1 – quoted prices in an active market for identical assets.

Level 2 – quoted prices for similar assets and market-corroborated inputs.

Level 3 – KIPP SoCal's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The fair market value of KIPP SoCal's investments as of June 30 was as follows:

	Fair Value Measurement 2023	
	Total	Level 1
U.S. Treasury Bills	\$ 7,316,348	\$ 7,316,348
U.S. Treasury Notes	15,556,159	15,556,159
Corporate Bonds	5,505,530	5,505,530
Municipal Bonds	196,676	196,676
Federal Home Loan Banks	4,229,494	4,229,494
Agency Bonds	1,616,652	1,616,652
Asset Backed Loan	1,383,844	1,383,844
Total Investments Carried at Fair Value (FV)	35,804,703	\$ 35,804,703
Karsh Family Teacher Recognition Fund - Carried at NAV	2,872,204	
Total Investments	<u>\$ 38,676,907</u>	

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

KIPP SoCal's property, plant, and equipment as June 30 consisted of the following:

	KIPP SoCal Schools	KLARE	Total
Construction in Progress	\$ 417,798	\$ 22,188,553	\$ 22,606,351
Land	-	64,792,676	64,792,676
Buildings	859,728	145,229,130	146,088,858
Leasehold Improvements	3,667,862	19,403,599	23,071,461
Furniture and Equipment	5,161,413	2,445,698	7,607,111
Total Property, Plant, and Equipment	10,106,801	254,059,656	264,166,457
Less: Accumulated Depreciation	(6,232,142)	(29,067,407)	(35,299,549)
Property, Plant, and Equipment, Net	<u>\$ 3,874,659</u>	<u>\$ 224,992,249</u>	<u>\$ 228,866,908</u>

NOTE 6 LINE OF CREDIT

KIPP SoCal has a line of credit with First Republic Bank for \$10,000,000 with an annual interest rate equal to the U.S. Prime Rate minus one half percent (0.5%). The line of credit expires October 20, 2023, and there was no balance outstanding as of June 30, 2023.

KLARE Holdings has a line of credit with PNC Bank, National Association, for \$50,000,000 with an annual interest rate equal to a spread of 1.094% on the benchmark rate. The line of credit can be used to fund the acquisition, construction, renovation, and/or furnishing and equipping of educational facilities for the benefit of KIPP SoCal Public Schools. The line of credit matures on July 1, 2026 and is secured by a pledge of certain gross revenues and deeds of trust held by subsidiaries of KLARE Holdings. There was no balance outstanding as of June 30, 2023.

NOTE 7 NOTES PAYABLE

KSD Facilities, LLC, which is controlled by KLARE, has a loan from Civic San Diego Economic Growth & Neighborhood Investment Fund Sub-CDE XI, LLC for acquisition and construction of school facilities, the loan contained four promissory notes. Note A1 in the amount of \$7,166,619 requires interest only payments until maturity of November 15, 2026. Note B1 in the amount of \$2,583,381 requires interest only payments until January 1, 2027. After this date, the loan requires interest and principal payments in line with a payment schedule contained in the promissory note through maturity of December 31, 2053. In September 2019, Note C1 was obtained in the amount of \$1,995,297 which requires interest only payments until maturity of November 15, 2026. Also, in September 2019, Note D1 was obtained in the amount of \$759,078 which requires interest only payments until January 1, 2027.

After this date, the loan requires interest and principal payments in line with a payment schedule contained in the promissory note through maturity of December 31, 2054. All four notes bear an interest rate of 4.217%.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 NOTES PAYABLE (CONTINUED)

1241-1263 South Soto LLC, which is controlled by KLARE, entered into a loan agreement with Low Income Investment Fund for acquisition and construction of school facilities. 1241-1263 South Soto LLC received a loan in the amount of \$775,000. The loan bears an annual interest rate of 5.8%, collateralized by the property at 1241 Soto Street, 1226 South Boyle Ave, and 1228 South Boyle Ave, and future leases and rentals, with a maturity date in December 2024.

1241-1263 South Soto LLC also entered into a loan agreement with ExED Facilities XIX, LLC, for acquisition and construction of school facilities. 1241-1263 South Soto LLC received a loan in the amount of \$16,672,500 with two promissory notes. Note A in the amount of \$11,712,409 bears an annual interest rate of 4.60% on the unpaid principal. The entirety of the principal amount of Note A is due on the maturity date of December 20, 2024. Note B in the amount of \$4,960,091 bears an annual interest rate of 4.60% on the unpaid principal. Note B payments require accrued and unpaid interest only to be payable in monthly installments through November 30, 2024. During the period commencing on December 1, 2024 through December 20, 2047, accrued and unpaid interest and principal is payable in monthly installments, calculated based on two hundred seventy-six-month amortization schedule. The loan is collateralized by the property at 1241 Soto Street, 1226 South Boyle Ave, and 1228 South Boyle Ave, and future leases and rentals.

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 126,481
2025	11,851,097
2026	127,224
2027	9,315,037
2028	160,306
Thereafter	7,800,443
Total Future Maturities	29,380,588
Unamortized Issue Costs	(347,173)
Total Notes Payable	<u>\$ 29,033,415</u>

NOTE 8 BONDS PAYABLE

Series 2014 A&B

In June 2014, KLARE obtained financing through the California School Finance Authority (CSFA). The amount loaned to KLARE was \$28,725,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on the SoLA School 1, LLC, ChaMed, LLC, and KLA 2810 Whittier, LLC properties.

The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 4.125% to 5.125% per year.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 BONDS PAYABLE (CONTINUED)

Series 2015 A&B

In September 2015, KLARE obtained financing through the CSFA. The amount loaned to KLARE was \$27,790,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on facilities owned by SOLA 2, LLC, Budnon, LLC, and 668 Atlantic, LLC. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 3.25% to 5% per year.

Series 2017 A

In August 2017, KLARE obtained financing through the CSFA. The amount loaned to KLARE was \$40,750,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on facilities owned by BH Soto, LLC, Curiosity RE, LLC, and SeLA, LLC. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 4% to 5% per year.

Series 2019 A

In June 2019, KLARE obtained financing through the CSFA. The amount loaned to KLARE was \$47,715,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on facilities owned by 668 Atlantic, LLC; Curiosity RE, LLC; BH Soto, LLC; Budnon, LLC; Gratitude RE, LLC; Grit RE, LLC; Zest RE, LLC; and SeLA, LLC. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear an interest rate of 5% per year.

Series 2020 A

In December 2020, KLARE obtained financing through the CSFA. The amount loaned to KLARE was \$33,410,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on facilities leased by KLARE 18, LLC and owned by KLARE 15, LLC and KLARE 17, LLC. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear an interest rates ranging from 4% to 5% per year.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 BONDS PAYABLE (CONTINUED)

All Bond Series Issues

For the 2014, 2015, and 2017 bonds, KLARE is required to maintain in a bond reserve cash account an amount equal to the bond reserve requirement which is calculated as the least of (a) 10% of the proceeds from the bonds, (b) maximum annual debt service with respect to the bonds outstanding, (c) 125% of average annual debt service with respect to the bonds, or (d) the last bond year only, the total debt service with respect to the bonds outstanding. For the 2019 and 2020 bond, KLARE is required to maintain in a bond reserve cash account an amount equal to .50 times the maximum combined amount of principal and interest payable on the bond during the current or future bond year. The total reserve requirement as of June 30, 2023 is \$8,842,238.

Each June 25th and December 25th KLARE must deposit for credit to the bond revenue account an amount sufficient to pay principal and interest payable on the next ensuing payment date.

Bonds Payable are reported on the statement of financial position at a premium of \$16,174,455. The premium is being amortized over the life of the bonds. \$923,788 of amortization of the bond premium was recorded against interest expense for the year ended June 30, 2023.

In connection with the issuance of bonds as described above, KLARE incurred certain costs which are capitalized and amortized to interest expense over the term of the related debt or written-off to expense if the bonds are redeemed. These costs are netted against the associated debt on the statement of financial position. Amortization costs for the year ended June 30, 2023 and unamortized issue costs as of June 30, 2023 were \$190,378 and \$2,977,501, respectively.

A portion of the bonds are subject to early redemption at the option of KLARE on any date after July 1, 2024, together with accrued interest.

Grant Fund Reserve Payable

KLARE received \$516,000 from the CSFA Charter School Facilities Credit Enhancement Grant Program (the Program) to fund part of the primary debt service reserve for the Bonds Series 2014A&B. The Program funds must be returned to CSFA when they are no longer needed to support the bond reserve, upon full maturity of the Series 2014A&B bonds or defeasance of the bonds prior to maturity, or if a charter school ceases operation of the facility.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 BONDS PAYABLE (CONTINUED)

Future maturities of bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 2,695,000
2025	3,300,000
2026	3,450,000
2027	3,635,000
2028	3,810,000
Thereafter	<u>150,835,000</u>
Total Future Maturities	167,725,000
Bond Premium	16,174,455
Unamortized Issue Costs	<u>(2,977,501)</u>
Total Bonds Payable	<u><u>\$ 180,921,954</u></u>

NOTE 9 RESTRICTED CASH AND CASH EQUIVALENTS

KIPP SoCal's restricted cash and cash equivalents as June 30 consisted of the following:

Restricted Accounts:

Facility Projects	\$ 11,522,638
Reserve	1,867,682
Interest	4,032,597
Repair and Replacement Reserve	1,998,563
Revenue Fund	668,058
Sinking Account	1,270,000
Principal Account	1,425,000
CSFA Restricted Grant for Debt Service Fund	<u>5,352</u>
Total Restricted Cash and Cash Equivalents	<u><u>\$ 22,789,890</u></u>

The assets in the bond reserve accounts for the 2014, 2015, 2017, 2019 and 2020 series bonds were moved from cash into US Treasury and Government Agency Notes, in order to maximize yield while also ensuring the preservation of capital. The weighted average maturity at the time of initial investment was 1.10 years. This resulted in the movement of approximately \$8,862,523 from restricted cash to restricted investments during FY2022-23.

NOTE 10 EMPLOYEE RETIREMENT

KIPP SoCal has a 401(k) defined contribution plan for those employees who meet the eligibility criteria set forth in the plan. KIPP SoCal matches employee contributions based upon criteria set forth in the plan up to 6% of compensation. Contributions to the plan for the year ended June 30, 2023 totaled \$1,822,894.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

STRS and PERS

Qualified employees of KIPP SoCal are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of the California State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (PERS).

The risks of participating in these multiemployer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law and the Public Employees' Retirement Law, and (c) if KIPP SoCal chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. KIPP SoCal has no plans to withdraw from these multiemployer plans.

State Teachers' Retirement System (STRS)

Plan Description

KIPP SoCal contributes to the California State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by State Statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2022 total STRS plan net assets are \$300 billion, the total actuarial present value of accumulated plan benefits is \$434 billion, contributions from all employers totaled \$6.513 billion, and the plan is 74.4% funded. KIPP SoCal did not contribute more than 5% of the total contributions to the plan. Copies of the STRS annual financial reports may be obtained from STRS, 100 Waterfront Pl, West Sacramento, CA 95605, and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. KIPP SoCal is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

KIPP SOCAL PUBLIC SCHOOLS
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NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

KIPP SoCal contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2022, the School Employer Pool total plan assets are \$79.3 billion, the present value of accumulated plan benefits is \$113.7 billion, contributions from all employers totaled \$3.55 billion, and the plan is 69.8% funded. KIPP SoCal did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary. KIPP SoCal is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2023 was 22.91%. The contribution requirements of the plan members are established and may be amended by state statute.

