

KIPP NYC PUBLIC CHARTER SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2020 AND 2019



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**KIPP NYC PUBLIC CHARTER SCHOOLS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
SCHEDULE OF FINANCIAL POSITION BY SCHOOL	19
SCHEDULE OF ACTIVITIES BY SCHOOL	20
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP STAR COLLEGE PREP CHARTER SCHOOL	24
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP NYC WASHINGTON HEIGHTS ACADEMY CHARTER SCHOOL	25
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP AMP ACADEMY CHARTER SCHOOL	26
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP INFINITY ACADEMY CHARTER SCHOOL	27
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP FREEDOM CHARTER SCHOOL	28
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP BRONX CHARTER SCHOOL II	29
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP BRONX CHARTER SCHOOL III	30
SCHEDULE OF FUNCTIONAL EXPENSES – KIPP BEYOND CHARTER SCHOOL	31

**KIPP NYC PUBLIC CHARTER SCHOOLS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

SINGLE AUDIT REQUIREMENTS	32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	32
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34
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 <i>GOVERNMENT AUDITING STANDARDS</i>	35
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	37
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39



INDEPENDENT AUDITORS' REPORT

Board of Directors
KIPP NYC Public Charter Schools
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KIPP NYC Public Charter Schools (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KIPP NYC Public Charter Schools as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the KIPP NYC Public Charter Schools has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Supplementary Information

Other Information – Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules, which comprise the schedule of financial position by school, schedule of activities by school, and schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the KIPP NYC Public Charter Schools' consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Board of Directors
KIPP NYC Public Charter Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, on our consideration of KIPP NYC Public Charter Schools' 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 result of that testing, and not to provide an opinion on the effectiveness of KIPP NYC Public Charter Schools' 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 NYC Public Charter Schools' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 29, 2020

**KIPP NYC PUBLIC CHARTER SCHOOLS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 11,538,948	\$ 7,093,858
Grants and Contracts Receivable	3,344,031	3,637,130
Due from Related Parties	1,022,834	2,602,017
Prepaid Expenses and Other Assets	87,326	225,962
Property and Equipment	8,589,407	8,793,152
Total Assets	\$ 24,582,546	\$ 22,352,119
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,419,971	\$ 4,802,272
Note Payable	2,300,000	2,300,000
Refundable Advances	1,858	93,220
Capital Lease Obligation	737,410	983,214
Total Liabilities	5,459,239	8,178,706
NET ASSETS		
Without Donor Restrictions	19,049,526	13,962,428
With Donor Restrictions	73,781	210,985
Total Net Assets	19,123,307	14,173,413
Total Liabilities and Net Assets	\$ 24,582,546	\$ 22,352,119

See accompanying Notes to Consolidated Financial Statements.

**KIPP NYC PUBLIC CHARTER SCHOOLS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
OPERATING REVENUE						
State and Local Per Pupil Operating Revenue	\$ 90,196,220	\$ -	\$ 90,196,220	\$ 76,244,616	\$ -	\$ 76,244,616
Government Grants and Contracts	6,869,873	30,000	6,899,873	5,992,274	-	5,992,274
Total Operating Revenue	97,066,093	30,000	97,096,093	82,236,890	-	82,236,890
OPERATING EXPENSES						
Program Services	81,758,144	-	81,758,144	74,177,778	-	74,177,778
Supporting Services	11,161,107	-	11,161,107	9,469,285	-	9,469,285
Total Operating Expenses	92,919,251	-	92,919,251	83,647,063	-	83,647,063
SCHOOL OPERATING SURPLUS (DEFICIT)	4,146,842	30,000	4,176,842	(1,410,173)	-	(1,410,173)
OTHER REVENUE						
Contributions and Other Grants	54,638	95,590	150,228	1,343,083	124,460	1,467,543
Interest and Other Income – Net	592,592	-	592,592	935,536	-	935,536
Donated Goods and Services	30,232	-	30,232	-	-	-
Total Other Revenue	677,462	95,590	773,052	2,278,619	124,460	2,403,079
NET ASSETS RELEASED FROM RESTRICTIONS	262,794	(262,794)	-	77,142	(77,142)	-
CHANGE IN NET ASSETS	5,087,098	(137,204)	4,949,894	945,588	47,318	992,906
Net Assets – Beginning of Year	13,962,428	210,985	14,173,413	13,016,840	163,667	13,180,507
NET ASSETS – END OF YEAR	<u>\$ 19,049,526</u>	<u>\$ 73,781</u>	<u>\$ 19,123,307</u>	<u>\$ 13,962,428</u>	<u>\$ 210,985</u>	<u>\$ 14,173,413</u>

See accompanying Notes to Consolidated Financial Statements.

**KIPP NYC PUBLIC CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 47,541,196	\$ 7,477,498	\$ 55,018,694	\$ -	\$ 55,018,694
Payroll Taxes and Employee Benefits	11,573,162	1,681,523	13,254,685	-	13,254,685
Licensing and Management Fee	323,601	-	323,601	10,461,419	10,785,020
Litigation and Legal Services Fee	290,416	-	290,416	-	290,416
Accounting and Audit Services Fees	-	-	-	38,747	38,747
Other Professional Fees	330,470	34,148	364,618	-	364,618
Consultant Fees	214,226	69,363	283,589	-	283,589
Grants to Related Entities	-	-	-	-	-
Academic Programming	947,409	6,685	954,094	-	954,094
Alumni Programming	-	-	-	-	-
Field Lessons	140,012	-	140,012	-	140,012
Professional Development	913,516	6,557	920,073	-	920,073
Equipment and Maintenance	1,153,526	-	1,153,526	-	1,153,526
Student Transportation and Other Services	78,992	-	78,992	-	78,992
Supplies and Materials	2,382,850	-	2,382,850	-	2,382,850
Technology Equipment and Materials	1,514,328	-	1,514,328	-	1,514,328
Events	198,901	-	198,901	-	198,901
Printing and Publications	109,023	-	109,023	-	109,023
Occupancy	1,830,897	-	1,830,897	-	1,830,897
Telephone and Internet	639,443	-	639,443	-	639,443
Insurance	-	-	-	660,941	660,941
Memberships and Subscriptions	83,471	-	83,471	-	83,471
Postage and Shipping	13,433	-	13,433	-	13,433
Bank and Other Fees	22,902	-	22,902	-	22,902
Candidate Recruiting	42,893	-	42,893	-	42,893
Miscellaneous	116,528	-	116,528	-	116,528
Donated Goods and Services	30,232	-	30,232	-	30,232
Depreciation and Amortization	1,987,943	-	1,987,943	-	1,987,943
Uncollectible Receivables	3,000	-	3,000	-	3,000
Total Functional Expenses	\$ 72,482,370	\$ 9,275,774	\$ 81,758,144	\$ 11,161,107	\$ 92,919,251

See accompanying Notes to Consolidated Financial Statements.

