# KIPP NEW ORLEANS, INC.
# NEW ORLEANS, LOUISIANA

## FINANCIAL STATEMENTS

## JUNE 30, 2017

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Postlethwaite & Netterville
A Professional Accounting Corporation
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# KIPP NEW ORLEANS, INC.
# NEW ORLEANS, LOUISIANA

## FINANCIAL STATEMENTS

## JUNE 30, 2017

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*A Professional Accounting Corporation*

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
KIPP New Orleans, Inc.
New Orleans, Louisiana:

## Report on the Financial Statements

We have audited the accompanying financial statements of KIPP New Orleans, Inc. ("KIPP") which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility 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; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 KIPP'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 financial statements.

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KIPP New Orleans, Inc. as of June 30, 2017 and 2016, 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.

***Other Matter***

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included from pages 13 to 15 are presented for purposes of additional analysis and are not a required part of the 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 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated December 5, 2017, on our consideration of KIPP'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 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 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's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
December 5, 2017

**KIPP NEW ORLEANS, INC.**
**STATEMENTS OF FINANCIAL POSITION**
**JUNE 30, 2017 AND 2016**

## ASSETS

| | 2017 | 2016 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 16,021,615 | $ 13,398,107 |
| Grants receivable | 1,563,168 | 1,303,439 |
| Other receivables | 107,865 | 197,491 |
| Prepaid expenses | 406 | 9,313 |
| Total current assets | 17,693,054 | 14,908,350 |
| **OTHER ASSETS** | | |
| Deposits | 147,609 | 116,115 |
| **PROPERTY AND EQUIPMENT, NET** | 481,892 | 650,339 |
| Total assets | $ 18,322,555 | $ 15,674,804 |

## LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 2,340,384 | $ 1,235,539 |
| **NON-CURRENT LIABILITIES** | | |
| Accrued interest | - | 41,889 |
| Long-term debt | - | 200,000 |
| Total non-current liabilities | - | 241,889 |
| Total liabilities | 2,340,384 | 1,477,428 |
| **NET ASSETS** | | |
| Unrestricted | 15,913,534 | 14,110,756 |
| Temporarily restricted | 68,637 | 86,620 |
| Total net assets | 15,982,171 | 14,197,376 |
| Total liabilities and net assets | $ 18,322,555 | $ 15,674,804 |