Contribution to STRS and PERS

<u>Year Ended June 30.</u>	<u>STRS Required Contribution</u>	<u>STRS Percent Contributed</u>	<u>PERS Required Contribution</u>	<u>PERS Percent Contributed</u>
2021	\$ 773,329	100 %	\$ 51,077	100 %
2022	\$ 826,360	100 %	\$ 57,967	100 %
2023	\$ 1,004,566	100 %	\$ 57,084	100 %

NOTE 11 LEASES

KIPP SoCal and KLARE have operating leases for KIPP SoCal sites and office space and financing leases for equipment.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 LEASES (CONTINUED)

The following tables provide quantitative information concerning KIPP SoCal's leases for the year ended June 30, 2023:

	Unrelated Operating	Related Operating	Total
Finance lease cost:			
Amortization of right-of-use assets	\$ 446,680	\$ -	\$ 446,680
Interest on lease liabilities	50,506	-	50,506
Operating lease cost	2,160,499	14,275,847	16,436,346
Variable lease expense	-	1,062,859	1,062,859
Total Lease Expense	<u>\$ 2,657,685</u>	<u>\$ 15,338,706</u>	<u>\$ 17,996,391</u>
Cash Paid for Amounts Included in the			
Measurement of Lease Liabilities:			
Operating cash flows from finance leases	50,506	-	50,506
Operating cash flows from operating leases	2,260,265	13,290,206	15,550,471
Financing cash flows from finance leases	424,528	-	424,528
Right-of-Use Assets Obtained in Exchange for New			
Financing Lease Liabilities:	2,177,389	-	2,177,389
Right-of-Use Assets Obtained in Exchange for New			
Operating Lease Liabilities:	12,542,358	250,835,720	263,378,078
Weighted-Average Remaining Lease Term - Operating Leases	15.6 years	25.0 years	24.5 years
Weighted-Average Remaining Lease Term - Financing Leases	3.7 years	N/A	3.7 years
Weighted-Average Discount Rate - Operating Leases	3.17%	3.62%	3.60%
Weighted-Average Discount Rate - Financing	2.86%	N/A	2.86%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

	Unrelated Operating	Related Operating	Total
<u>Year Ending June 30,</u>			
2024	\$ 2,040,313	\$ 13,672,501	\$ 15,712,814
2025	1,402,057	13,925,700	15,327,757
2026	955,065	14,142,408	15,097,473
2027	966,364	14,267,020	15,233,384
2028	949,147	14,413,103	15,362,250
Thereafter	10,626,220	307,576,317	318,202,537
Undiscounted cash flows	16,939,166	377,997,049	394,936,215
(Less) imputed interest	(3,985,999)	(133,142,954)	(137,128,953)
Total present value	<u>\$ 12,953,167</u>	<u>\$ 244,854,095</u>	<u>\$ 257,807,262</u>
		Financing	
<u>Year Ending June 30,</u>			
2024	\$ 516,036		
2025	516,036		
2026	501,138		
2027	269,100		
2028	41,405		
Thereafter	-		
Undiscounted cash flows	1,843,715		
(Less) imputed interest	(90,855)		
Total present value	<u>\$ 1,752,860</u>		

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries for administrative functions which were allocated based on estimates of time and effort. Benefits, pension expenses, payroll taxes, office expenses, and other expenses, were allocated based on salary distribution ratios between program, management and general, and fundraising.

NOTE 13 CONTINGENCIES, RISKS AND UNCERTAINTIES

KIPP SoCal has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

SUPPLEMENTARY INFORMATION

**KIPP SOCAL PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE - UNAUDITED
YEAR ENDED JUNE 30, 2023**

KIPP SoCal Public Schools is a California nonprofit public benefit corporation and operates 20 charter schools as follows:

Approved by the Los Angeles Unified School District:

KIPP Academy of Opportunity (charter number 530) established in 2002.
KIPP Los Angeles College Prep (charter number 531) established in 2002.
KIPP Raíces Academy (charter number 1010) established in 2008.
KIPP Comienza Community Prep (charter number 1196) established in 2010.
KIPP Empower Academy (charter number 1195) established in 2010.
KIPP Scholar Academy (charter number 1377) established in 2012.
KIPP Philosophers Academy (charter number 1378) established in 2012.
KIPP Sol Academy (charter number 1379) established in 2013.
KIPP Iluminar Academy (charter number 1508) established in 2013.
KIPP Academy of Innovation (charter number 1586) established in 2014.
KIPP Vida Preparatory Academy (charter number 1587) established in 2014.
KIPP Promesa Preparatory (charter number 1721) established in 2015.
KIPP Ignite Academy (charter number 1720) established in 2015.
KIPP Corazon Academy (charter number 1855) established in 2017.
KIPP Pueblo Unido (charter number 2041) established in 2019.
KIPP Generations Academy (charter number 2079) established in 2020.
KIPP Endeavor College Preparatory (charter number 1094) established in 2009.

Approved by the Los Angeles County Office of Education

KIPP Poder Public School (charter number 2112) established in 2020.

Approved by the Compton Unified School District:

KIPP Compton Community School (charter number 1996) established in 2018.

Approved by the San Diego Unified School District:

KIPP Adelante Preparatory Academy (charter number 0550) established in 2003.

**KIPP SOCIAL PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE – UNAUDITED (CONTINUED)
YEAR ENDED JUNE 30, 2023**

The Board of Directors and the Administrators as of June 30, 2023 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 Year Term)</u>
Luis Rodriguez	Chair	June 2025
Heather Lord	Vice Chair	June 2024
Randy Bishop	Secretary	June 2024
Jon Berg	Member	June 2025
Julie Miller	Member	June 2024
Norma Parraz	Member	June 2024
Randy Bishop	Member	June 2024
Mel Carlisle	Member	June 2026
Nancy Maldonado	Member	June 2024
Naeem Arastu	Member	June 2025
Philip Feder	Member	June 2024
E.J. Kavounas	Member	June 2026
Carlos Bermudez	Member	June 2024
Courtney Criswell	Member	June 2023

ADMINISTRATORS

Angella Martinez	CEO
Kyle Salyer	Chief Financial Officer

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
KIPP Academy of Opportunity				
Grade 5	54,000	63,465	178	In compliance
Grade 6	54,000	65,860	178	In compliance
Grade 7	54,000	65,960	178	In compliance
Grade 8	54,000	65,785	178	In compliance
KIPP LA Prep				
Grade 5	54,000	73,000	178	In compliance
Grade 6	54,000	73,000	178	In compliance
Grade 7	54,000	73,000	178	In compliance
Grade 8	54,000	73,000	178	In compliance
KIPP Raíces Academy				
Kindergarten/TK	36,000	66,395	178	In compliance
Grade 1	50,400	62,530	178	In compliance
Grade 2	50,400	62,530	178	In compliance
Grade 3	50,400	62,530	178	In compliance
Grade 4	54,000	62,630	178	In compliance
KIPP Comienza Community Prep				
Kindergarten/TK	36,000	65,335	178	In compliance
Grade 1	50,400	64,315	178	In compliance
Grade 2	50,400	64,315	178	In compliance
Grade 3	50,400	64,315	178	In compliance
Grade 4	54,000	64,475	178	In compliance
Grade 5	54,000	64,600	178	In compliance
Grade 6	54,000	64,600	178	In compliance
Grade 7	54,000	64,517	178	In compliance
Grade 8	54,000	64,517	178	In compliance
KIPP Empower Academy				
Kindergarten/TK	36,000	69,410	176	In compliance
Grade 1	50,400	68,940	176	In compliance
Grade 2	50,400	68,940	176	In compliance
Grade 3	50,400	66,890	176	In compliance
Grade 4	54,000	66,680	176	In compliance
KIPP Scholar Academy				
Grade 5	54,000	69,285	176	In compliance
Grade 6	54,000	69,285	176	In compliance
Grade 7	54,000	69,285	176	In compliance
Grade 8	54,000	69,285	176	In compliance
KIPP Philosophers Academy				
Grade 5	54,000	66,565	178	In compliance
Grade 6	54,000	66,565	178	In compliance
Grade 7	54,000	66,565	178	In compliance
Grade 8	54,000	66,565	178	In compliance
KIPP Poder Public				
Kindergarten/TK	36,000	65,915	177	In compliance
Grade 1	50,400	60,040	177	In compliance
KIPP Sol Academy				
Grade 5	54,000	66,722	178	In compliance
Grade 6	54,000	66,722	178	In compliance
Grade 7	54,000	66,675	178	In compliance
Grade 8	54,000	66,675	178	In compliance
KIPP Iluminar Academy				
Kindergarten/TK	36,000	61,565	178	In compliance
Grade 1	50,400	63,670	178	In compliance
Grade 2	50,400	63,670	178	In compliance
Grade 3	50,400	63,670	178	In compliance
Grade 4	54,000	61,825	178	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
KIPP Academy of Innovation				
Grade 5	54,000	64,248	178	In compliance
Grade 6	54,000	64,248	178	In compliance
Grade 7	54,000	64,395	178	In compliance
Grade 8	54,000	64,395	178	In compliance
KIPP Vida Preparatory Academy				
Kindergarten/TK	36,000	68,215	178	In compliance
Grade 1	50,400	69,605	178	In compliance
Grade 2	50,400	69,605	178	In compliance
Grade 3	50,400	69,580	178	In compliance
Grade 4	54,000	69,580	178	In compliance
KIPP Ignite Academy				
Kindergarten/TK	36,000	70,805	178	In compliance
Grade 1	50,400	67,645	178	In compliance
Grade 2	50,400	65,880	178	In compliance
Grade 3	50,400	65,880	178	In compliance
Grade 4	54,000	65,580	178	In compliance
KIPP Promesa Preparatory				
Kindergarten/TK	36,000	64,470	178	In compliance
Grade 1	50,400	65,025	178	In compliance
Grade 2	50,400	65,025	178	In compliance
Grade 3	50,400	62,250	178	In compliance
Grade 4	54,000	65,025	178	In compliance
KIPP Corazon Academy				
Kindergarten/TK	36,000	68,665	178	In compliance
Grade 1	50,400	61,115	178	In compliance
Grade 2	50,400	61,115	178	In compliance
Grade 3	50,400	61,115	178	In compliance
Grade 4	54,000	61,115	178	In compliance
Grade 5	54,000	68,441	178	In compliance
Grade 6	54,000	68,597	178	In compliance
Grade 7	54,000	68,441	178	In compliance
Grade 8	54,000	68,441	178	In compliance
KIPP Compton Community School				
Kindergarten	36,000	71,135	178	In compliance
Grade 1	50,400	66,750	178	In compliance
Grade 2	50,400	66,750	178	In compliance
Grade 3	50,400	66,750	178	In compliance
Grade 4	54,000	66,550	178	In compliance
KIPP Pueblo Unido				
Kindergarten/TK	36,000	66,085	178	In compliance
Grade 1	50,400	64,120	178	In compliance
Grade 2	50,400	63,065	178	In compliance
Grade 6	54,000	67,168	178	In compliance
Grade 7	54,000	67,168	178	In compliance
KIPP Adelante Preparatory Academy				
Grade 5	54,000	58,483	176	In compliance
Grade 6	54,000	58,748	176	In compliance
Grade 7	54,000	58,748	176	In compliance
Grade 8	54,000	58,748	176	In compliance
KIPP Endeavor College Preparatory Charter				
Kindergarten/TK	36,000	64,185	178	In compliance
Grade 1	50,400	62,356	178	In compliance
Grade 2	50,400	63,195	178	In compliance
Grade 3	50,400	63,491	178	In compliance
Grade 4	54,000	63,613	178	In compliance
Grade 5	54,000	68,547	178	In compliance
Grade 6	54,000	68,847	178	In compliance
Grade 7	54,000	68,447	178	In compliance
Grade 8	54,000	68,447	178	In compliance
KIPP Generations Academy				
Grade 5	54,000	65,942	178	In compliance
Grade 6	54,000	65,942	178	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2023

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Academy of Opportunity				
Grades 4 - 6	223.95	223.95	220.89	220.89
Grades 7 - 8	194.00	194.00	191.60	191.60
Total	417.95	417.95	412.49	412.49
KIPP LA Prep				
Grades 4 - 6	251.01	251.01	250.49	250.49
Grades 7 - 8	226.58	226.58	226.56	226.56
Total	477.59	477.59	477.05	477.05
KIPP Raíces Academy				
TK/K - 3	400.06	400.27	402.58	402.74
Grades 4 - 6	100.90	100.90	101.52	101.52
Total	500.96	501.17	504.10	504.26
KIPP Comienza Community Prep				
TK/K - 3	408.97	409.14	408.76	408.89
Grades 4 - 6	344.93	344.93	344.06	344.07
Grades 7 - 8	219.07	219.07	218.44	218.44
Total	972.97	973.14	971.26	971.40
KIPP Empower Academy				
TK/K - 3	404.91	404.91	403.06	403.06
Grades 4 - 6	91.90	91.90	91.35	91.35
Total	496.81	496.81	494.41	494.41
KIPP Scholar Academy				
Grades 4 - 6	157.72	157.72	156.59	156.59
Grades 7 - 8	165.15	165.15	164.71	164.71
Total	322.87	322.87	321.30	321.30
KIPP Philosophers Academy				
Grades 4 - 6	159.37	159.37	158.30	158.30
Grades 7 - 8	154.41	154.41	152.77	152.77
Total	313.78	313.78	311.07	311.07
KIPP Sol Academy				
Grades 4 - 6	230.66	230.66	229.80	229.80
Grades 7 - 8	216.22	216.22	215.92	215.92
Total	446.88	446.88	445.72	445.72
KIPP Endeavor College Preparatory Charter				
TK/K - 3	189.94	189.94	188.12	188.12
Grades 4 - 6	165.96	165.96	164.85	164.85
Grades 7 - 8	104.24	104.24	102.35	102.35
Total	460.14	460.14	455.32	455.32
KIPP Generations Academy				
Grades 4 - 6	100.81	100.81	98.78	98.78
Total	100.81	100.81	98.78	98.78