**KIPP NYC PUBLIC CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 40,701,977	\$ 7,959,966	\$ 48,661,943	\$ -	\$ 48,661,943
Payroll Taxes and Employee Benefits	9,668,009	1,875,096	11,543,105	-	11,543,105
Licensing and Management Fee	263,468	-	263,468	8,862,410	9,125,878
Litigation and Legal Services Fee	39,854	-	39,854	-	39,854
Accounting and Audit Services Fees	-	-	-	40,572	40,572
Other Professional Fees	428,130	15,362	443,492	-	443,492
Consultant Fees	177,717	56,265	233,982	-	233,982
Academic Programming	1,201,589	16,164	1,217,753	-	1,217,753
Field Lessons	643,463	-	643,463	-	643,463
Professional Development	765,732	5,500	771,232	-	771,232
Equipment and Maintenance	1,489,360	-	1,489,360	-	1,489,360
Student Transportation and Other Services	76,573	-	76,573	-	76,573
Supplies and Materials	2,538,420	-	2,538,420	-	2,538,420
Technology Equipment and Materials	1,365,825	-	1,365,825	-	1,365,825
Events	264,405	-	264,405	-	264,405
Printing and Publications	84,290	-	84,290	-	84,290
Occupancy	1,772,856	-	1,772,856	-	1,772,856
Telephone and Internet	773,274	-	773,274	-	773,274
Insurance	-	-	-	566,303	566,303
Memberships and Subscriptions	97,499	-	97,499	-	97,499
Postage and Shipping	15,338	-	15,338	-	15,338
Bank and Other Fees	12,836	-	12,836	-	12,836
Candidate Recruiting	29,376	1,422	30,798	-	30,798
Miscellaneous	31,136	-	31,136	-	31,136
Depreciation and Amortization	1,736,199	-	1,736,199	-	1,736,199
Uncollectible Receivables	10,791	-	10,791	-	10,791
Prior Period Adjustments	59,886	-	59,886	-	59,886
Total Functional Expenses	\$ 64,248,003	\$ 9,929,775	\$ 74,177,778	\$ 9,469,285	\$ 83,647,063

See accompanying Notes to Consolidated Financial Statements.

**KIPP NYC PUBLIC CHARTER SCHOOLS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Local, State, and Federal Sources	\$ 97,389,192	\$ 80,669,328
Receipts from Others	773,052	2,403,079
Payments to Suppliers and Vendors	(36,668,458)	(31,235,161)
Payments to Employees	(55,018,694)	(48,661,943)
Net Cash Provided by Operating Activities	6,475,092	3,175,303
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Capital Assets	(1,784,198)	(3,215,683)
Net Cash Used by Investing Activities	(1,784,198)	(3,215,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note Payable	-	300,000
Repayments of Capital Lease Obligation	(245,804)	(245,804)
Net Cash Provided (Used) by Financing Activities	(245,804)	54,196
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,445,090	13,816
Cash and Cash Equivalents – Beginning of Year	7,093,858	7,080,042
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 11,538,948	\$ 7,093,858
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,949,894	\$ 992,906
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 1,987,943	\$ 1,736,199
Change in Assets and Liabilities:		
Grants and Contracts Receivable	293,099	(1,567,562)
Prepaid Expenses and Other Assets	138,636	400,251
Accounts Payable and Accrued Expenses	(2,382,301)	3,276,286
Due to/from Related Parties	1,579,183	(1,691,678)
Refundable Advances	(91,362)	28,901
Net Cash Provided by Operating Activities	\$ 6,475,092	\$ 3,175,303
NONCASH INVESTING AND FINANCING ACTIVITIES		
Capital Lease Obligation	\$ -	\$ 1,229,018

See accompanying Notes to Consolidated Financial Statements.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

KIPP NYC Public Charter Schools (the School) is an education corporation that is the consolidation of the former KIPP NYC Washington Heights Academy Charter School (Washington Heights), KIPP STAR College Prep Charter School (STAR), KIPP Infinity Charter School (Infinity), KIPP AMP Academy Charter School (AMP). As of July 1, 2013, Washington Heights and STAR combined their financial books and records as a business combination accounted for as a merger and ceased operating as two entities. As of July 1, 2016, Infinity and AMP combined their financial books and records with the School and ceased operating as two separate entities. Through their mergers, the charter entities seek to achieve substantial operational efficiencies in governance and accounting workflow, enhanced buying power, and shared resources, all of which will provide for a more streamlined, cost efficient organization for students, families, and staff. The School's mission is to equip students with the academic and character skills necessary to succeed in high school, college and the competitive world beyond. The School holds the four charters for each of the legacy charter entities, which continue to be renewed on their separate schedules.

In preparation for the July 2016 merger, KIPP NYC Public Charter Schools created four, wholly owned subsidiary LLCs, Washington Heights PCS, LLC, STAR Harlem PCS, LLC, Infinity PCS, LLC, and AMP PCS, LLC. These disregarded entities were formed to segregate assets of the four legacy charter entities of KIPP NYC Public Charter Schools (Washington Heights, STAR, AMP, and Infinity).

At the November 2017 meeting of the Board of Regents of the State University of New York, an application was approved to issue a charter for KIPP Freedom Charter School, which will be operated under the KIPP NYC Public Charter School. In preparation of the charter, KIPP NYC Public Charter Schools created Freedom PCS, LLC, a wholly owned subsidiary, was formed in December 2017 and recorded start-up activities through June 30, 2019.

In August 2018, the state of New York authorized the creation of KIPP NYC Public Charter Schools II to operate both KIPP Freedom Charter School II and III. KIPP Freedom Charter School II and KIPP Freedom Charter School III were officially authorized in January 2019, and subsequently underwent a name change in April 2019 to KIPP Bronx Charter School II (Bronx II) and KIPP Bronx Charter School III (Bronx III), respectively.

In July 2019, the state of New York authorized the merger of KIPP NYC Public Charter Schools and KIPP NYC Public Charter Schools II, with KIPP NYC Public Charter Schools II as the surviving education corporation under the amended name "KIPP NYC Public Charter Schools." The effective date of the merger is July 1, 2019.

At the June 2019 meeting of the Board of Regents of the State University of New York, an application was approved to issue a charter for KIPP Beyond Charter School, which will be operated under the KIPP NYC Public Charter School. In preparation of the charter, KIPP NYC Public Charter Schools created KIPP Beyond PCS, LLC, a wholly owned subsidiary, was formed in November 2019 and recorded start-up activities through June 30, 2020.

In fiscal years 2019 and 2020, the School operated for students in grades kindergarten through twelve.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

The major source of revenue and support for the School is from state and local funding on per pupil basis. The New York City Department of Food Services provides free and reduced-price lunches and the New York City Department of Transportation provides transportation vouchers directly to a majority of the School's students. Amounts with respect to these items are not included in these consolidated financial statements.

Consolidated Financial Statement Presentation

The consolidated financial statements of the School have been prepared on the accrual basis of accounting in accordance with established accounting standards for nonprofit entities. Accordingly, net assets and changes therein are classified as follows:

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations will be met either by actions of the School or by the passage of time. Net assets with donor restrictions contain donor-imposed restrictions that permit the school to use or expend the assets as specified.

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Revenue is reported as an increase in net assets without donor restrictions, unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as net assets released from restrictions.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its eight wholly owned subsidiaries, Washington Heights PCS, LLC, STAR Harlem PCS, LLC, Infinity PCS, LLC, AMP PCS, LLC, Freedom PCS, LLC, KIPP Bronx Charter School II, KIPP Bronx Charter School III and KIPP Beyond PCS, LLC. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated 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 of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits.