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

KIPP NEW ORLEANS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

| | Year ended June 30, 2017 | | | Year ended June 30, 2016 | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| **PUBLIC SUPPORT AND OTHER REVENUES** | | | | | | |
| Local per pupil aid | $ 22,592,418 | $ - | $ 22,592,418 | $ 22,477,405 | $ - | $ 22,477,405 |
| Federal sources | 9,382,137 | - | 9,382,137 | 9,997,777 | - | 9,997,777 |
| State public school funds | 20,030,856 | - | 20,030,856 | 18,229,947 | - | 18,229,947 |
| Donations and contributions | 266,598 | 769,994 | 1,036,592 | 1,102,717 | 766,790 | 1,869,507 |
| Other local sources | - | - | - | 28,353 | - | 28,353 |
| Other state funds | 136,563 | - | 136,563 | 465,140 | - | 465,140 |
| Other income | 1,067,965 | - | 1,067,965 | 598,328 | - | 598,328 |
| Net assets released from restrictions | 787,977 | (787,977) | - | 1,095,117 | (1,095,117) | - |
| **Total public support and other revenues** | 54,264,514 | (17,983) | 54,246,531 | 53,994,784 | (328,327) | 53,666,457 |
| **EXPENSES** | | | | | | |
| Program services: | | | | | | |
| Regular education programs | 19,043,120 | - | 19,043,120 | 18,158,705 | - | 18,158,705 |
| School administration | 6,548,856 | - | 6,548,856 | 5,245,408 | - | 5,245,408 |
| Operation and maintenance of plant services | 3,856,292 | - | 3,856,292 | 4,007,652 | - | 4,007,652 |
| Special education programs | 3,925,196 | - | 3,925,196 | 3,749,465 | - | 3,749,465 |
| Food services | 3,013,076 | - | 3,013,076 | 3,501,831 | - | 3,501,831 |
| Student transportation | 4,373,868 | - | 4,373,868 | 4,106,794 | - | 4,106,794 |
| Instructional staff services | 2,543,399 | - | 2,543,399 | 2,493,539 | - | 2,493,539 |
| Pupil support services | 3,327,339 | - | 3,327,339 | 3,229,635 | - | 3,229,635 |
| Other special programs | 311,764 | - | 311,764 | 91,358 | - | 91,358 |
| Other instructional programs | 483,301 | - | 483,301 | 427,842 | - | 427,842 |
| Enterprise operations | 3,998 | - | 3,998 | 88,126 | - | 88,126 |
| Community service operations | 184,025 | - | 184,025 | 314,359 | - | 314,359 |
| | 47,614,234 | - | 47,614,234 | 45,414,714 | - | 45,414,714 |
| Management and general: | | | | | | |
| Business services | 960,673 | - | 960,673 | 1,814,676 | - | 1,814,676 |
| Central services | 1,823,231 | - | 1,823,231 | 2,078,195 | - | 2,078,195 |
| General administration | 2,000,822 | - | 2,000,822 | 2,041,780 | - | 2,041,780 |
| Other support services | 1,395 | - | 1,395 | 5,210 | - | 5,210 |
| | 4,786,121 | - | 4,786,121 | 5,939,861 | - | 5,939,861 |
| Fundraising | 61,381 | - | 61,381 | 50,486 | - | 50,486 |
| **Total expenses** | 52,461,736 | - | 52,461,736 | 51,405,061 | - | 51,405,061 |
| **Change in net assets** | 1,802,778 | (17,983) | 1,784,795 | 2,589,723 | (328,327) | 2,261,396 |
| **NET ASSETS, BEGINNING OF YEAR** | 14,110,756 | 86,620 | 14,197,376 | 11,521,033 | 414,947 | 11,935,980 |
| **NET ASSETS, END OF YEAR** | $ 15,913,534 | $ 68,637 | $ 15,982,171 | $ 14,110,756 | $ 86,620 | $ 14,197,376 |

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

**KIPP NEW ORLEANS, INC.**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2017 AND 2016**

| | 2017 | 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Change in net assets | $ 1,784,795 | $ 2,261,396 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 192,953 | 326,365 |
| Loss on disposal of property and equipment | 143,771 | 14,009 |
| (Increase) decrease in operating assets: | | |
| Grants and other receivables | (170,103) | 1,720,569 |
| Prepaid expenses | 8,907 | 88,741 |
| Deposits | (31,494) | (14,720) |
| Increase in operating liabilities | | |
| Accounts payable and accrued expenses | 1,062,956 | (3,476,068) |
| Net cash provided by operating activities | 2,991,785 | 920,292 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property and equipment | (168,277) | (344,738) |
| Net cash used in investing activities | (168,277) | (344,738) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Payments on debt | (200,000) | - |
| Net cash used in financing activities | (200,000) | - |
| Net increase in cash | 2,623,508 | 575,554 |
| Cash and cash equivalents, beginning of year | 13,398,107 | 12,822,553 |
| Cash and cash equivalents, end of year | $ 16,021,615 | $ 13,398,107 |
| **SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION** | | |
| Cash paid during the year for interest | $ 45,283 | $ - |

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

## 1. Summary of Significant Accounting Policies

### Organization

KIPP New Orleans, Inc. ("KIPP") was incorporated in the Spring of 2005 for the purpose of operating charter schools in New Orleans, Louisiana. KIPP was created to provide students with knowledge, skills, and character traits necessary to succeed in competitive high schools, college, and life. The Board of Elementary and Secondary Education (BESE) approved the granting of eight (8) Type 5 charters to operate KIPP Believe (includes Primary and College Prep and was previously KIPP Phillips Preparatory), KIPP Central City Primary, KIPP Central City Academy, KIPP East Community Primary, KIPP New Orleans Leadership (Primary and Academy), KIPP McDonogh 15 (Primary and Middle), KIPP Renaissance High School, and KIPP Booker T. Washington High School. In addition, the KIPP New Orleans School Support Center ("SSC") provides support to each of the schools in the areas of development, operations, finance, academics, recruitment, and planning. All KIPP schools and the SSC are governed by the KIPP Board of Directors.