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2023**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Illuminar Academy				
TK/K - 3	393.06	393.06	393.33	393.33
Grades 4 - 6	95.77	95.77	95.79	95.79
Total	488.83	488.83	489.12	489.12
KIPP Vida Preparatory Academy				
TK/K - 3	390.11	390.11	388.40	388.40
Grades 4 - 6	97.85	97.85	98.03	98.03
Total	487.96	487.96	486.43	486.43
KIPP Academy of Innovation				
Grades 4 - 6	205.84	205.84	205.64	205.64
Grades 7 - 8	212.20	212.20	211.12	211.12
Total	418.04	418.04	416.76	416.76
KIPP Corazon Academy				
TK/K - 3	400.40	400.40	400.23	400.23
Grades 4 - 6	336.73	336.73	335.64	335.64
Grades 7 - 8	212.81	212.81	211.36	211.36
Total	949.94	949.94	947.23	947.23
KIPP Ignite Academy				
TK/K - 3	280.95	280.95	278.40	278.40
Grades 4 - 6	63.27	63.27	63.13	63.13
Total	344.22	344.22	341.53	341.53
KIPP Promesa Preparatory				
TK/K - 3	328.40	328.40	327.66	327.66
Grades 4 - 6	94.41	94.41	94.18	94.18
Total	422.81	422.81	421.84	421.84
KIPP Compton Community School				
TK/K - 3	381.62	381.62	377.38	377.38
Grades 4 - 6	86.87	86.87	86.34	86.34
Total	468.49	468.49	463.72	463.72
KIPP Adelante Preparatory Academy				
Grades 4 - 6	108.62	108.62	108.74	108.74
Grades 7 - 8	196.18	196.18	195.23	195.23
Total	304.80	304.80	303.97	303.97
KIPP Poder Public				
TK/K - 3	136.76	136.76	137.28	137.28
Total	136.76	136.76	137.28	137.28
KIPP Pueblo Unido				
TK/K - 3	232.95	232.95	231.02	231.02
Grades 4 - 6	7.42	7.42	7.02	7.02
Grades 7 - 8	48.50	48.50	47.21	47.21
Total	288.87	288.87	285.25	285.25
ADA Total	8,821.48	8,821.86	8,784.63	8,784.93

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA
June 30, 2023 Annual Financial Report Fund Balances (Net Assets)	\$ 1,154,356	\$ 7,251,513	\$ 3,979,352	\$ 7,578,262	\$ 4,302,223	\$ 883,752	\$ 576,048	\$ 6,386,204	\$ 5,395,220
Adjustments and Reclassifications:									
Increasing (Decreasing) the Fund Balance (Net Assets):									
Cash and Cash Equivalents	(19,323)	(18,522)	-	(28,949)	644	(113,523)	(395)	(1,276)	79
Accounts Receivable - Federal and State	148,426	188,851	22,933	244,621	-	154,801	-	28,858	22,695
Accounts receivable - Other	-	-	-	3,000	-	-	9,600	-	-
Prepaid Expenses	-	(10,321)	-	-	-	-	-	(14,850)	-
Security Deposits	-	-	-	-	-	-	-	(150)	-
Right of Use Asset	66,404	(382,262)	48,316	267,850	119,852	38,257	52,120	85,962	48,316
Property, Plant, and Equipment, Net	-	(45,370)	14,801	81,914	7,479	(416)	14,620	-	(1,371)
Accounts Payable - Federal and State	-	-	-	(40,410)	(52,009)	-	-	-	(52,385)
Accounts Payable - other	79	(3,014)	251	41,082	52,914	(69)	-	960	52,878
Unearned Revenue	-	-	(58,613)	(121,230)	(41,966)	-	-	(8,173)	(41,062)
Intercompany Notes Payable	-	-	-	-	-	-	-	-	-
Lease Liabilities	(67,340)	(116,126)	(48,999)	(270,608)	(121,542)	(38,798)	(52,857)	(86,992)	(48,999)
Net Adjustments and Reclassifications	<u>128,246</u>	<u>(386,764)</u>	<u>(21,311)</u>	<u>177,270</u>	<u>(34,628)</u>	<u>40,252</u>	<u>23,088</u>	<u>4,339</u>	<u>(19,849)</u>
June 30, 2023 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 1,282,602</u>	<u>\$ 6,864,749</u>	<u>\$ 3,958,041</u>	<u>\$ 7,755,532</u>	<u>\$ 4,267,595</u>	<u>\$ 924,004</u>	<u>\$ 599,136</u>	<u>\$ 6,390,543</u>	<u>\$ 5,375,371</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	KAI	KVPA	KPP	KIG	KCA	KCCS	KPU	KAPA	KGA	KPPS	KECP
June 30, 2023 Annual Financial Report Fund Balances (Net Assets)	\$ 2,707,608	\$ 3,291,568	\$ 3,130,150	\$ 783,239	\$ 3,566,657	\$ 416,390	\$ 281,935	\$ 1,885,835	\$ 84,054	\$ 148,728	\$ 4,469,185
Adjustments and Reclassifications:											
Increasing (Decreasing) the Fund Balance (Net Assets):											
Cash and Cash Equivalents	-	450	(19,182)	(8,627)	64	26,703	(24,740)	-	19,000	(975,473)	(23,124)
Accounts Receivable - Federal and State	(2,264)	-	130,026	106,685	38,486	13,649	199,474	12,974	-	-	158,664
Accounts receivable - Other	-	-	-	-	-	-	104,283	-	36,793	-	-
Prepaid Expenses	-	(449)	-	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-	-	-
Right of Use Asset	57,099	70,740	66,404	86,823	200,705	60,162	127,870	-	26,952	-	83,216
Property, Plant, and Equipment, Net	-	-	59,191	-	7,325	-	(1,289)	-	-	(2,568)	40,332
Accounts Payable - Federal and State	-	(41,803)	-	(38,375)	(44,777)	(74,418)	-	-	1,498	-	-
Accounts Payable - other	71	42,092	6,766	20,761	45,756	73,143	(46,477)	-	(60,116)	975,600	673
Unearned Revenue	-	(42,743)	(34,522)	(96,120)	(44,682)	7,292	(5,595)	-	-	-	(52,642)
Intercompany Notes Payable	-	-	-	-	-	-	(68,951)	-	-	-	-
Lease Liabilities	(57,908)	(71,740)	(67,340)	(88,048)	(203,015)	(61,012)	(129,562)	-	(27,333)	-	(84,393)
Net Adjustments and Reclassifications	(3,002)	(43,453)	141,343	(16,901)	(138)	45,519	155,013	12,974	(3,206)	(2,441)	122,726
June 30, 2023 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,704,606</u>	<u>\$ 3,248,115</u>	<u>\$ 3,271,493</u>	<u>\$ 766,338</u>	<u>\$ 3,566,519</u>	<u>\$ 461,909</u>	<u>\$ 436,948</u>	<u>\$ 1,898,809</u>	<u>\$ 80,848</u>	<u>\$ 146,287</u>	<u>\$ 4,591,911</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KGA	KSOL	KIA	Subtotal
U.S. Department of Education													
Pass-Through Programs From California													
Department of Education:													
Every Child Succeeds Act:													
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 205,606	\$ 217,954	\$ 205,104	\$ 447,112	\$ 238,987	\$ 171,599	\$ 121,679	\$ 34,611	\$ 193,168	\$ 217,362	\$ 2,053,182
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	-	-	-	-	-	-	-	-	-	-	-
Title II, Part A, Improving Teacher Quality	84.367	15438	23,892	25,963	25,349	53,259	28,714	19,488	14,953	4,819	23,394	26,631	246,462
Title IV, Part A, Student Support & Academic Enrichment	84.424	15396	16,125	17,094	16,086	35,066	18,743	13,458	10,000	-	15,150	17,047	158,769
Title IV 21st Century Grant Community Learning Center	84.287	14349	-	99,197	-	171,253	-	171,253	112,915	-	-	-	554,618
Special Education Cluster:													-
IDEA Basic Local Assistance Entitlement	84.027	13379	68,559	121,678	83,827	153,854	135,553	56,961	82,545	24,526	73,550	83,533	884,586
ARP IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	19,600	-	22,933	42,731	-	16,268	-	-	20,354	22,695	144,581
Total Special Education Cluster			88,159	121,678	106,760	196,585	135,553	73,229	82,545	24,526	93,904	106,228	1,029,167
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):													
Governor's Emergency Education Relief Fund (GEER)	84.425C	15619	10,599	3,118	14,643	6,422	3,681	9,555	5,547	-	3,049	7,266	63,880
Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act):													
Elementary and Secondary School Emergency Relief Fund	84.425D	15618	46,181	13,586	63,799	27,982	16,036	41,634	24,167	-	13,284	34,088	280,757
American Rescue Plan Act (ARC Act):													
Elementary and Secondary School Emergency Relief Fund	84.425U	15536	721,490	300,816	929,859	901,965	236,325	563,527	43,205	-	279,982	492,005	4,469,174
Subtotal: Pass-Through Programs			1,112,052	799,406	1,361,600	1,839,644	678,039	1,063,743	415,011	63,956	621,931	900,627	8,856,009
Total U.S. Department of Education			1,112,052	799,406	1,361,600	1,839,644	678,039	1,063,743	415,011	63,956	621,931	900,627	8,856,009
U.S. Department of Agriculture													
Pass-Through Program From California													
Department of Education:													
Child Nutrition Cluster:													
Especially Needy Breakfast Program	10.553	13526	17,403	26,810	27,770	105,836	51,806	22,651	56,536	9,326	15,181	62,216	395,535
National School Lunch Program	10.555	13524	127,038	147,717	252,882	440,397	234,469	111,210	119,386	32,907	164,600	241,747	1,872,353
Meal Supplements	10.555	13396	-	-	49,362	91,872	-	-	-	-	-	58,182	199,416
Total Child Nutrition Cluster			144,441	174,527	330,014	638,105	286,275	133,861	175,922	42,233	179,781	362,145	2,467,304
Total U.S. Department of Agriculture			144,441	174,527	330,014	638,105	286,275	133,861	175,922	42,233	179,781	362,145	2,467,304
U.S. Department of Health and Human Services													
Pass-Through Program From California													
Department of Education:													
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)													
93.323	21248		-	2,478	-	-	2,805	-	-	-	3,970	-	9,253
Total U.S. Department of Health and Human Services			-	2,478	-	-	2,805	-	-	-	3,970	-	9,253
Total Expenditures of Federal Awards			\$ 1,256,493	\$ 976,411	\$ 1,691,614	\$ 2,477,749	\$ 967,119	\$ 1,197,604	\$ 590,933	\$ 106,189	\$ 805,682	\$ 1,262,772	\$ 11,332,566
Reconciliation of Federal Expenditures and Revenues													
Funding Reductions in Excess of Expenditures													
American Rescue Plan Act (ARC Act):													
Elementary and Secondary School Emergency Relief Fund	84.425U	15536	-	-	-	-	-	-	-	-	-	-	-
Total PY Funding Reductions in Excess of Expenditures			-	-	-	-	-	-	-	-	-	-	-
Total Revenues from Federal Awards			\$ 1,256,493	\$ 976,411	\$ 1,691,614	\$ 2,477,749	\$ 967,119	\$ 1,197,604	\$ 590,933	\$ 106,189	\$ 805,682	\$ 1,262,772	\$ 11,332,566