Grants and Contract Receivables

Grants and contract receivables primarily consist of amounts due from the New York Department of Education for federal and state subsidy programs and private grants. Grants and contract receivables are stated at the amount management expects to collect from outstanding balances. As of June 30, 2020 and 2019, an allowance was not warranted.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funding

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled. The revenue is recorded when services are performed in accordance with the charter agreement. Federal and state funds are recognized by the School when the conditions are met.

Revenue from other government grants to which the School is entitled is recognized mostly on student enrollment. Some grants are provided for specific educational endeavors which are not based on student enrollment and are recorded when conditions are met by the grant agreement.

Federal and state funds received prior to the services provided or the related expenditures being incurred are deferred and recorded as refundable advances.

Contributions

The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as net assets released from restrictions. A contribution is conditional if a right of return or right of release exists as well as a barrier. The conditional contribution is recognized once the conditions have been met.

Donated Goods and Services

Donated goods and services are recorded at their fair value when such services are rendered or goods are donated. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) required specialized skills and are performed by people with those skills and would otherwise be purchased by the School and (c) are measurable.

A number of volunteers have made a contribution of their time to the School. These in-kind contributions have not been reflected in the consolidated financial statements since they do not meet the criteria for recognition under accounting standards for contributions.

Equipment, Improvements, and Depreciation

Property and equipment is recorded at cost. The School capitalizes purchases of equipment in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Property and equipment acquired with certain government contract funds are recorded as expenses when the grantor retains title.

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

KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing services have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Allocation of expenses to program services and supporting services is completed by direct expenses related to each function.

Concentration of Credit Risk

The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable income tax regulations of the state of New York. No provision for income taxes has been established, as the School has no unrelated business activity.

Uncertain Tax Positions

The School recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more likely than not that the positions will be sustained upon examination by the taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of June 30, 2020, the School had no uncertain tax positions that qualified for either recognition or disclosure in the consolidated financial statements. Additionally, the School had no interest or penalties related to income taxes.

Change in Accounting Principle

As of July 1, 2019, the School adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The School's consolidated financial statements reflect the application of this guidance for the year ended June 30, 2020. No cumulative-effect adjustment to net assets was recorded because the adoption did not impact the School's previously reported contributions.

Subsequent Events

In preparing these consolidated financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 29, 2020, the date the consolidated financial statements were available to be issued.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 LIQUIDITY

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

As of June 30, 2020 and 2019, the following financial assets could be readily made available within one year of the statement of financial position date meet general expenditures:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 11,538,948	\$ 7,093,858
Grants and Contributions receivable, Net	3,344,031	3,637,130
Total	<u>\$ 14,882,979</u>	<u>\$ 10,730,988</u>

NOTE 3 RELATED PARTY TRANSACTIONS

The Knowledge is Power Program Foundation (KIPP Foundation) is a national, nonprofit organization that trains school leaders to open and run academically rigorous public schools. The School is a member of KIPP Foundation’s KIPP Network of Schools and, as such, is eligible for a range of benefits and fee-based services. See Note 11 for additional information about the license fee agreement.

KIPP NYC, LLC (LLC) is the sole member of KIPP New York, Inc. (KNYI). LLC is considered a related party due to the usage of the LLC shared services team who handles the back-office functions for the School. The School entered into a shared services fee agreement with LLC for the back-office functions. The management fee is 11% of the revenue as defined in the shared services agreement. The School incurred a management fee to LLC in the amount of \$10,461,419 and \$8,492,613 for the years ended June 30, 2020 and 2019, respectively. The amount due to LLC for shared services as of June 30, 2020 and 2019 was \$334,385 and \$ 353,315, respectively.

In April 2018, KNYI provided a \$2,000,000 interest-free loan to KIPP NYC Public Charter Schools to fund operations for the KIPP Freedom Charter Schools. The loan matures and full payment is due in April 2023.

KNYI is the sole member of KTC NYC, LLC (KTC). Amounts due to and from related parties represent short-term timing differences of grants received and expenses incurred on behalf of the School that have not been paid or received as of the consolidated financial statement date.

KTC is considered a related party due to the services they provide to the KIPP New York charter schools and school alumni to prepare them for college. The services KTC provides are college advisory, counseling and placement, transition programs, collage scholars, and career preparation. There were no transactions between KTC and the School during the year.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 3 RELATED PARTY TRANSACTIONS (CONTINUED)

KIPP NYC Facilities II LLC (Facilities) is a single member limited liability company with KIPP NYC Facility Holdings, Inc. as its sole member. KIPP NYC Facility Holdings Inc. is a Delaware nonstock charitable membership corporation with a mission of securing long-term facilities for KIPP charter schools operating in New York City. KIPP NY Inc., KIPP Academy, and KIPP NYC Public Charter Schools are members of KIPP NYC Facility Holdings Inc. There were no transactions between Facilities and the School during the years ended June 30, 2020 and 2019.

The School and KIPP Academy Charter School share common membership on their board of directors.

Amounts due to and from related parties represent short-term timing differences of expenses incurred on behalf of the School that have not been paid or received as of the financial statement date. As of June 30, 2020 and 2019, the Schools were owed from the noted related parties a total of \$1,022,834 and \$2,602,017, respectively.

NOTE 4 EQUIPMENT AND IMPROVEMENTS

Equipment and improvements consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture and Fixtures	\$ 631,321	\$ 616,968
Technology	6,803,513	6,190,675
Equipment	377,426	343,676
Leasehold Improvements	10,189,019	8,449,255
Construction in Progress	130,750	747,257
Total	<u>18,132,029</u>	<u>16,347,831</u>
Less: Accumulated Depreciation and Amortization	<u>(9,542,622)</u>	<u>(7,554,679)</u>
Total Property and Equipment	<u>\$ 8,589,407</u>	<u>\$ 8,793,152</u>

NOTE 5 RESTRICTIONS ON NET ASSET BALANCES

Net assets with donor restrictions were available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Athletic Programs	\$ 5,980	\$ 9,694
Arts and Music Programs	273	36,614
Academic Programs	67,528	164,677
Total	<u>\$ 73,781</u>	<u>\$ 210,985</u>

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6 RELEASES ON NET ASSET BALANCES

Net assets with donor restrictions were released for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Athletic Programs	\$ 46,485	\$ 142
Arts and Music Programs	48,491	5,891
Academic Programs	160,893	71,109
Student Food	6,925	-
Total	<u>\$ 262,794</u>	<u>\$ 77,142</u>

NOTE 7 PENSION EXPENSE

The School is part of the KIPP NYC 403(b) Retirement Plan, a multiemployer defined contribution plan, under Section 403(b) of the IRC which employees of the School can elect to contribute. Employees, who choose this plan, can contribute up to the level set by the Internal Revenue Service. The Employer match is a discretionary contribution. The employer contributions to this Plan amounted \$1,652,259 and \$1,375,317 for the years ended June 30, 2020 and 2019, respectively.