The Board of Elementary and Secondary Education (BESE), effective July 1, 2016, approved the transfer of the Type 5 charter to a Type 3B charter to operate KIPP Renaissance High School under the jurisdiction of Orleans Parish School Board rather than Recovery School District.

### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board under *ASC No. 958 Not-for-Profit Entities*.

KIPP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of KIPP and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of KIPP and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of KIPP pursuant to those stipulations. At June 30, 2017 and 2016, KIPP had no permanently restricted net assets.

## 1. Summary of Significant Accounting Policies (continued)

### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents include amounts on deposit at local financial institutions and unrestricted, highly liquid investments with an initial maturity of less than three months.

### Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2017 and 2016, no allowance is recorded as management considers the receivables to be fully collectible.

### Other receivables

Other receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to other receivables. At June 30, 2017 and 2016, no allowance is recorded as management considers the receivables to be fully collectible.

### Property and Equipment

The land, building and building improvements used to operate KIPP are owned by the Recovery School District (RSD) and, as such, are recorded on the financial statements of the RSD. The RSD also provided KIPP with furniture and equipment that is also recorded on the RSD's financial statements and not reported by KIPP. KIPP only reports its direct purchases of leasehold improvements, furniture and equipment. KIPP has adopted the practice of capitalizing all expenditures for depreciable assets where the unit costs exceed $5,000. Property is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 5 years for furniture and equipment, 3 years or the life of the lease (whichever is greater) for leasehold improvements, and 3 years for software.

## 1. Summary of Significant Accounting Policies (continued)

### Contributions and Revenue Recognition

KIPP reports contributions of cash or other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statement of activities.

Revenues from federal and state grants are recorded when KIPP has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by KIPP, or when otherwise earned under the terms of the grants.

### Contributed Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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

### Functional Expenses

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

### Compensated Absences

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

## 1. Summary of Significant Accounting Policies (continued)

Tax Exempt Status

KIPP is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes. KIPP applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, KIPP has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities, therefore the implementation of this standard has not had a material effect on KIPP.

Recent Accounting Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14. Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. Application to interim financial statements is permitted but not required in the initial year of application, and early application of the standard is permitted. KIPP is currently assessing the impact of this pronouncement on the financial statements.

## 2. Grants Receivable

Grants receivable as of June 30 are as follows:

| | 2017 | 2016 |
|---|---|---|
| Due from federal government | $ 316,858 | $ 223,953 |
| Due from State of Louisiana | 941,402 | 859,667 |
| Due from foundations | 304,908 | 219,819 |
| | $ 1,563,168 | $ 1,303,439 |

## 3. Property and Equipment

A summary of property and equipment at June 30 is as follows:

| | 2017 | 2016 |
|---|---|---|
| Furniture and fixtures | $ 346,448 | $ 607,737 |
| Land | 44,877 | 1,076 |
| Leasehold improvements | 420,536 | 933,851 |
| Software | 32,578 | 236,056 |
| | 844,439 | 1,778,720 |
| Less accumulated depreciation | (362,547) | (1,128,381) |
| | $ 481,892 | $ 650,339 |

## 4. Line of Credit

KIPP has a line of credit in the amount of $2,000,000. The interest rate on the line of credit is 4.0%. There was no outstanding balance due on the line of credit as of June 30, 2017 and 2016. The line of credit expires on May 30, 2019.