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCCS	KPU	KAPA	KPPS	KECP	Federal Expenditures Total
U.S. Department of Education														
Pass-Through Programs From California														
Department of Education:														
Every Child Succeeds Act:														
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 2,053,182	\$ 192,459	\$ 254,916	\$ 202,997	\$ 175,024	\$ 360,410	\$ 158,021	\$ 158,787	\$ 147,547	\$ 65,418	\$ 243,802	\$ 4,012,563
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	-	-	-	-	182,262	-	-	-	-	-	-	182,262
Title II, Part A, Improving Teacher Quality	84.367	15438	246,462	24,098	28,296	23,578	22,055	48,415	21,107	20,577	18,406	9,287	27,292	489,573
Title IV, Part A, Student Support & Academic Enrichment	84.282	15396	158,769	15,094	19,992	15,921	13,261	27,883	11,063	11,085	10,671	10,000	19,121	312,860
Title IV 21st Century Grant Community Learning Center	84.287	14349	554,618	99,197	-	-	-	-	-	-	-	-	-	653,815
Special Education Cluster:														
IDEA Basic Local Assistance Entitlement	84.027	13379	884,586	110,764	135,697	75,606	95,458	152,532	67,384	81,907	52,410	16,442	123,132	1,795,918
ARP IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	144,581	-	-	22,219	-	38,486	13,649	-	12,975	-	-	231,910
Total Special Education Cluster			1,029,167	110,764	135,697	97,825	95,458	191,018	81,033	81,907	65,385	16,442	123,132	2,027,828
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):														
Governor's Emergency Education Relief Fund (GEER)	84.425C	15619	63,880	2,919	3,508	7,032	10,733	5,815	8,702	7,712	6,821	-	4,010	121,132
Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act):														
Elementary and Secondary School Emergency Relief Fund	84.425D	15618	280,757	12,717	15,286	34,603	46,764	25,337	37,915	33,602	29,720	-	17,470	534,171
American Rescue Plan A:c (ARC Act):														
Elementary and Secondary School Emergency Relief Fund	84.425U	15536	4,469,174	279,960	342,110	243,058	555,243	265,980	218,046	-	513,343	-	320,586	7,207,500
Subtotal: Pass-Through Programs			8,856,009	737,208	799,805	625,014	1,100,800	924,858	535,887	313,670	791,893	101,147	755,413	15,541,704
Total U.S. Department of Education			8,856,009	737,208	799,805	625,014	1,100,800	924,858	535,887	313,670	791,893	101,147	755,413	15,541,704
U.S. Department of Agriculture														
Pass-Through Program From California														
Department of Education:														
Child Nutrition Cluster:														
Especially Needy Breakfast Program	10.553	13526	395,535	49,093	77,030	28,009	86,187	85,823	51,556	38,474	65,369	8,524	87,719	973,319
National School Lunch Program	10.555	13524	1,872,353	187,190	230,602	212,247	208,028	315,983	199,595	157,108	107,404	71,344	254,328	3,816,182
Meal Supplements	10.555	13396	199,416	-	54,821	46,383	40,772	58,683	52,447	32,334	39,805	15,447	46,932	587,040
Total Child Nutrition Cluster			2,467,304	236,283	362,453	286,639	334,987	460,489	303,598	227,916	212,578	95,315	388,979	5,376,541
Total U.S. Department of Agriculture			2,467,304	236,283	362,453	286,639	334,987	460,489	303,598	227,916	212,578	95,315	388,979	5,376,541
U.S. Department of Health and Human Services														
Pass-Through Program From California														
Department of Education:														
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)														
	93.323	21248	9,253	2,428	-	-	-	-	-	-	-	950	2,821	15,452
Total U.S. Department of Health and Human Services			9,253	2,428	-	-	-	-	-	-	-	950	2,821	15,452
Total Expenditures of Federal Awards			\$ 11,332,566	\$ 975,919	\$ 1,162,258	\$ 911,653	\$ 1,435,787	\$ 1,385,347	\$ 839,485	\$ 541,586	\$ 1,004,471	\$ 197,412	\$ 1,147,213	\$ 20,933,697
Reconciliation of Federal Expenditures and Revenues														
Funding Reductions														
American Rescue Plan A:c (ARC Act):														
Elementary and Secondary School Emergency Relief Fund			-	-	-	-	-	-	-	(28,008)	-	(77,367)	-	(105,375)
Total PY Funding Reductions			-	-	-	-	-	-	-	(28,008)	-	(77,367)	-	(105,375)
Total Revenues from Federal Awards			\$ 11,332,566	\$ 975,919	\$ 1,162,258	\$ 911,653	\$ 1,435,787	\$ 1,385,347	\$ 839,485	\$ 513,578	\$ 1,004,471	\$ 120,045	\$ 1,147,213	\$ 20,828,322

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL
JUNE 30, 2023

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	KPP	Subtotal
ASSETS													
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 1,944,391	\$ 6,908,019	\$ 5,557,530	\$ 10,181,560	\$ 4,124,809	\$ 539,921	\$ 718,916	\$ 7,376,172	\$ 7,072,566	\$ 4,097,974	\$ 5,452,610	\$ 4,479,522	\$ 58,453,990
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Federal and State	1,311,318	1,170,468	1,487,452	2,794,707	1,273,545	1,086,289	878,913	964,235	1,209,795	814,341	1,087,956	1,051,154	15,130,173
Accounts Receivable - Other	4,813	3,994	8,917	14,064	7,090	7,365	12,853	12,240	5,022	6,023	8,973	1,254	92,608
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	-	136,987	136,987
Total Current Assets	3,260,522	8,082,481	7,053,899	12,990,331	5,405,444	1,633,575	1,610,682	8,352,647	8,287,383	4,918,338	6,549,539	5,668,917	73,813,758
LONG-TERM ASSETS													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	1,400	40,000	-	74,726	-	20,500	-	(150)	-	4,330	-	10,000	150,806
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Right of Use Assets	15,130,380	8,929,916	14,992,972	16,518,662	17,567,681	323,660	12,905,914	12,458,198	14,640,164	13,414,357	15,201,807	16,873,838	158,957,549
Financing Right of Use Assets, Net	66,404	114,880	48,316	267,850	119,852	38,257	52,120	85,962	48,316	57,099	70,740	66,404	1,036,200
Property, Plant, and Equipment, Net	53,584	919,985	160,878	176,436	76,798	67,495	110,508	90,835	443,835	31,407	16,566	192,920	2,341,247
Total Long-Term Assets	15,251,768	10,004,781	15,202,166	17,037,674	17,764,331	449,912	13,068,542	12,634,845	15,132,315	13,507,193	15,289,113	17,143,162	162,485,802
Total Assets	<u>\$ 18,512,290</u>	<u>\$ 18,087,262</u>	<u>\$ 22,256,065</u>	<u>\$ 30,028,005</u>	<u>\$ 23,169,775</u>	<u>\$ 2,083,487</u>	<u>\$ 14,679,224</u>	<u>\$ 20,987,492</u>	<u>\$ 23,419,698</u>	<u>\$ 18,425,531</u>	<u>\$ 21,838,652</u>	<u>\$ 22,812,079</u>	<u>\$ 236,299,560</u>
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts Payable - Federal and State	\$ 188,967	\$ 163,001	\$ 160,992	\$ 352,835	\$ 550,711	\$ 205,982	\$ 82,939	\$ 141,740	\$ 521,176	\$ 139,893	\$ 197,785	\$ 141,352	\$ 2,847,373
Accounts Payable - Other	120,174	308,002	262,560	782,681	242,780	288,058	169,977	245,170	338,356	260,634	259,800	283,865	3,562,057
Accrued Liabilities	90,532	94,928	78,019	156,003	65,617	87,787	51,309	44,120	61,397	71,406	77,461	81,351	959,930
Unearned Revenue	1,294,421	1,707,601	2,113,673	3,884,865	2,664,693	181,490	86,277	1,485,021	2,275,201	1,549,807	2,621,350	2,869,049	22,733,448
Operating Lease Liabilities	261,091	470,563	404,602	634,367	379,917	357,368	147,360	324,956	381,906	278,737	373,988	304,728	4,319,583
Financing Lease Liabilities	17,536	25,863	16,727	60,360	31,797	13,245	17,956	23,902	16,727	19,748	22,272	17,536	283,669
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1,972,721	2,769,958	3,036,573	5,871,111	3,935,515	1,133,930	555,818	2,264,909	3,594,763	2,320,225	3,552,656	3,697,881	34,706,060
LONG-TERM LIABILITIES													
Intercompany Notes Payable	-	-	-	-	-	-	500,000	-	-	-	-	-	500,000
Operating Lease Liabilities	15,207,163	8,362,361	15,229,179	16,191,113	14,876,920	-	12,989,369	12,268,950	14,417,292	13,362,540	14,988,414	15,792,901	153,686,202
Financing Lease Liabilities	49,804	90,194	32,272	210,249	89,745	25,553	34,901	63,090	32,272	38,160	49,467	49,804	765,511
Total Long-Term Liabilities	15,256,967	8,452,555	15,261,451	16,401,362	14,966,665	25,553	13,524,270	12,332,040	14,449,564	13,400,700	15,037,881	15,842,705	154,951,713
Total Liabilities	17,229,688	11,222,513	18,298,024	22,272,473	18,902,180	1,159,483	14,080,088	14,596,949	18,044,327	15,720,925	18,590,537	19,540,586	189,657,773
NET ASSETS													
Without Donor Restrictions	1,282,602	6,864,749	3,958,041	7,755,532	4,267,595	924,004	599,136	6,390,543	5,375,371	2,704,606	3,248,115	3,271,493	46,641,787
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets	1,282,602	6,864,749	3,958,041	7,755,532	4,267,595	924,004	599,136	6,390,543	5,375,371	2,704,606	3,248,115	3,271,493	46,641,787
Total Liabilities and Net Assets	<u>\$ 18,512,290</u>	<u>\$ 18,087,262</u>	<u>\$ 22,256,065</u>	<u>\$ 30,028,005</u>	<u>\$ 23,169,775</u>	<u>\$ 2,083,487</u>	<u>\$ 14,679,224</u>	<u>\$ 20,987,492</u>	<u>\$ 23,419,698</u>	<u>\$ 18,425,531</u>	<u>\$ 21,838,652</u>	<u>\$ 22,812,079</u>	<u>\$ 236,299,560</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)
JUNE 30, 2023

	Subtotal	KIG	KCA	KCCS	KPU	KAPA	KGA	KPPS	KECP	SST	Eliminations	KIPP SoCal
ASSETS												
CURRENT ASSETS												
Cash and Cash Equivalents	\$ 58,453,990	\$ 2,188,400	\$ 6,114,653	\$ 1,047,810	\$ 2,201,312	\$ 2,065,616	\$ 100,580	\$ 472,474	\$ 6,504,459	\$ 12,809,927	\$ -	\$ 91,959,221
Investments	-	-	-	-	-	-	-	-	-	21,239,285	-	21,239,285
Accounts Receivable - Federal and State	15,130,173	872,169	2,247,553	2,128,474	443,479	608,420	100,581	324,845	1,263,605	-	-	23,119,299
Accounts Receivable - Other	92,608	5,944	10,894	95,132	111,387	11,746	119,738	94,962	26,182	300,700	-	869,293
Due from Klare Holdings	-	-	-	-	-	-	-	-	-	30,474,641	-	30,474,641
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	334,221	(334,221)	-
Prepaid Expenses and Other Assets	136,987	-	-	-	-	-	-	-	35,647	501,779	-	674,413
Total Current Assets	73,813,758	3,066,513	8,373,100	3,271,416	2,756,178	2,685,782	320,899	892,281	7,829,893	65,660,553	(334,221)	168,336,152
LONG-TERM ASSETS												
Investments	-	-	-	-	-	-	-	-	-	10,021,968	-	10,021,968
Deposits	150,806	44,573	7,800	-	6,217	1,000	1,200	-	13,000	12,960	-	237,556
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	8,550,000	(3,150,000)	5,400,000
Operating Right of Use Assets	158,957,549	828,450	32,769,939	19,441,068	-	12,055,417	-	-	12,793,609	703,866	-	237,549,898
Financing Right of Use Assets, Net	1,036,200	86,823	200,705	60,162	127,870	66,404	26,952	42,377	83,216	-	-	1,730,709
Property, Plant, and Equipment, Net	2,341,247	-	64,319	254,223	29,299	126,083	-	11,183	981,445	66,860	-	3,874,659
Total Long-Term Assets	162,485,802	959,846	33,042,763	19,755,453	163,386	12,248,904	28,152	53,560	13,871,270	19,355,654	(3,150,000)	258,814,790
Total Assets	<u>\$ 236,299,560</u>	<u>\$ 4,026,359</u>	<u>\$ 41,415,863</u>	<u>\$ 23,026,869</u>	<u>\$ 2,919,564</u>	<u>\$ 14,934,686</u>	<u>\$ 349,051</u>	<u>\$ 945,841</u>	<u>\$ 21,701,163</u>	<u>\$ 85,016,207</u>	<u>\$ (3,484,221)</u>	<u>\$ 427,150,942</u>
LIABILITIES AND NET ASSETS												
CURRENT LIABILITIES												
Accounts Payable - Federal and State	\$ 2,847,373	\$ 216,546	\$ 340,861	\$ 296,973	\$ 120,287	\$ 112,608	\$ (1,498)	\$ 57,321	\$ 175,385	\$ -	\$ -	\$ 4,165,856
Accounts Payable - Other	3,562,057	311,179	521,198	193,882	972,086	173,413	204,762	318,753	454,678	536,224	-	7,248,232
Accrued Liabilities	959,930	57,908	132,447	20,089	74,430	57,185	37,606	39,490	181,459	1,000,385	-	2,560,929
Unearned Revenue	22,733,448	1,651,607	3,386,061	651,192	211,251	942,493	-	6,793	2,474,880	168,143	-	32,225,868
Operating Lease Liabilities	4,319,583	448,419	525,808	220,832	-	259,174	-	-	170,693	126,363	-	6,070,872
Financing Lease Liabilities	283,669	24,225	48,913	18,926	32,772	17,536	7,118	13,367	26,780	-	-	473,306
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	509,499	-	509,499
Due to KIPP SoCal Public Schools	-	-	-	-	-	-	-	334,221	-	-	(334,221)	-
Total Current Liabilities	34,706,060	2,709,884	4,955,288	1,401,894	1,410,826	1,562,409	247,988	769,945	3,483,875	2,340,614	(334,221)	53,254,562
LONG-TERM LIABILITIES												
Intercompany Notes Payable	500,000	-	-	1,675,000	975,000	-	-	-	-	-	(3,150,000)	-
Operating Lease Liabilities	153,686,202	486,314	32,739,953	19,445,980	-	11,423,664	-	-	13,567,764	591,067	-	231,940,944
Financing Lease Liabilities	765,511	63,823	154,103	42,086	96,790	49,804	20,215	29,609	57,613	-	-	1,279,554
Total Long-Term Liabilities	154,951,713	550,137	32,894,056	21,163,066	1,071,790	11,473,468	20,215	29,609	13,625,377	591,067	(3,150,000)	233,220,498
Total Liabilities	189,657,773	3,260,021	37,849,344	22,564,960	2,482,616	13,035,877	268,203	799,554	17,109,252	2,931,681	(3,484,221)	286,475,060
NET ASSETS												
Without Donor Restrictions	46,641,787	766,338	3,566,519	461,909	436,948	1,898,809	80,848	146,287	4,591,911	79,212,323	-	137,803,679
With Donor Restrictions	-	-	-	-	-	-	-	-	-	2,872,203	-	2,872,203
Total Net Assets	46,641,787	766,338	3,566,519	461,909	436,948	1,898,809	80,848	146,287	4,591,911	82,084,526	-	140,675,882
Total Liabilities and Net Assets	<u>\$ 236,299,560</u>	<u>\$ 4,026,359</u>	<u>\$ 41,415,863</u>	<u>\$ 23,026,869</u>	<u>\$ 2,919,564</u>	<u>\$ 14,934,686</u>	<u>\$ 349,051</u>	<u>\$ 945,841</u>	<u>\$ 21,701,163</u>	<u>\$ 85,016,207</u>	<u>\$ (3,484,221)</u>	<u>\$ 427,150,942</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2023