The School also contributes to the Teachers Retirement System of the City of New York, a multiemployer defined benefit pension plan (the Plan), on behalf of eligible teachers. The Plan provides New York City educators with retirement, disability, and death benefit services. The School's participation in the plan constitutes less than 1% of total plan contributions. The funded status of the Plan was 63.8% at June 30, 2017, the date of the most recent actuarial calculation as indicated in the June 30, 2019 plan audit. The amount charged to operations for contributions to this Plan amounted to \$623,555 and \$652,660 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 CAPITAL LEASE OBLIGATIONS

In September 2018, the School and KIPP Academy Charter School entered into a lease for computer equipment under a capital lease that expires in 2023. As of June 30, 2020 and 2019, the leased equipment are reflected at a cost of \$1,299,870 and related accumulated depreciation of \$562,459 and \$254,803, respectively. The lease requires annual payments of principal of \$245,804. The capital lease agreement states the total annual payments are equal to the cost value of the leased equipment and no interest is included in the payments.

Future minimum payments under the capital lease as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 245,804
2022	245,804
2023	245,802
Total Capital Lease Payments	<u>\$ 737,410</u>

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 LOAN AGREEMENTS

On June 14, 2019, the Organization entered into a loan agreement for \$300,000 with KIPP Foundation, a related party. Interest accrues on the note at 1% per annum. As of June 30, 2020 and 2019, the outstanding principal balance of this note was \$300,000. Interest expense incurred for the year ended June 30, 2020 and 2019, was \$3,000 and \$-0-, respectively. The loan matures and full payment is due in June 2025.

In April 2018, KNYI provided a \$2,000,000 interest-free loan to KIPP NYC Public Charter Schools to fund operations for the KIPP Freedom Charter Schools. The loan matures and full payment is due in April 2023.

Minimum loan payments for each year subsequent to June 30, 2020 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ -
2022	-
2023	100,000
2024	2,100,000
2025	100,000
Total	<u><u>\$ 2,300,000</u></u>

NOTE 10 SCHOOL FACILITY

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

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

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

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 SCHOOL FACILITY (CONTINUED)

The School also occupies 338 East 146th St., Bronx, NY, a private facility that the School began leasing in July 2020 as a temporary home for KIPP Elements Primary School.

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

NOTE 11 TRADEMARK LICENSE AGREEMENT

The School has entered into a trademark license agreement with KIPP Foundation subject to a license fee of 1% per pupil operating revenue not to exceed \$30,000 per elementary school, middle school, or high school. The School incurred licensing fees amounting to \$323,601 and \$263,468 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12 OPERATING EXPENSES

Operating expenses are presented in the statement of functional expenses classified according to the significant program activity related to the purpose for which the school exists or supporting service.

The significant activities are:

Program Services – Regular Education and Special Education

Represents work (time and materials) that is specifically related to or necessary for the programming aspects of the School under the regular education and special education areas. The activities and related costs directly affecting students or parents fall under these program areas.

Support Services

Management and General

Time and materials relating to operating the nonprogrammatic/back-end operational functions of the School are reflected as management and general expenses. These expenses include, but are not limited to, human resources, finance, and technology activities.

Fundraising

Represents work (time and materials) associated with the School's fundraising program including but not limited to annual mailings, donor meeting, and events. The fundraising expenses were incurred by KIPP NYC, LLC.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	KIPP Star College Prep	KIPP NYC Washington Heights Academy	KIPP AMP Academy	KIPP Infinity	KIPP Freedom	KIPP Bronx II	KIPP Bronx III	KIPP Beyond	Eliminations	Total
ASSETS										
Cash and Cash Equivalents	\$ 1,079,623	\$ 3,891,648	\$ 1,117,525	\$ 2,690,126	\$ 708,903	\$ 1,001,411	\$ 1,136,927	\$ (87,215)	\$ -	\$ 11,538,948
Grants and Contracts Receivable	2,776,102	2,158,216	1,349,145	1,626,840	246,126	69,817	67,785	-	(4,950,000)	3,344,031
Due from / (to) Related Parties	(2,118,929)	4,524,342	573,983	(1,006,130)	1,126,560	(1,414,062)	(643,283)	(19,647)	-	1,022,834
Prepaid Expenses and Other Assets	5,797	11,241	5,574	21,376	36,657	14,838	(8,157)	-	-	87,326
Property and Equipment	461,610	1,394,203	1,955,810	2,224,228	811,319	1,742,237	-	-	-	8,589,407
Total Assets	\$ 2,204,203	\$ 11,979,650	\$ 5,002,037	\$ 5,556,440	\$ 2,929,565	\$ 1,414,241	\$ 553,272	\$ (106,862)	\$ (4,950,000)	\$ 24,582,546
LIABILITIES AND NET ASSETS (DEFICIT)										
LIABILITIES										
Accounts Payable and Accrued Expenses	\$ (187,635)	\$ 1,805,697	\$ 389,575	\$ 4,294,845	\$ (551,132)	\$ 1,602,194	\$ 16,427	\$ -	\$ (4,950,000)	\$ 2,419,971
Note Payable	-	300,000	-	-	2,000,000	-	-	-	-	2,300,000
Refundable Advances	-	-	-	-	1,858	-	-	-	-	1,858
Capital Lease Obligations	66,864	133,728	66,864	469,954	-	-	-	-	-	737,410
Total Liabilities	(120,771)	2,239,425	456,439	4,764,799	1,450,726	1,602,194	16,427	-	(4,950,000)	5,459,239
NET ASSETS (DEFICIT)										
Without Donor Restriction (Deficit)	2,317,543	9,731,535	4,538,948	742,131	1,477,339	(187,953)	536,845	(106,862)	-	19,049,526
With Donor Restriction	7,431	8,690	6,650	49,510	1,500	-	-	-	-	73,781
Total Net Assets (Deficit)	2,324,974	9,740,225	4,545,598	791,641	1,478,839	(187,953)	536,845	(106,862)	-	19,123,307
Total Liabilities and Net Assets (Deficit)	\$ 2,204,203	\$ 11,979,650	\$ 5,002,037	\$ 5,556,440	\$ 2,929,565	\$ 1,414,241	\$ 553,272	\$ (106,862)	\$ (4,950,000)	\$ 24,582,546

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES BY SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	KIPP Star College Prep			KIPP NYC Washington Heights Academy		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
State and Local Per Pupil Operating Revenue	\$ 14,597,279	\$ -	\$ 14,597,279	\$ 16,057,326	\$ -	\$ 16,057,326
Government Grants and Contracts	1,242,469	10,000	1,252,469	1,208,601	-	1,208,601
Total Operating Revenue	15,839,748	10,000	15,849,748	17,265,927	-	17,265,927
OPERATING EXPENSES						
Program Services	11,992,511	-	11,992,511	12,410,562	-	12,410,562
Supporting Services	1,807,859	-	1,807,859	1,971,100	-	1,971,100
Total Operating Expenses	13,800,370	-	13,800,370	14,381,662	-	14,381,662
SCHOOL OPERATING SURPLUS (DEFICIT)	2,039,378	10,000	2,049,378	2,884,265	-	2,884,265
OTHER REVENUE						
Contributions and Other Grants	1,100	-	1,100	6,225	41,500	47,725
Interest and Other Income – Net	72,968	-	72,968	43,995	-	43,995
Donated Goods and Services	-	-	-	-	-	-
Total Other Revenue, Net	74,068	-	74,068	50,220	41,500	91,720
NET ASSETS RELEASED FROM RESTRICTIONS	14,334	(14,334)	-	45,014	(45,014)	-
CHANGE IN NET ASSETS	2,127,780	(4,334)	2,123,446	2,979,499	(3,514)	2,975,985
Net Assets – Beginning of Year	189,763	11,765	201,528	6,752,036	12,204	6,764,240
NET ASSETS – END OF YEAR	<u>\$ 2,317,543</u>	<u>\$ 7,431</u>	<u>\$ 2,324,974</u>	<u>\$ 9,731,535</u>	<u>\$ 8,690</u>	<u>\$ 9,740,225</u>

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	KIPP AMP Academy			KIPP Infinity		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
State and Local Per Pupil Operating Revenue	\$ 14,040,985	\$ -	\$ 14,040,985	\$ 34,571,421	\$ -	\$ 34,571,421
Government Grants and Contracts	907,001	-	907,001	1,977,645	10,000	1,987,645
Total Operating Revenue	<u>14,947,986</u>	<u>-</u>	<u>14,947,986</u>	<u>36,549,066</u>	<u>10,000</u>	<u>36,559,066</u>
OPERATING EXPENSES						
Program Services	11,505,835	-	11,505,835	35,162,962	-	35,162,962
Supporting Services	1,715,598	-	1,715,598	4,225,685	-	4,225,685
Total Operating Expenses	<u>13,221,433</u>	<u>-</u>	<u>13,221,433</u>	<u>39,388,647</u>	<u>-</u>	<u>39,388,647</u>
SCHOOL OPERATING SURPLUS (DEFICIT)	1,726,553	-	1,726,553	(2,839,581)	10,000	(2,829,581)
OTHER REVENUE						
Contributions and Other Grants	50	12,150	12,200	47,263	40,440	87,703
Interest and Other Income – Net	136,253	-	136,253	240,443	-	240,443
Donated Goods and Services	-	-	-	30,232	-	30,232
Total Other Revenue, Net	<u>136,303</u>	<u>12,150</u>	<u>148,453</u>	<u>317,938</u>	<u>40,440</u>	<u>358,378</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>15,027</u>	<u>(15,027)</u>	<u>-</u>	<u>78,419</u>	<u>(78,419)</u>	<u>-</u>
CHANGE IN NET ASSETS	1,877,883	(2,877)	1,875,006	(2,443,224)	(27,979)	(2,471,203)
Net Assets – Beginning of Year	<u>2,661,065</u>	<u>9,527</u>	<u>2,670,592</u>	<u>3,185,355</u>	<u>77,489</u>	<u>3,262,844</u>
NET ASSETS – END OF YEAR	<u>\$ 4,538,948</u>	<u>\$ 6,650</u>	<u>\$ 4,545,598</u>	<u>\$ 742,131</u>	<u>\$ 49,510</u>	<u>\$ 791,641</u>

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	KIPP Freedom			KIPP Bronx II		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
State and Local Per Pupil Operating Revenue	\$ 4,478,987	\$ -	\$ 4,478,987	\$ 3,156,181	\$ -	\$ 3,156,181
Government Grants and Contracts	781,494	10,000	791,494	319,718	-	319,718
Total Operating Revenue	<u>5,260,481</u>	<u>10,000</u>	<u>5,270,481</u>	<u>3,475,899</u>	<u>-</u>	<u>3,475,899</u>
OPERATING EXPENSES						
Program Services	4,507,379	-	4,507,379	3,296,668	-	3,296,668
Supporting Services	605,607	-	605,607	404,205	-	404,205
Total Operating Expenses	<u>5,112,986</u>	<u>-</u>	<u>5,112,986</u>	<u>3,700,873</u>	<u>-</u>	<u>3,700,873</u>
SCHOOL OPERATING SURPLUS (DEFICIT)	147,495	10,000	157,495	(224,974)	-	(224,974)
OTHER REVENUE						
Contributions and Other Grants	-	1,500	1,500	-	-	-
Interest and Other Income – Net	45,635	-	45,635	37,021	-	37,021
Donated Goods and Services	-	-	-	-	-	-
Total Other Revenue, Net	<u>45,635</u>	<u>1,500</u>	<u>47,135</u>	<u>37,021</u>	<u>-</u>	<u>37,021</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>110,000</u>	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	303,130	(98,500)	204,630	(187,953)	-	(187,953)
Net Assets – Beginning of Year	<u>1,174,209</u>	<u>100,000</u>	<u>1,274,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS – END OF YEAR	<u>\$ 1,477,339</u>	<u>\$ 1,500</u>	<u>\$ 1,478,839</u>	<u>\$ (187,953)</u>	<u>\$ -</u>	<u>\$ (187,953)</u>

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	KIPP Bronx III			KIPP Beyond			Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUE							
State and Local Per Pupil Operating Revenue	\$ 3,294,041	\$ -	\$ 3,294,041	\$ -	\$ -	\$ -	\$ 90,196,220
Government Grants and Contracts	432,945	-	432,945	-	-	-	6,899,873
Total Operating Revenue	<u>3,726,986</u>	<u>-</u>	<u>3,726,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,096,093</u>
OPERATING EXPENSES							
Program Services	2,775,365	-	2,775,365	106,862	-	106,862	81,758,144
Supporting Services	431,053	-	431,053	-	-	-	11,161,107
Total Operating Expenses	<u>3,206,418</u>	<u>-</u>	<u>3,206,418</u>	<u>106,862</u>	<u>-</u>	<u>106,862</u>	<u>92,919,251</u>
SCHOOL OPERATING SURPLUS (DEFICIT)	520,568	-	520,568	(106,862)	-	(106,862)	4,176,842
OTHER REVENUE							
Contributions and Other Grants	-	-	-	-	-	-	150,228
Interest and Other Income – Net	16,277	-	16,277	-	-	-	592,592
Donated Goods and Services	-	-	-	-	-	-	30,232
Total Other Revenue, Net	<u>16,277</u>	<u>-</u>	<u>16,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773,052</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	536,845	-	536,845	(106,862)	-	(106,862)	4,949,894
Net Assets – Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,173,413</u>
NET ASSETS – END OF YEAR	<u>\$ 536,845</u>	<u>\$ -</u>	<u>\$ 536,845</u>	<u>\$ (106,862)</u>	<u>\$ -</u>	<u>\$ (106,862)</u>	<u>\$ 19,123,307</u>