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
REVENUE, WITHOUT DONOR RESTRICTION												
State Revenue:												
Local Control Funding Formula Sources	\$ 5,475,194	\$ 6,230,605	\$ 6,753,850	\$ 13,137,452	\$ 6,927,751	\$ 4,231,834	\$ 4,124,222	\$ 5,752,516	\$ 6,732,449	\$ 5,440,615	\$ 6,789,392	\$ 71,595,880
Other State Revenue	2,074,943	2,483,497	2,768,273	4,796,602	2,728,017	2,747,261	2,242,652	2,197,236	2,699,704	2,227,765	2,840,827	29,806,777
Federal Revenue:												
Grants and Entitlements	1,256,493	976,411	1,691,614	2,477,749	967,119	1,197,604	590,933	805,682	1,262,772	975,919	1,162,258	13,364,554
Local Revenue:												
Contributions	22,280	40,393	95,349	70,982	78,906	191,709	117,644	19,761	25,831	33,253	21,398	717,506
Interest and Investment Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	3,782	2,169	7,994	8,534	2,802	2,917	4,194	1,694	6,643	1,618	1,981	44,328
Total Unrestricted Revenues	8,832,692	9,733,075	11,317,080	20,491,319	10,704,595	8,371,325	7,079,645	8,776,889	10,727,399	8,679,170	10,815,856	115,529,045
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	8,832,692	9,733,075	11,317,080	20,491,319	10,704,595	8,371,325	7,079,645	8,776,889	10,727,399	8,679,170	10,815,856	115,529,045
EXPENSES												
Program Services:												
Educational Programs	8,168,515	9,013,761	10,684,878	18,640,425	10,067,588	7,899,187	6,656,403	8,022,098	9,984,353	8,192,152	9,914,197	107,243,557
Support Services:												
General and Administrative	432,967	470,643	569,519	955,198	611,909	421,080	362,395	437,554	562,519	396,893	642,505	5,863,182
Fundraising	5,443	15,195	38,563	25,871	8,255	3,184	3,340	8,179	5,918	3,142	3,408	120,498
Total Expenses	8,606,925	9,499,599	11,292,960	19,621,494	10,687,752	8,323,451	7,022,138	8,467,831	10,552,790	8,592,187	10,560,110	113,227,237
OTHER CHANGES IN NET ASSETS												
Capital Contribution to KLARE	-	-	-	-	-	-	-	-	-	-	-	-
Other Changes in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	225,767	233,476	24,120	869,825	16,843	47,874	57,507	309,058	174,609	86,983	255,746	2,301,808
NET ASSETS WITH DONOR RESTRICTION												
Investment Return	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	225,767	233,476	24,120	869,825	16,843	47,874	57,507	309,058	174,609	86,983	255,746	2,301,808
Net Assets - Beginning of Year	1,056,835	6,631,273	3,933,921	6,885,707	4,250,752	876,130	541,629	6,081,485	5,200,762	2,617,623	2,992,369	41,068,486
NET ASSETS - END OF YEAR	<u>\$ 1,282,602</u>	<u>\$ 6,864,749</u>	<u>\$ 3,958,041</u>	<u>\$ 7,755,532</u>	<u>\$ 4,267,595</u>	<u>\$ 924,004</u>	<u>\$ 599,136</u>	<u>\$ 6,390,543</u>	<u>\$ 5,375,371</u>	<u>\$ 2,704,606</u>	<u>\$ 3,248,115</u>	<u>\$ 43,370,294</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Subtotal	KPP	KIG	KCA	KCCS	KPU	KAPA	KGA	KPPS	KECP	SST	Eliminations	KIPP SoCal Total
REVENUE, WITHOUT DONOR RESTRICTION													
State Revenue:													
Local Control Funding Formula Sources	\$ 71,595,880	\$ 5,812,800	\$ 4,795,101	\$ 12,713,139	\$ 6,455,732	\$ 4,032,554	\$ 3,501,947	\$ 1,222,721	\$ 1,939,021	\$ 6,259,821	\$ -	\$ -	\$ 118,328,716
Other State Revenue	29,806,777	3,051,390	2,185,268	4,842,682	3,011,601	2,716,470	1,613,009	155,573	603,091	3,890,526	-	-	51,876,387
Federal Revenue:													
Grants and Entitlements	13,364,554	911,653	1,435,787	1,385,347	839,485	513,578	1,004,471	106,189	120,045	1,147,213	-	-	20,828,322
Local Revenue:													
Contributions	717,506	74,545	24,519	77,279	251,371	3,003,819	153,098	1,186,160	1,857,111	557,335	11,919,189	-	19,821,932
Interest	-	-	-	-	-	-	15,257	-	374	-	2,783,237	(29,500)	2,769,368
Other Revenue	44,328	4,023	1,665	9,438	5,193	1,984	44,925	808	548	4,375	28,739,580	(28,114,992)	741,875
Total Unrestricted Revenues	115,529,045	9,854,411	8,442,340	19,027,885	10,563,382	10,268,405	6,332,707	2,671,451	4,520,190	11,859,270	43,442,006	(28,144,492)	214,366,600
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-	-	-	-	-	504,000	-	504,000
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	115,529,045	9,854,411	8,442,340	19,027,885	10,563,382	10,268,405	6,332,707	2,671,451	4,520,190	11,859,270	43,946,006	(28,144,492)	214,870,600
EXPENSES													
Program Services:													
Educational Programs	107,243,557	9,253,508	7,931,371	17,585,627	10,008,345	9,515,990	5,918,057	2,501,144	4,240,181	11,090,697	11,963,344	(28,144,492)	169,107,329
Support Services:													
General and Administrative	5,863,182	504,643	494,483	1,050,629	593,753	628,030	363,582	162,146	248,663	497,146	14,258,890	-	24,665,147
Fundraising	120,498	25,161	4,860	25,263	18,924	9,515	18,408	4,064	4,997	18,607	1,423,319	-	1,673,616
Total Expenses	113,227,237	9,783,312	8,430,714	18,661,519	10,621,022	10,153,535	6,300,047	2,667,354	4,493,841	11,606,450	27,645,553	(28,144,492)	195,446,092
OTHER CHANGES IN NET ASSETS													
Capital Contribution to KLARE	-	-	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)
Other Changes in Net Assets	-	-	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	2,301,808	71,099	11,626	366,366	(57,640)	114,870	32,660	4,097	26,349	252,820	11,300,453	-	14,424,508
NET ASSETS													
Investment Return	-	-	-	-	-	-	-	-	-	-	181,833	-	181,833
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-	(504,000)	-	(504,000)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	-	-	-	-	-	-	-	-	-	-	(322,167)	-	(322,167)
CHANGE IN NET ASSETS	2,301,808	71,099	11,626	366,366	(57,640)	114,870	32,660	4,097	26,349	252,820	10,978,286	-	14,102,341
Net Assets - Beginning of Year	41,068,486	3,200,394	754,712	3,200,153	519,549	322,078	1,866,149	76,751	119,938	4,339,091	71,106,240	-	126,573,541
NET ASSETS - END OF YEAR	<u>\$ 43,370,294</u>	<u>\$ 3,271,493</u>	<u>\$ 766,338</u>	<u>\$ 3,566,519</u>	<u>\$ 461,909</u>	<u>\$ 436,948</u>	<u>\$ 1,898,809</u>	<u>\$ 80,848</u>	<u>\$ 146,287</u>	<u>\$ 4,591,911</u>	<u>\$ 82,084,526</u>	<u>\$ -</u>	<u>\$ 140,675,882</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS — KIPP SOCAL SCHOOLS BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2023

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
CASH FLOWS FROM OPERATING ACTIVITIES												
Change in Net Assets	\$ 225,767	\$ 233,476	\$ 24,120	\$ 869,825	\$ 16,843	\$ 47,874	\$ 57,507	\$ 309,058	\$ 174,609	\$ 86,983	\$ 255,746	\$ 2,301,808
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	9,164	137,689	60,086	211,757	73,555	-	74,496	52,457	87,877	46,139	6,329	759,549
Unrealized (Gains) and Losses	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Financing Right of Use Asset	17,979	19,423	16,940	45,561	32,592	13,413	18,188	21,389	16,940	20,000	22,644	245,069
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	571,343	615,776	831,119	1,561,638	1,019,770	763,907	846,259	929,391	1,126,666	843,790	1,119,672	10,229,331
Accounts Receivable - Other	(5,317)	(4,865)	(6,232)	(14,020)	(4,486)	(5,837)	(10,575)	(3,999)	(4,431)	(5,501)	(6,130)	(71,393)
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	44,516	-	30,316	-	15,000	-	-	-	89,832
Deposits	-	-	-	-	-	-	-	150	-	-	-	150
Deferred Rent Asset	-	515,090	-	-	-	-	-	-	-	-	-	515,090
Operating Right of Use Asset	(15,130,380)	(8,929,916)	(14,992,972)	(16,518,662)	(17,567,681)	(323,660)	(12,905,914)	(12,458,198)	(14,640,164)	(13,414,357)	(15,201,807)	(142,083,711)
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	133,436	152,284	154,867	351,358	132,138	116,071	79,362	141,810	143,232	134,915	191,116	1,730,589
Accounts Payable - Other	(60,250)	(87,665)	70,877	157,487	13,800	136,218	34,424	40,480	(22,006)	52,773	(244,810)	91,328
Accrued Liabilities	5,361	22,153	7,259	(23,787)	6,811	(11,369)	(3,828)	(7,420)	(5,893)	18,390	(2,621)	5,056
Unearned Revenue	890,429	1,193,212	1,127,947	2,541,747	1,788,692	(195,933)	(97,593)	1,057,166	1,409,496	1,141,469	1,733,779	12,590,411
Deferred Rent Liability	(526,621)	-	(649,807)	(338,276)	(132,816)	(57,025)	(68,895)	(115,140)	(135,332)	(181,579)	(144,289)	(2,349,780)
Operating Lease Liabilities	15,468,254	8,832,924	15,633,781	16,825,480	15,256,837	357,368	13,136,729	12,593,906	14,799,198	13,641,277	15,362,402	141,908,156
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	(698,567)	-	-	-	(878,841)	(655,529)	(562,407)	(765,564)	(34,675)	(761,694)	(872,929)	(5,230,206)
Net Cash Provided (Used) by Operating Activities	900,598	2,699,581	2,277,985	5,714,624	(242,786)	215,814	597,753	1,810,486	2,915,517	1,622,605	2,219,102	20,731,279
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Property, Plant, and Equipment	-	(492,558)	(138,965)	(95,041)	(15,892)	(67,495)	(17,200)	-	(27,419)	-	-	(854,570)
Net Cash Provided (Used) by Investing Activities	-	(492,558)	(138,965)	(95,041)	(15,892)	(67,495)	(17,200)	-	(27,419)	-	-	(854,570)
CASH FLOWS FROM FINANCING ACTIVITIES												
Payments on Intercompany Notes Payable	(175,000)	-	-	-	-	-	-	-	-	-	-	(175,000)
Payments on Finance Leases	(17,043)	(18,246)	(16,257)	(42,802)	(30,902)	(12,872)	(17,451)	(20,358)	(16,257)	(19,190)	(21,646)	(233,024)
Payments on Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Financing Activities	(192,043)	(18,246)	(16,257)	(42,802)	(30,902)	(12,872)	(17,451)	(20,358)	(16,257)	(19,190)	(21,646)	(408,024)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	708,555	2,188,777	2,122,763	5,576,781	(289,580)	135,447	563,102	1,790,128	2,871,841	1,603,415	2,197,456	19,468,685
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	1,235,836	4,719,242	3,434,767	4,604,779	4,414,389	404,474	155,814	5,586,044	4,200,725	2,494,559	3,255,154	34,505,783
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,944,391</u>	<u>\$ 6,908,019</u>	<u>\$ 5,557,530</u>	<u>\$ 10,181,560</u>	<u>\$ 4,124,809</u>	<u>\$ 539,921</u>	<u>\$ 718,916</u>	<u>\$ 7,376,172</u>	<u>\$ 7,072,566</u>	<u>\$ 4,097,974</u>	<u>\$ 5,452,610</u>	<u>\$ 53,974,468</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION												
Equipment Received in Exchange for Finance Lease	\$ 84,383	\$ 134,303	\$ 65,256	\$ 313,411	\$ 152,444	\$ 51,670	\$ 70,308	\$ 107,351	\$ 65,256	\$ 77,099	\$ 93,384	\$ 1,214,865
Cash Paid for Interest, Net of Capitalized Interest	\$ 1,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 6,750