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP STAR COLLEGE PREP CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 7,093,066	\$ 1,424,018	\$ 8,517,084	\$ -	\$ 8,517,084
Payroll Taxes and Employee Benefits	1,596,644	353,106	1,949,750	-	1,949,750
Licensing and Management Fee	60,000	-	60,000	1,710,396	1,770,396
Litigation and Legal Services Fee	5,152	-	5,152	-	5,152
Accounting and Audit Services Fees	-	-	-	2,840	2,840
Other Professional Services	28,643	3,534	32,177	-	32,177
Consultant Fees	18,182	-	18,182	-	18,182
Academic Programming	80,642	1,238	81,880	-	81,880
Field Lessons	18,575	-	18,575	-	18,575
Professional Development	142,837	-	142,837	-	142,837
Equipment and Maintenance	102,917	-	102,917	-	102,917
Student Transportation and Other Services	187	-	187	-	187
Supplies and Materials	339,391	-	339,391	-	339,391
Technology Equipment and Materials	222,063	-	222,063	-	222,063
Events	19,411	-	19,411	-	19,411
Printing and Publications	16,958	-	16,958	-	16,958
Occupancy	50,365	-	50,365	-	50,365
Telephone and Internet	111,111	-	111,111	-	111,111
Insurance	-	-	-	94,623	94,623
Memberships and Subscriptions	16,095	-	16,095	-	16,095
Postage and Shipping	1,117	-	1,117	-	1,117
Bank and Other Fees	5,889	-	5,889	-	5,889
Candidate Recruiting	6,585	-	6,585	-	6,585
Miscellaneous	8,724	-	8,724	-	8,724
Depreciation and Amortization	266,061	-	266,061	-	266,061
Total Functional Expenses	\$ 10,210,615	\$ 1,781,896	\$ 11,992,511	\$ 1,807,859	\$ 13,800,370

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP NYC WASHINGTON HEIGHTS ACADEMY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 7,071,143	\$ 1,689,912	\$ 8,761,055	\$ -	\$ 8,761,055
Payroll Taxes and Employee Benefits	1,702,138	383,465	2,085,603	-	2,085,603
Licensing and Management Fee	60,000	-	60,000	1,858,592	1,918,592
Litigation and Legal Services Fee	29,055	-	29,055	-	29,055
Accounting and Audit Services Fees	-	-	-	13,515	13,515
Other Professional Services	99,603	1,628	101,231	-	101,231
Consultant Fees	6,592	-	6,592	-	6,592
Academic Programming	98,038	825	98,863	-	98,863
Field Lessons	27,670	-	27,670	-	27,670
Professional Development	103,485	3,064	106,549	-	106,549
Equipment and Maintenance	72,920	-	72,920	-	72,920
Student Transportation and Other Services	-	-	-	-	-
Supplies and Materials	282,495	-	282,495	-	282,495
Technology Equipment and Materials	241,409	-	241,409	-	241,409
Events	42,359	-	42,359	-	42,359
Printing and Publications	12,824	-	12,824	-	12,824
Occupancy	46,978	-	46,978	-	46,978
Telephone and Internet	126,365	-	126,365	-	126,365
Insurance	-	-	-	98,993	98,993
Memberships and Subscriptions	18,380	-	18,380	-	18,380
Postage and Shipping	297	-	297	-	297
Bank and Other Fees	5,889	-	5,889	-	5,889
Candidate Recruiting	3,102	-	3,102	-	3,102
Miscellaneous	517	-	517	-	517
Depreciation and Amortization	280,409	-	280,409	-	280,409
Total Functional Expenses	\$ 10,331,668	\$ 2,078,894	\$ 12,410,562	\$ 1,971,100	\$ 14,381,662

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP AMP ACADEMY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 7,265,443	\$ 759,354	\$ 8,024,797	\$ -	\$ 8,024,797
Payroll Taxes and Employee Benefits	1,681,917	154,937	1,836,854	-	1,836,854
Licensing and Management Fee	60,000	-	60,000	1,620,218	1,680,218
Litigation and Legal Services Fee	27,010	-	27,010	-	27,010
Accounting and Audit Services Fees	-	-	-	6,483	6,483
Other Professional Services	33,359	283	33,642	-	33,642
Consultant Fees	14,802	-	14,802	-	14,802
Academic Programming	83,969	-	83,969	-	83,969
Field Lessons	43,424	-	43,424	-	43,424
Professional Development	146,987	-	146,987	-	146,987
Equipment and Maintenance	127,343	-	127,343	-	127,343
Student Transportation and Other Services	1,373	-	1,373	-	1,373
Supplies and Materials	317,339	-	317,339	-	317,339
Technology Equipment and Materials	205,979	-	205,979	-	205,979
Events	31,718	-	31,718	-	31,718
Printing and Publications	45,588	-	45,588	-	45,588
Occupancy	56,761	-	56,761	-	56,761
Telephone and Internet	90,095	-	90,095	-	90,095
Insurance	-	-	-	88,897	88,897
Memberships and Subscriptions	10,063	-	10,063	-	10,063
Postage and Shipping	547	-	547	-	547
Bank and Other Fees	5,891	-	5,891	-	5,891
Candidate Recruiting	16,000	-	16,000	-	16,000
Miscellaneous	3,529	-	3,529	-	3,529
Depreciation and Amortization	322,124	-	322,124	-	322,124
Total Functional Expenses	\$ 10,591,261	\$ 914,574	\$ 11,505,835	\$ 1,715,598	\$ 13,221,433

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP INFINITY ACADEMY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 20,174,283	\$ 2,904,338	\$ 23,078,621	\$ -	\$ 23,078,621
Payroll Taxes and Employee Benefits	5,282,989	664,240	5,947,229	-	5,947,229
Licensing and Management Fee	83,601	-	83,601	3,913,679	3,997,280
Litigation and Legal Services Fee	49,690	-	49,690	-	49,690
Accounting and Audit Services Fees	-	-	-	11,249	11,249
Other Professional Services	115,523	27,467	142,990	-	142,990
Consultant Fees	150,571	69,363	219,934	-	219,934
Academic Programming	435,270	4,401	439,671	-	439,671
Field Lessons	34,757	-	34,757	-	34,757
Professional Development	399,079	3,493	402,572	-	402,572
Equipment and Maintenance	372,692	-	372,692	-	372,692
Student Transportation and Other Services	77,371	-	77,371	-	77,371
Supplies and Materials	1,187,561	-	1,187,561	-	1,187,561
Technology Equipment and Materials	571,710	-	571,710	-	571,710
Events	101,742	-	101,742	-	101,742
Printing and Publications	19,436	-	19,436	-	19,436
Occupancy	1,466,416	-	1,466,416	-	1,466,416
Telephone and Internet	191,430	-	191,430	-	191,430
Insurance	-	-	-	300,757	300,757
Memberships and Subscriptions	28,009	-	28,009	-	28,009
Postage and Shipping	9,629	-	9,629	-	9,629
Bank and Other Fees	5,218	-	5,218	-	5,218
Candidate Recruiting	12,233	-	12,233	-	12,233
Miscellaneous	21,095	-	21,095	-	21,095
Use of Donated Materials and Services	30,232	-	30,232	-	30,232
Depreciation and Amortization	669,123	-	669,123	-	669,123
Total Functional Expenses	\$ 31,489,660	\$ 3,673,302	\$ 35,162,962	\$ 4,225,685	\$ 39,388,647