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS — KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Subtotal	KPP	KIG	KCA	KCCS	KPU	KAPA	KGA	KPPS	KECP	SST	Eliminations	KIPP SoCal Total
CASH FLOWS FROM OPERATING ACTIVITIES													
Change in Net Assets	\$ 2,301,808	\$ 71,099	\$ 11,626	\$ 366,366	\$ (57,640)	\$ 114,870	\$ 32,660	\$ 4,097	\$ 26,349	\$ 252,820	\$ 10,978,286	\$ -	\$ 14,102,341
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:													
Depreciation	759,549	91,184	-	134,619	6,623	24,633	84,613	-	3,612	65,874	18,818	-	1,189,525
Unrealized (Gains) and Losses	-	-	-	-	-	-	-	-	-	-	(692,429)	-	(692,429)
Amortization of Financing Right of Use Asset	245,069	17,979	24,767	41,732	19,244	31,820	17,979	7,297	13,590	27,203	-	-	446,680
(Increase) and Decrease in Operating Assets:													
Accounts Receivable - Federal and State	10,229,331	1,208,007	824,881	1,935,641	723,455	1,580,329	550,577	(100,581)	89,876	1,327,696	-	-	18,369,212
Accounts Receivable - Other	(71,393)	(1,847)	(2,968)	(7,274)	(94,974)	47,316	(5,167)	(119,738)	107,427	232,108	(142,353)	-	(58,863)
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	504,000	-	504,000
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	(3,453,879)	-	(3,453,879)
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	287,353	-	11,952,746	(12,240,099)	-
Prepaid Expenses	89,832	810,611	38,414	-	-	15,609	1,072,513	1,200	-	(34,851)	(354,135)	-	1,639,193
Deposits	150	-	-	-	-	33	-	-	-	-	21,000	-	21,183
Deferred Rent Asset	515,090	-	-	-	-	-	-	-	-	-	-	-	515,090
Operating Right of Use Asset	(142,083,711)	(16,873,838)	(828,450)	(32,769,939)	(19,441,068)	-	(12,055,417)	-	-	(12,793,609)	(703,866)	-	(237,549,898)
Increase and (Decrease) in Operating Liabilities:													
Accounts Payable - Federal and State	1,730,589	141,350	101,896	335,390	187,585	116,250	110,085	(1,498)	57,317	138,789	-	-	2,917,753
Accounts Payable - Other	91,328	66,994	73,148	44,281	9,138	655,113	44,876	170,305	214,720	(205,233)	(44,449)	-	1,120,221
Accrued Liabilities	5,056	525	(2,131)	(601)	(10,578)	(178,986)	5,241	28,985	12,203	22,152	(27,250)	-	(145,384)
Unearned Revenue	12,590,411	2,057,001	1,025,787	2,177,990	121,277	(161,352)	715,725	-	(3,855)	1,667,839	81,460	-	20,272,283
Deferred Rent Liability	(2,349,780)	(49,623)	(146,727)	(389,343)	(142,409)	(68,951)	(522,067)	-	-	(772,261)	-	-	(4,441,161)
Operating Lease Liabilities	141,908,156	16,097,629	934,733	33,265,761	19,666,812	-	11,682,839	-	-	13,738,457	717,430	-	238,011,817
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	337,981	-	337,981
Due to KIPP SoCal Public Schools	(5,230,206)	(866,609)	(693,561)	(1,620,861)	(715,138)	(769,303)	-	-	(962,668)	(1,094,400)	(287,353)	12,240,099	-
Net Cash Provided (Used) by Operating Activities	20,731,279	2,770,462	1,361,415	3,513,762	272,327	1,407,381	1,734,457	(9,933)	(154,076)	2,572,584	18,906,007	-	53,105,665
CASH FLOWS FROM INVESTING ACTIVITIES													
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	(111,769,993)	-	(111,769,993)
Sale of Investments	-	-	-	-	-	-	-	-	-	-	104,816,451	-	104,816,451
Repayment of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	775,000	(775,000)	-
Purchases of Property, Plant, and Equipment	(854,570)	(61,460)	-	(8,620)	-	(5,154)	-	-	(10,273)	(131,519)	-	-	(1,071,596)
Net Cash Provided (Used) by Investing Activities	(854,570)	(61,460)	-	(8,620)	-	(5,154)	-	-	(10,273)	(131,519)	(6,178,542)	(775,000)	(8,025,138)
CASH FLOWS FROM FINANCING ACTIVITIES													
Payments on Intercompany Notes Payable	(175,000)	-	(600,000)	-	-	-	-	-	-	-	-	775,000	-
Payments on Finance Leases	(233,024)	(17,043)	(23,542)	(39,421)	(18,394)	(30,128)	(17,043)	(6,916)	(12,991)	(26,026)	-	-	(424,528)
Payments on Notes Payable	-	-	-	-	-	-	-	-	-	(151,149)	-	-	(151,149)
Net Cash Provided (Used) by Financing Activities	(408,024)	(17,043)	(623,542)	(39,421)	(18,394)	(30,128)	(17,043)	(6,916)	(12,991)	(177,175)	-	775,000	(575,677)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	19,468,685	2,691,959	737,873	3,465,721	253,933	1,372,099	1,717,414	(16,849)	(177,340)	2,263,890	12,727,465	-	44,504,850
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	34,505,783	1,787,563	1,450,527	2,648,932	793,877	829,213	348,202	117,429	649,814	4,240,569	82,462	-	47,454,371
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>53,974,468</u>	<u>4,479,522</u>	<u>2,188,400</u>	<u>6,114,653</u>	<u>1,047,810</u>	<u>2,201,312</u>	<u>2,065,616</u>	<u>100,580</u>	<u>472,474</u>	<u>6,504,459</u>	<u>12,809,927</u>	<u>-</u>	<u>91,959,221</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION													
Equipment Received in Exchange for Finance Lease	\$ 1,214,865	\$ 84,383	\$ 111,590	\$ 242,437	\$ 79,406	\$ 159,690	\$ 84,383	\$ 34,249	\$ 55,967	\$ 110,419	\$ -	\$ -	\$ 2,177,389
Cash Paid for Interest, Net of Capitalized Interest	\$ 6,750	\$ -	\$ 6,000	\$ -	\$ 16,750	\$ -	\$ -	\$ -	\$ -	\$ 17,892	\$ -	\$ (29,500)	\$ 17,892

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION — RELATED SCHOOLS
YEAR ENDED JUNE 30, 2023