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP FREEDOM CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 2,585,389	\$ 253,947	\$ 2,839,336	\$ -	\$ 2,839,336
Payroll Taxes and Employee Benefits	563,393	53,175	616,568	-	616,568
Licensing and Management Fee	30,000	-	30,000	569,501	599,501
Litigation and Legal Services Fee	54,994	-	54,994	-	54,994
Accounting and Audit Services Fees	-	-	-	1,450	1,450
Other Professional Services	15,067	1,236	16,303	-	16,303
Consultant Fees	11,247	-	11,247	-	11,247
Academic Programming	110,272	-	110,272	-	110,272
Field Lessons	5,939	-	5,939	-	5,939
Professional Development	51,567	-	51,567	-	51,567
Equipment and Maintenance	193,478	-	193,478	-	193,478
Student Transportation and Other Services	-	-	-	-	-
Supplies and Materials	102,305	-	102,305	-	102,305
Technology Equipment and Materials	122,027	-	122,027	-	122,027
Events	838	-	838	-	838
Printing and Publications	6,147	-	6,147	-	6,147
Occupancy	74,359	-	74,359	-	74,359
Telephone and Internet	59,007	-	59,007	-	59,007
Insurance	-	-	-	34,656	34,656
Memberships and Subscriptions	3,213	-	3,213	-	3,213
Postage and Shipping	473	-	473	-	473
Bank and Other Fees	15	-	15	-	15
Candidate Recruiting	3,755	-	3,755	-	3,755
Miscellaneous	80,660	-	80,660	-	80,660
Depreciation and Amortization	124,876	-	124,876	-	124,876
Total Functional Expenses	\$ 4,199,021	\$ 308,358	\$ 4,507,379	\$ 605,607	\$ 5,112,986

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP BRONX CHARTER SCHOOL II
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 1,610,361	\$ 208,281	\$ 1,818,642	\$ -	\$ 1,818,642
Payroll Taxes and Employee Benefits	352,490	33,673	386,163	-	386,163
Licensing and Management Fee	30,000	-	30,000	380,510	410,510
Litigation and Legal Services Fee	25,474	-	25,474	-	25,474
Accounting and Audit Services Fees	-	-	-	2,803	2,803
Other Professional Services	32,765	-	32,765	-	32,765
Consultant Fees	8,816	-	8,816	-	8,816
Academic Programming	95,011	221	95,232	-	95,232
Field Lessons	2,947	-	2,947	-	2,947
Professional Development	39,883	-	39,883	-	39,883
Equipment and Maintenance	198,889	-	198,889	-	198,889
Supplies and Materials	91,152	-	91,152	-	91,152
Technology Equipment and Materials	46,975	-	46,975	-	46,975
Events	1,908	-	1,908	-	1,908
Printing and Publications	3,218	-	3,218	-	3,218
Occupancy	129,661	-	129,661	-	129,661
Telephone and Internet	51,701	-	51,701	-	51,701
Insurance	-	-	-	20,892	20,892
Memberships and Subscriptions	3,543	-	3,543	-	3,543
Postage and Shipping	1,349	-	1,349	-	1,349
Depreciation and Amortization	325,350	-	325,350	-	325,350
Interest Expense	3,000	-	3,000	-	3,000
Total Functional Expenses	\$ 3,054,493	\$ 242,175	\$ 3,296,668	\$ 404,205	\$ 3,700,873

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP BRONX CHARTER SCHOOL III
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Employee Wages	\$ 1,741,511	\$ 237,648	\$ 1,979,159	\$ -	\$ 1,979,159
Payroll Taxes and Employee Benefits	393,591	38,927	432,518	-	432,518
Licensing and Management Fee	-	-	-	408,523	408,523
Litigation and Legal Services Fee	4,803	-	4,803	-	4,803
Accounting and Audit Services Fees	-	-	-	407	407
Other Professional Services	4,267	-	4,267	-	4,267
Consultant Fees	4,016	-	4,016	-	4,016
Academic Programming	44,207	-	44,207	-	44,207
Field Lessons	6,700	-	6,700	-	6,700
Professional Development	28,768	-	28,768	-	28,768
Equipment and Maintenance	85,287	-	85,287	-	85,287
Student Transportation and Other Services	61	-	61	-	61
Supplies and Materials	61,730	-	61,730	-	61,730
Technology Equipment and Materials	94,571	-	94,571	-	94,571
Events	925	-	925	-	925
Printing and Publications	4,852	-	4,852	-	4,852
Occupancy	6,357	-	6,357	-	6,357
Telephone and Internet	9,734	-	9,734	-	9,734
Insurance	-	-	-	22,123	22,123
Memberships and Subscriptions	4,168	-	4,168	-	4,168
Postage and Shipping	21	-	21	-	21
Candidate Recruiting	1,218	-	1,218	-	1,218
Miscellaneous	2,003	-	2,003	-	2,003
Total Functional Expenses	\$ 2,498,790	\$ 276,575	\$ 2,775,365	\$ 431,053	\$ 3,206,418

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FUNCTIONAL EXPENSES
KIPP BEYOND CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services	Total Expenses
	Regular Education	Special Education	Total	Management and General	
Litigation and Legal Services Fee	\$ 94,238	\$ -	\$ 94,238	\$ -	\$ 94,238
Other Professional Services	1,243	-	1,243	-	1,243
Professional Development	910	-	910	-	910
Supplies and Materials	877	-	877	-	877
Technology Equipment and Materials	9,594	-	9,594	-	9,594
Total Functional Expenses	\$ 106,862	\$ -	\$ 106,862	\$ -	\$ 106,862