	KLAP	KEA	KSOL	KIA	KPA	KAO	KPA	KRA	KCCP	KCA	KAI	KCCS	KPP	KSA	KIG	Total
ASSETS																
CURRENT ASSETS																
Cash and Cash Equivalents	\$ 6,908,019	\$ 4,124,809	\$ 7,376,172	\$ 7,072,566	\$ 718,916	\$ 1,944,391	\$ 5,452,610	\$ 5,557,530	\$ 10,181,560	\$ 6,114,653	\$ 4,097,974	\$ 1,047,810	\$ 4,479,522	\$ 539,921	\$ 2,188,400	\$ 67,804,853
Accounts Receivable - Federal and State	1,170,468	1,273,545	964,235	1,209,795	878,913	1,311,318	1,087,956	1,487,452	2,794,707	2,247,553	814,341	2,128,474	1,051,154	1,086,289	872,169	20,378,369
Accounts Receivable - Other	3,994	7,090	12,240	5,022	12,853	4,813	8,973	8,917	14,064	10,894	6,023	95,132	1,254	7,365	5,944	204,578
Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	136,987	-	-	136,987
Total Current Assets	8,082,481	5,405,444	8,352,647	8,287,383	1,610,682	3,260,522	6,549,539	7,053,899	12,990,331	8,373,100	4,918,338	3,271,416	5,668,917	1,633,575	3,066,513	88,524,787
LONG-TERM ASSETS																
Security Deposits and Other Assets	40,000	-	(150)	-	-	1,400	-	-	74,726	7,800	4,330	-	10,000	20,500	44,573	203,179
Operating Right of Use Assets	8,929,916	17,567,681	12,458,198	14,640,164	12,905,914	15,130,380	15,201,807	14,992,972	16,518,662	32,769,939	13,414,357	19,441,068	16,873,838	323,660	828,450	211,997,006
Financing Right of Use Assets, Net	114,880	119,852	85,962	48,316	52,120	66,404	70,740	48,316	267,850	200,705	57,099	60,162	66,404	38,257	86,823	1,383,890
Property, Plant, and Equipment, Net	919,985	76,798	90,835	443,835	110,508	53,584	16,566	160,878	176,436	64,319	31,407	254,223	192,920	67,495	-	2,659,789
Total Long-Term Assets	10,004,781	17,764,331	12,634,845	15,132,315	13,068,542	15,251,768	15,289,113	15,202,166	17,037,674	33,042,763	13,507,193	19,755,453	17,143,162	449,912	959,846	216,243,864
Total Assets	<u>\$ 18,087,262</u>	<u>\$ 23,169,775</u>	<u>\$ 20,987,492</u>	<u>\$ 23,419,698</u>	<u>\$ 14,679,224</u>	<u>\$ 18,512,290</u>	<u>\$ 21,838,652</u>	<u>\$ 22,256,065</u>	<u>\$ 30,028,005</u>	<u>\$ 41,415,863</u>	<u>\$ 18,425,531</u>	<u>\$ 23,026,869</u>	<u>\$ 22,812,079</u>	<u>\$ 2,083,487</u>	<u>\$ 4,026,359</u>	<u>\$ 304,768,651</u>
LIABILITIES AND NET ASSETS																
CURRENT LIABILITIES																
Accounts Payable - Federal and State	\$ 163,001	\$ 550,711	\$ 141,740	\$ 521,176	\$ 82,939	\$ 188,967	\$ 197,785	\$ 160,992	\$ 352,835	\$ 340,861	\$ 139,893	\$ 296,973	\$ 141,352	\$ 205,982	\$ 216,546	\$ 3,701,753
Accounts Payable - Other	308,002	242,780	245,170	338,356	169,977	120,174	259,800	262,560	782,681	521,198	260,634	193,882	283,865	288,058	311,179	4,588,316
Accrued Liabilities	94,928	65,617	44,120	61,397	51,309	90,532	77,461	78,019	156,003	132,447	71,406	20,089	81,351	87,787	57,908	1,170,374
Unearned Revenue	1,707,601	2,664,693	1,485,021	2,275,201	86,277	1,294,421	2,621,350	2,113,673	3,884,865	3,386,061	1,549,807	651,192	2,869,049	181,490	1,651,607	28,422,308
Operating Lease Liabilities	470,563	379,917	324,956	381,906	147,360	261,091	373,988	404,602	634,367	525,808	278,737	220,832	304,728	357,368	448,419	5,514,642
Financing Lease Liabilities	25,863	31,797	23,902	16,727	17,956	17,536	22,272	16,727	60,360	48,913	19,748	18,926	17,536	13,245	24,225	375,733
Total Current Liabilities	2,769,958	3,935,515	2,264,909	3,594,763	555,818	1,972,721	3,552,656	3,036,573	5,871,111	4,955,288	2,320,225	1,401,894	3,697,881	1,133,930	2,709,884	43,773,126
LONG-TERM LIABILITIES																
Intercompany Notes Payable	-	-	-	-	500,000	-	-	-	-	-	-	1,675,000	-	-	-	2,175,000
Operating Lease Liabilities	8,362,361	14,876,920	12,268,950	14,417,292	12,989,369	15,207,163	14,988,414	15,229,179	16,191,113	32,739,953	13,362,540	19,445,980	15,792,901	-	486,314	206,358,449
Financing Lease Liabilities	90,194	89,745	63,090	32,272	34,901	49,804	49,467	32,272	210,249	154,103	38,160	42,086	49,804	25,553	63,823	1,025,523
Total Long-Term Liabilities	8,452,555	14,966,665	12,332,040	14,449,564	13,524,270	15,256,967	15,037,881	15,261,451	16,401,362	32,894,056	13,400,700	21,163,066	15,842,705	25,553	550,137	209,558,972
Total Liabilities	11,222,513	18,902,180	14,596,949	18,044,327	14,080,088	17,229,688	18,590,537	18,298,024	22,272,473	37,849,344	15,720,925	22,564,960	19,540,586	1,159,483	3,260,021	253,332,098
NET ASSETS																
Without Donor Restriction	6,864,749	4,267,595	6,390,543	5,375,371	599,136	1,282,602	3,248,115	3,958,041	7,755,532	3,566,519	2,704,606	461,909	3,271,493	924,004	766,338	51,436,553
Total Net Assets	<u>6,864,749</u>	<u>4,267,595</u>	<u>6,390,543</u>	<u>5,375,371</u>	<u>599,136</u>	<u>1,282,602</u>	<u>3,248,115</u>	<u>3,958,041</u>	<u>7,755,532</u>	<u>3,566,519</u>	<u>2,704,606</u>	<u>461,909</u>	<u>3,271,493</u>	<u>924,004</u>	<u>766,338</u>	<u>51,436,553</u>
Total Liabilities and Net Assets	<u>\$ 18,087,262</u>	<u>\$ 23,169,775</u>	<u>\$ 20,987,492</u>	<u>\$ 23,419,698</u>	<u>\$ 14,679,224</u>	<u>\$ 18,512,290</u>	<u>\$ 21,838,652</u>	<u>\$ 22,256,065</u>	<u>\$ 30,028,005</u>	<u>\$ 41,415,863</u>	<u>\$ 18,425,531</u>	<u>\$ 23,026,869</u>	<u>\$ 22,812,079</u>	<u>\$ 2,083,487</u>	<u>\$ 4,026,359</u>	<u>\$ 304,768,651</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES — RELATED SCHOOLS
YEAR ENDED JUNE 30, 2023**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCCS	KPP	KSA	KIG	Total
REVENUES, WITHOUT DONOR RESTRICTION																
State Revenue:																
Local Control Funding Formula Sources	\$ 6,230,605	\$ 6,927,751	\$ 5,752,516	\$ 6,732,449	\$ 4,124,222	\$ 5,475,194	\$ 6,789,392	\$ 6,753,850	\$ 13,137,452	\$ 12,713,139	\$ 5,440,615	\$ 6,455,732	\$ 5,812,800	\$ 4,231,834	\$ 4,795,101	\$ 101,372,652
Other State Revenue	2,483,497	2,728,017	2,197,236	2,699,704	2,242,652	2,074,943	2,840,827	2,768,273	4,796,602	4,842,682	2,227,765	3,011,601	3,051,390	2,747,261	2,185,268	42,897,718
Federal Revenue:																
Grants and Entitlements	976,411	967,119	805,682	1,262,772	590,933	1,256,493	1,162,258	1,691,614	2,477,749	1,385,347	975,919	839,485	911,653	1,197,604	1,435,787	17,936,826
Local Revenue:																
Contributions	40,393	78,906	19,761	25,831	117,644	22,280	21,398	95,349	70,982	77,279	33,253	251,371	74,545	191,709	24,519	1,145,220
Other Revenue	2,169	2,802	1,694	6,643	4,194	3,782	1,981	7,994	8,534	9,438	1,618	5,193	4,023	2,917	1,665	64,647
Total Revenues, Without Donor Restriction	9,733,075	10,704,595	8,776,889	10,727,399	7,079,645	8,832,692	10,815,856	11,317,080	20,491,319	19,027,885	8,679,170	10,563,382	9,854,411	8,371,325	8,442,340	163,417,063
EXPENSES																
Program Services:																
Educational Programs	9,013,761	10,067,588	8,022,098	9,984,353	6,656,403	8,168,515	9,914,197	10,684,878	18,640,425	17,585,627	8,192,152	10,008,345	9,253,508	7,899,187	7,931,371	152,022,408
Support Services:																
General and Administrative	470,643	611,909	437,554	562,519	362,395	432,967	642,505	569,519	955,198	1,050,629	396,893	593,753	504,643	421,080	494,483	8,506,690
Fundraising	15,195	8,255	8,179	5,918	3,340	5,443	3,408	38,563	25,871	25,263	3,142	18,924	25,161	3,184	4,860	194,706
Total Expenses	9,499,599	10,687,752	8,467,831	10,552,790	7,022,138	8,606,925	10,560,110	11,292,960	19,621,494	18,661,519	8,592,187	10,621,022	9,783,312	8,323,451	8,430,714	160,723,804
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	233,476	16,843	309,058	174,609	57,507	225,767	255,746	24,120	869,825	366,366	86,983	(57,640)	71,099	47,874	11,626	2,693,259
Net Assets - Beginning of Year	6,631,273	4,250,752	6,081,485	5,200,762	541,629	1,056,835	2,992,369	3,933,921	6,885,707	3,200,153	2,617,623	519,549	3,200,394	876,130	754,712	48,743,294
NET ASSETS - END OF YEAR	<u>\$ 6,864,749</u>	<u>\$ 4,267,595</u>	<u>\$ 6,390,543</u>	<u>\$ 5,375,371</u>	<u>\$ 599,136</u>	<u>\$ 1,282,602</u>	<u>\$ 3,248,115</u>	<u>\$ 3,958,041</u>	<u>\$ 7,755,532</u>	<u>\$ 3,566,519</u>	<u>\$ 2,704,606</u>	<u>\$ 461,909</u>	<u>\$ 3,271,493</u>	<u>\$ 924,004</u>	<u>\$ 766,338</u>	<u>\$ 51,436,553</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS — RELATED SCHOOLS
YEAR ENDED JUNE 30, 2023**

	KLAP	KEA	KSOL	KIA	KPA	KAQ	KVPA	KRA	KCCP	KCA	KAI	KCCS	KPP	KSA	KIG	Total
CASH FLOWS FROM OPERATING ACTIVITIES																
Change in Net Assets	\$ 233,476	\$ 16,843	\$ 309,058	\$ 174,609	\$ 57,507	\$ 225,767	\$ 255,746	\$ 24,120	\$ 869,825	\$ 366,366	\$ 86,983	\$ (57,640)	\$ 71,099	\$ 47,874	\$ 11,626	\$ 2,693,259
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:																
Depreciation	137,689	73,555	52,457	87,877	74,496	9,164	6,329	60,086	211,757	134,619	46,139	6,623	91,184	-	-	991,975
Amortization of Financing Right of Use Asset	19,423	32,592	21,389	16,940	18,188	17,979	22,644	16,940	45,561	41,732	20,000	19,244	17,979	13,413	24,767	348,791
(Increase) and Decrease in Operating Assets:																
Accounts Receivable - Federal and State	615,776	1,019,770	929,391	1,126,666	846,259	571,343	1,119,672	831,119	1,561,638	1,935,641	843,790	723,455	1,208,007	763,907	824,881	14,921,315
Accounts Receivable - Other	(4,865)	(4,486)	(3,999)	(4,431)	(10,575)	(5,317)	(6,130)	(6,232)	(14,020)	(7,274)	(5,501)	(94,974)	(1,847)	(5,837)	(2,968)	(178,456)
Prepaid Expenses	-	-	15,000	-	-	-	-	-	44,516	-	-	-	810,611	30,316	38,414	938,857
Security Deposit	-	-	150	-	-	-	-	-	-	-	-	-	-	-	-	150
Deferred Rent Asset	515,090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	515,090
Operating Right of Use Assets	(8,929,916)	(17,567,681)	(12,458,198)	(14,640,164)	(12,905,914)	(15,130,380)	(15,201,807)	(14,992,972)	(16,518,662)	(32,769,939)	(13,414,357)	(19,441,068)	(16,873,838)	(323,660)	(828,450)	(211,997,006)
Increase and (Decrease) in Operating Liabilities:																
Accounts Payable - Federal and State	152,284	132,138	141,810	143,232	79,362	133,436	191,116	154,867	351,358	335,390	134,915	187,585	141,350	116,071	101,896	2,496,810
Accounts Payable - Other	(87,665)	13,800	40,480	(22,006)	34,424	(60,250)	(244,810)	70,877	157,487	44,281	52,773	9,138	66,994	136,218	73,148	284,889
Accrued Liabilities	22,153	6,811	(7,420)	(5,893)	(3,828)	5,361	(2,621)	7,259	(23,787)	(601)	18,390	(10,578)	525	(11,369)	(2,131)	(7,729)
Unearned Revenue	1,193,212	1,788,692	1,057,166	1,409,496	(97,593)	890,429	1,733,779	1,127,947	2,541,747	2,177,990	1,141,469	121,277	2,057,001	(195,933)	1,025,787	17,972,466
Deferred Rent Liability	-	(132,816)	(115,140)	(135,332)	(68,895)	(526,621)	(144,289)	(649,807)	(338,276)	(389,343)	(181,579)	(49,623)	(57,025)	(146,727)	(3,077,882)	(3,077,882)
Operating Lease Liabilities	8,832,924	15,256,837	12,593,906	14,799,198	13,136,729	15,468,254	15,362,402	15,633,781	16,825,480	33,265,761	13,641,277	19,666,812	16,097,629	357,368	934,733	211,873,091
Due to KIPP SoCal Public Schools	-	(678,841)	(765,564)	(34,675)	(562,407)	(698,567)	(872,929)	-	-	(1,620,861)	(761,694)	(715,138)	(866,609)	(655,529)	(693,561)	(9,126,375)
Net Cash Provided by Operating Activities	2,699,581	(242,786)	1,810,486	2,915,517	597,753	900,598	2,219,102	2,277,985	5,714,624	3,513,762	1,622,605	272,327	2,770,462	215,814	1,361,415	28,649,245
CASH FLOWS FROM INVESTING ACTIVITIES																
Purchases of Property, Plant, and Equipment	(492,558)	(15,892)	-	(27,419)	(17,200)	-	-	(138,965)	(95,041)	(8,620)	-	-	(61,460)	(67,495)	-	(924,650)
Net Cash Used by Investing Activities	(492,558)	(15,892)	-	(27,419)	(17,200)	-	-	(138,965)	(95,041)	(8,620)	-	-	(61,460)	(67,495)	-	(924,650)
CASH FLOWS FROM FINANCING ACTIVITIES																
Proceeds on Intercompany Notes Payable	-	-	-	-	-	(175,000)	-	-	-	-	-	-	-	-	(600,000)	(775,000)
Payments on Finance Leases	(18,246)	(30,902)	(20,358)	(16,257)	(17,451)	(17,043)	(21,646)	(16,257)	(42,802)	(39,421)	(19,190)	(18,394)	(17,043)	(12,872)	(23,542)	(331,424)
Net Cash Used by Financing Activities	(18,246)	(30,902)	(20,358)	(16,257)	(17,451)	(192,043)	(21,646)	(16,257)	(42,802)	(39,421)	(19,190)	(18,394)	(17,043)	(12,872)	(623,542)	(1,106,424)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,188,777	(289,580)	1,790,128	2,871,841	563,102	708,555	2,197,456	2,122,763	5,576,781	3,465,721	1,603,415	253,933	2,691,959	135,447	737,873	26,618,171
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	4,719,242	4,414,389	5,586,044	4,200,725	155,814	1,235,836	3,255,154	3,434,767	4,604,779	2,648,932	2,494,559	793,877	1,787,563	404,474	1,450,527	41,186,682
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 6,908,019</u>	<u>\$ 4,124,809</u>	<u>\$ 7,376,172</u>	<u>\$ 7,072,566</u>	<u>\$ 718,916</u>	<u>\$ 1,944,391</u>	<u>\$ 5,452,610</u>	<u>\$ 5,557,530</u>	<u>\$ 10,181,560</u>	<u>\$ 6,114,653</u>	<u>\$ 4,097,974</u>	<u>\$ 1,047,810</u>	<u>\$ 4,479,522</u>	<u>\$ 539,921</u>	<u>\$ 2,188,400</u>	<u>\$ 67,804,853</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION																
Equipment Received in Exchange for Finance Lease	\$ 134,303	\$ 152,444	\$ 107,351	\$ 65,256	\$ 70,308	\$ 84,383	\$ 93,384	\$ 65,256	\$ 313,411	\$ 242,437	\$ 77,099	\$ 79,406	\$ 84,383	\$ 51,670	\$ 111,590	\$ 1,732,681
Cash Paid for Interest	-	-	-	-	5,000	1,750	-	-	-	-	-	16,750	-	-	6,000	29,500

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by KIPP SoCal and whether KIPP SoCal complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of KIPP SoCal. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

NOTE 2 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited consolidated financial statements.