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant/ Contract Period	Grant Amount	Accrued or (Deferred) Revenue at 7/1/19	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued or (Deferred) Revenue at 6/30/20
U.S. Department of Education:									
Pass-through New York Department of Education:									
Title I Grant - Improving Academic Achievement (AMP)	I	84.010A	0021-194294	9/1/18-8/31/19	\$ 319,396	\$ (1,500)	\$ 51,238	\$ 52,738	\$ -
Title I Grant - Improving Academic Achievement (AMP)	I	84.010A	0021-204294	9/1/19-8/31/20	315,089	-	263,486	263,486	-
Title I Grant - Improving Academic Achievement (FRE)	I	84.010A	0021-195445	9/1/18-8/31/19	139,288	1,000	23,048	22,048	-
Title I Grant - Improving Academic Achievement (FRE)	I	84.010A	0021-205445	9/1/19-8/31/20	137,895	-	114,313	114,313	-
Title I Grant - Improving Academic Achievement (BRX2)	I	84.010A	0021-205515	9/1/19-8/31/20	114,100	-	89,340	89,340	-
Title I Grant - Improving Academic Achievement (BRX3)	I	84.010A	0021-205520	9/1/19-8/31/20	110,764	-	96,328	96,328	-
Title I Grant - Improving Academic Achievement (INF)	I	84.010A	0021-194296	9/1/18-8/31/19	529,911	(431)	80,146	80,577	-
Title I Grant - Improving Academic Achievement (INF)	I	84.010A	0021-204296	9/1/19-8/31/20	522,877	-	452,821	452,821	-
Title I Grant - Improving Academic Achievement (WH)	I	84.010A	0021-194160	9/1/18-8/31/19	481,905	-	77,142	77,142	-
Title I Grant - Improving Academic Achievement (WH)	I	84.010A	0021-204160	9/1/19-8/31/20	433,714	-	359,914	359,914	-
Title I Grant - Improving Academic Achievement (SH)	I	84.010A	0021-194282	9/1/18-8/31/19	434,620	-	69,923	69,923	-
Title I Grant - Improving Academic Achievement (SH)	I	84.010A	0021-204282	9/1/19-8/31/20	391,158	-	326,229	326,229	-
Total Title I Grant - Improving Academic Achievement						(931)	2,003,928	2,004,859	-
Title II Grant - Teaching, Principal Training, Recruitment (AMP)	I	84.367A	0147-194294	9/1/18-8/31/19	32,730	(47,741)	5,455	5,455	(47,741)
Title II Grant - Teaching, Principal Training, Recruitment (AMP)	I	84.367A	0147-204294	9/1/19-8/31/20	27,114	(20,211)	25,555	45,766	-
Title II Grant - Teaching, Principal Training, Recruitment (FRE)	I	84.367A	0147-195445	9/1/18-8/31/19	19,409	-	3,235	3,235	-
Title II Grant - Teaching, Principal Training, Recruitment (FRE)	I	84.367A	0147-205445	9/1/19-8/31/20	21,504	-	17,369	17,369	-
Title II Grant- Teaching, Principal Training, Recruitment (BRX2)	I	84.367A	0147-205515	9/1/19-8/31/20	15,635	-	12,341	12,341	-
Title II Grant- Teaching, Principal Training, Recruitment (BRX3)	I	84.367A	0147-205520	9/1/19-8/31/20	15,224	-	13,178	13,178	-
Title II Grant - Teaching, Principal Training, Recruitment (INF)	I	84.367A	0147-194296	9/1/18-8/31/19	68,914	(41,651)	11,485	11,485	(41,651)
Title II Grant - Teaching, Principal Training, Recruitment (INF)	I	84.367A	0147-204296	9/1/19-8/31/20	66,367	(19,026)	60,808	79,834	-
Title II Grant - Teaching, Principal Training, Recruitment (WH)	I	84.367A	0147-194160	9/1/18-8/31/19	63,939	(35,934)	10,657	10,657	(35,934)
Title II Grant - Teaching, Principal Training, Recruitment (WH)	I	84.367A	0147-204160	9/1/19-8/31/20	23,529	(16,426)	21,477	37,903	-
Title II Grant - Teaching, Principal Training, Recruitment (SH)	I	84.367A	0147-194282	9/1/18-8/31/19	61,235	(34,815)	10,206	10,206	(34,815)
Title II Grant - Teaching, Principal Training, Recruitment (SH)	I	84.367A	0147-204282	9/1/19-8/31/20	21,687	(15,710)	22,349	38,059	-
Total Title II Grant - Teaching, Principal Training, Recruitment						(231,514)	214,115	285,488	(160,141)

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant/ Contract Period	Grant Amount	Accrued or (Deferred) Revenue at 7/1/19	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued or (Deferred) Revenue at 6/30/20
U.S. Department of Education (Continued)									
Title IV Grant- SSAE Allocation (AMP)	I	84.424A	0204-194294	9/1/18-8/31/19	\$ 25,527	\$ -	\$ 4,255	\$ 4,255	\$ -
Title IV Grant- SSAE Allocation (AMP)	I	84.424A	0204-204294	9/1/19-8/31/20	23,759	-	19,799	19,799	-
Title IV Grant- SSAE Allocation (FRE)	I	84.424A	0204-205445	9/1/19-8/31/20	10,360	-	8,633	8,633	-
Title IV Grant- SSAE Allocation (INF)	I	84.424A	0204-194296	9/1/18-8/31/19	38,592	-	6,432	6,432	-
Title IV Grant- SSAE Allocation (INF)	I	84.424A	0204-204296	9/1/19-8/31/20	39,426	-	32,855	32,855	-
Title IV Grant- SSAE Allocation (WH)	I	84.424A	0204-194160	9/1/18-8/31/19	33,722	-	5,620	5,620	-
Title IV Grant- SSAE Allocation (WH)	I	84.424A	0204-204160	9/1/19-8/31/20	35,843	-	29,868	29,868	-
Title IV Grant- SSAE Allocation (SH)	I	84.424A	0204-194282	9/1/18-8/31/19	30,618	-	5,103	5,103	-
Title IV Grant- SSAE Allocation (SH)	I	84.424A	0204-204282	9/1/19-8/31/20	32,236	-	26,938	26,938	-
Total Title IV Grant- SSAE Allocation						-	139,503	139,503	-
Total U.S. Department of Education						(232,445)	2,357,546	2,429,850	(160,141)
U.S. Department of Agriculture:									
Pass-through New York Department of Education:									
School Food Program- Breakfast (INF)	I	10.553	n/a	7/1/19-6/30/20	91,447	-	91,447	91,447	-
School Food Program- Lunch and Snack (INF)	I	10.555	n/a	7/1/19-6/30/20	466,836	-	466,836	466,836	-
Child Nutrition Cluster Total						-	558,283	558,283	-
Pass-through New York Department of Agriculture:									
School Food Program - Donated Commodities	I	10.555	n/a	7/1/19-6/30/20	30,232	-	30,232	30,232	-
Total U.S. Department of Agriculture						-	588,515	588,515	-
Total Expenditures of Federal Awards						\$ (232,445)	\$ 2,946,061	\$ 3,018,365	\$ (160,141)

D – Direct Funding
I – Indirect Funding
S – State Share

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**KIPP NYC PUBLIC CHARTER SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL INFORMATION

The accompanying schedule of expenditures of federal awards presents the activities of the federal financial assistance programs of KIPP NYC Public Charter Schools (the School). Financial awards received directly from federal agencies, as well as financial assistance passed through other governmental agencies or nonprofit organizations, are included in the schedule.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 3 RELATIONSHIP TO CONSOLIDATED FINANCIAL STATEMENTS

The schedule of expenditures of federal awards presents only a selected portion of the activities of the School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in net assets. The financial activity for the aforementioned awards is reported in the School's consolidated statements of activities.

NOTE 4 INDIRECT COST RATE

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



**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 NYC Public Charter Schools
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of KIPP NYC Public Charter Schools, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered KIPP NYC Public Charter Schools' internal control over financial reporting (internal control) to determine the 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 NYC Public Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of KIPP NYC Public Charter Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIPP NYC Public Charter Schools' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. 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 result 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

Plymouth Meeting, Pennsylvania
October 29, 2020



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

Board of Directors
KIPP NYC Public Charter Schools
New York, New York

Report on Compliance for Each Major Federal Program

We have audited KIPP NYC Public Charter Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of KIPP NYC Public Charter Schools' major federal programs for the year ended June 30, 2020. KIPP NYC Public Charter Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of KIPP NYC Public Charter Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about KIPP NYC Public Charter Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of KIPP NYC Public Charter Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, KIPP NYC Public Charter Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of KIPP NYC Public Charter Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered KIPP NYC Public Charter Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of KIPP NYC Public Charter Schools' 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 29, 2020

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Consolidated 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 that are not considered to be material weakness(es)? _____ 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 that are not considered to be material weakness(es)? _____ yes X none reported
2. Type of auditor’s 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

CFDA Number(s)

84.010A

Name of Federal Program or Cluster

U.S. Department of Education – Title I - Basic, Concentration, Targeted and Education Finance Incentive Grants

Dollar threshold used to distinguish between Type A or Type B programs was:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**KIPP NYC PUBLIC CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Consolidated Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the Federal Single Audit Act.

Section IV – Prior Audit Findings

There were no prior year findings required to be reported under the Federal Single Audit Act.