NOTE 3 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of KIPP SoCal under programs of the federal governmental for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of KIPP SoCal, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP SoCal.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. KIPP SoCal has elected to use a rate other than the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 4 STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL

These statements report the financial position, activities, and cash flows for each of KIPP SoCal's charter schools as is required to be reported by the provisions of the California Education Code.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 5 STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – RELATED SCHOOLS

These statements report the financial position, activities, and cash flows for KIPP LA Preparatory Academy, KIPP Empower Academy, KIPP Sol Academy, KIPP Illuminar Academy, KIPP Philosophers Academy, KIPP Academy of Opportunity, KIPP Vida Preparatory Academy, KIPP Raices Academy, KIPP Comienza Community Prep, KIPP Corazon Academy, KIPP Academy of Innovation, and KIPP Compton Community School, KIPP Promesa Prep, KIPP Scholar Academy, and KIPP Ignite Academy defined as “Related Schools” to the “Obligated Group” in the Master Indenture of Trust that applies to the Series 2014 A&B, 2015A&B, 2017A, 2019A, and 2020A bond issues and the Line of Credit issued by PNC Bank.

The Obligated Group consists of SoLA School 1, LLC; ChaMed, LLC; KLA 2810 Whittier, LLC; SoLA 2, LLC; Budnon, LLC; 668 Atlantic, LLC; BH Soto, LLC; Curiosity RE, LLC; SeLA, LLC; Zest RE, LLC; Grit RE, LLC; KLARE 18, LLC; KLARE 15, LLC; and KLARE 17, LLC. Each Related School has a lease with a member of the Obligated Group.



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

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

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 SoCal Public Schools (KIPP SoCal), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 11, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
December 11, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE**

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP SoCal Public Schools' (KIPP SoCal), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of KIPP SoCal's major federal programs for the year ended June 30, 2023. KIPP SoCal's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, KIPP SoCal complied, in all material respects, with the 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on KIPP SoCal'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 above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about KIPP SoCal'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 KIPP SoCal's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of KIPP SoCal's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of KIPP SoCal'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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
December 11, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited KIPP SoCal Public Schools's (KIPP SoCal) compliance with the types of compliance requirements applicable to the KIPP SoCal described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2023. KIPP SoCal's applicable State compliance requirements are identified in the table below.

In our opinion, KIPP SoCal complied, in all material respects, with the compliance requirements referred to above that are applicable to KIPP SoCal for the year ended June 30, 2023.

Basis for Opinion

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; and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel 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 KIPP SoCal 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. Our audit does not provide a legal determination of the KIPP SoCal'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 KIPP SoCal's government programs.

Auditors’ Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the KIPP SoCal'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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the KIPP SoCal's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 KIPP SoCal'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 KIPP SoCal'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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the KIPP SoCal'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.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the KIPP SoCal’s compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable ¹
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable ²
Immunizations	Not Applicable ³
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant (CTEIG)	Not Applicable ⁴
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable ⁵
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable¹: KIPP SoCal did not have any expenditures for California Clean Energy Jobs Act in the year under audit or a completed project between 12 and 15 months prior to any month in the audit year.

Not Applicable²: KIPP SoCal did not report ADA pursuant to Education Code section 51749.5.

Not Applicable³: KIPP SoCal did not have any charter school subject to audit of immunizations as listed in the California Department of Public Health (CDPH) website as listed in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Not Applicable⁴: KIPP SoCal did not receive a CTEIG allocation for the audit year.

Not Applicable⁵: KIPP SoCal did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

Other Matters

The results of our audit procedures disclosed instances of noncompliance, which is required to be reported in accordance with *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on KIPP SoCal's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. KIPP SoCal's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on KIPP SoCal's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. KIPP SoCal's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

CliftonLarsonAllen LLP

Glendora, California
December 11, 2023

**KIPP SOCIAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. 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

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027	Special Education Cluster
84.425C	Governor’s Emergency Education Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	Elementary and Secondary School Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes no

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Major Federal Program Findings

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – State Compliance Findings

2023-001 Unduplicated Pupil Counts 40000

KIPP Endeavor College Preparatory Charter (KECP) - #1094

Criteria: Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced-price meals and those identified as “English Learners.”

Condition: During our testing of KIPP Endeavor College Preparatory Academy (KECP), we noted 1 error in which a student was inaccurately reported as eligible for free and reduced-price meals.

Effect: KECP is not in compliance with Education code section 42238.02 (b)(2).

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

2023-001	<u>Unduplicated Pupil Counts (Continued)</u>	40000
Questioned Costs:	\$3,662.	
Cause:	KIPP SoCal is managing Unduplicated Students income eligibility via Titan software which helps to automate data collection and eligibility determination. Titan was instrumental, since implementation, in terms of securing data accuracy, completeness, and timely processing. However, in FY2023 KIPP SoCal discovered an error with one of the student's eligibility determinations. The KIPP SoCal Operations Team along with the Titan Technology Team identified that the issue was caused due to a system glitch. The incident appeared to be a random occurrence. The Titan Team implemented corrective measures in the software to address this system glitch.	
Recommendation:	To avoid this type of occurrence, KIPP SoCal should implement an internal control procedure to avoid errors.	
Corrective Action:	To avoid this type of occurrence, KIPP SoCal implemented an internal control procedure by creating a model that manually recalculates eligibility for each student based on raw data. The Regional Operations Manager reviews the results of calculations against the results produced by Titan and certifies data accuracy. The calculations and review certification are shared with the Director of Data, who performs a final review before submission to CALPADs.	
2023-002	<u>Transitional Kindergarten</u>	40000
KIPP Iluminar Academy (KIA) - #1508 KIPP Comienza Community Prep (KCCP) - #1196 KIPP Compton (KCCS) - #1996 KIPP Corazon Academy (KCA) - #1855 KIPP Empower Academy (KEA) - #1195 KIPP Ignite (KIG) - #1720 KIPP Vida Preparatory Academy (KVPA) - #1587		
Criteria:	Per California Education Code section 48000(g)(1), charter schools must maintain average transitional kindergarten class enrollment of not more than 24 pupils for each schoolsite. Additionally, per Education Code section 48000(g)(2) schools must maintain an average of at least one adult for every 12 pupils.	
Condition:	During transitional kindergarten testing we noted KIA, KCCP, KCCS, KCA, KEA, KIG, and KVPA did not meet the transitional kindergarten class enrollment of not more than 24 pupils for each schoolsite. In addition, these schools did not meet the adult to pupil ratio requirement of not more than one adult for every 12 pupils.	

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

2023-002

Transitional Kindergarten (Continued)

40000

Effect: KIA, KCCP, KCCS, KCA, KEA, KIG, and KVPA are not in compliance with California Education Code requirements, which resulted in the following penalties:

Average Class Enrollment - Penalty Calculations							
	KIA	KCCP	KCCS	KCA	KEA	KIG	KVPA
TK ADA per P2	13.94	10.73	19.76	11.89	13.81	10.19	11.1
Penalty Rate	\$ 953.00	\$ 953.00	\$ 953.00	\$ 953.00	\$ 953.00	\$ 953.00	\$ 953.00
Questioned Costs	\$ 13,284.82	\$ 10,225.69	\$ 18,831.28	\$ 11,331.17	\$ 13,160.93	\$ 9,711.07	\$ 10,578.30

Adult to Pupil Ratio - Penalty Calculations							
	KIA	KCCP	KCCS	KCA	KEA	KIG	KVPA
Number of Additional Adults Needed to Meet the Requirement	0.4	0.4	0.3	0.4	0.5	0.4	0.3
Twenty-four, reduced by the statewide avg. rate of absence	21.9984	21.9984	21.9984	21.9984	21.9984	21.9984	21.9984
TK Average Daily Attendance	\$ 2,813.00	\$ 2,813.00	\$ 2,813.00	\$ 2,813.00	\$ 2,813.00	\$ 2,813.00	\$ 2,813.00
Add-On Rate	\$ 24,752.60	\$ 24,752.60	\$ 18,564.45	\$ 24,752.60	\$ 30,940.75	\$ 24,752.60	\$ 18,564.45
Questioned Costs	\$ 24,752.60	\$ 24,752.60	\$ 18,564.45	\$ 24,752.60	\$ 30,940.75	\$ 24,752.60	\$ 18,564.45
Total Questioned Costs:	\$ 38,037.42	\$ 34,978.29	\$ 37,395.73	\$ 36,083.77	\$ 44,101.68	\$ 34,463.67	\$ 29,142.75

Cause: Fiscal year 2023 was the first year of Transitional Kindergarten implementation and the state guidance surrounding the Transitional Kindergarten programs was unclear when KIPP SoCal elementary schools planned their instructional and classroom models for the 2022-23 school year. Consistent with their historical practices, these schools created TK/K combo classrooms that were enrolled with more than 24 students and were typically staffed with one qualified teacher and one qualified instructional aid. Generally, each classroom had fewer than 5 TK students enrolled and the schools have had a multi-year track record with this combined TK/K classroom size and structure.

Questioned Costs: See penalty calculations in the “effect” section above.

Repeat Finding: This is not a repeat finding.

Recommendation: To ensure compliance, KIPP SoCal should implement an internal control procedure to monitor TK/K enrollment.

Corrective Action: To ensure compliance with TK requirements, we have changed enrollment, staff recruitment, and in-hours staff development practices along with generally created space for at least one dedicated TK classroom at each school. We have also implemented a monthly process to check our TK classroom enrollment and student-teacher ratio. The updates will enable us to maintain the required classroom size and adult-to-pupil ratios. In addition, we have revised our internal controls for more frequent audits of teacher-to-student ratios and a classroom size requirement of twenty-four.

**KIPP SOCIAL PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

KIPP SoCal Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30 2022.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

FINDINGS – STATE COMPLIANCE

2022-001	<u>Independent Study Program</u>	40000
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KIPP Academy of Opportunity (KAO) - #530
KIPP Empower Academy (KEA) - #1195
KIPP Scholar Academy (KSA) - #1377
KIPP Illuminar Academy (KIA) - #1508
KIPP Vida Preparatory Academy (KVPA) - #1587
KIPP Promesa Preparatory (KPP) - #1721
KIPP Ignite Academy (KIG) - #1720
KIPP Compton Community School (KCCS) - #1996
KIPP Pueblo Unido (KPU) - #2041
KIPP Poder Public School (KPPS) - #2112
KIPP Endeavor College Preparatory Charter (KECP) - #1094

Criteria:	Written agreements were obtained and contained all the elements required by Education Code section 51747(c)
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Condition:	We noted that of the 29 samples that were required to be tested, we noted exceptions in 14 of the independent study agreements for one or more of the following reasons:
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- Written agreement exists for each pupil
- Every written agreement contained all the elements required by Education Code section 51747(c)
- Signatures of student, parent (unless student is 18 or over), and certificated employee no later than 30 days after the first day of independent study instruction or October 15, whichever comes later

Cause:	The charter school implemented an independent study program pursuant to a requirement that schools offer independent study for the 2021–22 school year only (EC Section 51745). This requirement expired on June 30, 2022.
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**KIPP SOCAL PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

2022-001	<u>Independent Study Program</u> (Continued)	40000
Recommendation:	We recommend that the charter schools develop procedures to ensure program compliance.	
Status:	Implemented.	



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