## 5. Long-Term Debt

On January 22, 2010, KIPP entered into a loan agreement with Charter Fund, Inc. (the "Fund"), a nonprofit corporation doing business as the Charter School Growth Fund, in the amount of $500,000. Interest on the loan started from the date of funding, which was April 12, 2010. Interest accrues at a rate of 3.25% per annum (based on a 360 day year). Accrued interest on the loan at June 30, 2016 and 2015 was $0 and $41,889, respectively. The outstanding balance of the loan was $0 and $200,000 at June 30, 2017 and 2016. Principal repayment in the amount of $200,000 was made in fiscal year ending June 30, 2017.

Interest expense for the years ended June 30, 2017 and 2016 was $3,394 and $6,497.

## 5. Temporarily Restricted Net Assets

A summary of the composition of temporarily restricted net assets at June 30 is as follows:

| | 2017 | 2016 |
|---|---|---|
| Student Scholarships | $ 47,994 | $ 46,788 |
| Elementary School Growth Fund | - | 6,509 |
| Technology | - | 5,868 |
| Personalized learning | - | 23,220 |
| Career Development | 20,000 | - |
| Other | 643 | 4,235 |
| | $ 68,637 | $ 86,620 |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors during the year in the amounts of $787,977 and $1,095,117 for the years ended June 30, 2017 and 2016, respectively.

## 6. Credit Risk Concentration

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

## 7. Retirement Plan

KIPP has a 403(b) deferred compensation plan covering substantially all employees. Covered employees may elect to contribute a portion of their salaries as allowable. KIPP has elected to match 5% of covered employees' salaries. KIPP's contributions were $950,721 and $904,219 for the years ended June 30, 2017 and 2016, respectively.

## 8. School Properties

KIPP entered into lease agreements with the Recovery School District ("RSD") to allow KIPP to use several facilities and their contents, typically for an initial lease term of two years. The lease agreements may be extended for an additional two years in the event the Louisiana Board of Elementary and Secondary Education extends the respective Charter contract for an additional two years. The RSD has forgone the payment of rent for the 2017 and 2016 years for each of the lease agreements.

Use of the property, including fixtures, furniture and equipment provided by the RSD is not recorded as an in-kind contribution. KIPP is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

## 9. Contingencies

Grant Programs

KIPP participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that KIPP has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2017 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and KIPP.

## 10. Economic Dependency

KIPP receives the majority of its revenue from the State of Louisiana Minimum Foundation Program (MFP). MFP funding for the years ended June 30, 2017 and 2016 totaled $42,623,274 and $40,707,352, respectively. Funding and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds KIPP receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds KIPP will receive in fiscal year 2018 relating to its grant awards.

## 11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 5, 2017, and determined that there are no items that require disclosure.

**KIPP NEW ORLEANS, INC.**
**STATEMENTS OF FINANCIAL POSITION BY SCHOOL**
**JUNE 30, 2017**
**(with comparative totals for 2016)**

| | 2017 | | | | | | | | | | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | McDonogh 15 School for the Creative Arts | Believe College Preparatory School / Primary | Central City Academy | Central City Primary | Renaissance High School | New Orleans Leadership Primary / Academy | East Community Primary | Booker T. Washington High School | School Support Center | Total | Total |
| **ASSETS** | | | | | | | | | | | |
| **CURRENT ASSETS** | | | | | | | | | | | |
| Cash and cash equivalents | $ 599,847 | $ 3,402,672 | $ 412,898 | $ 1,296,534 | $ (532,122) | $ 1,368,126 | $ 302,427 | $ 38,156 | $ 9,133,077 | $ 16,021,615 | $ 13,398,107 |
| Grants receivable | 206,734 | 152,579 | 126,731 | 88,149 | 112,131 | 215,002 | 42,907 | 183,745 | 435,190 | 1,563,168 | 1,303,439 |
| Other receivables | 24,625 | 77,275 | 1 | - | 1,667 | 1,611 | - | - | 2,686 | 107,865 | 197,491 |
| Prepaid expenses | - | - | - | 1 | 193 | - | - | - | 212 | 406 | 9,313 |
| Due from (to) KIPP New Orleans / Schools | 102,318 | (2,439,883) | (125,497) | (782,287) | 1,211,035 | (446,605) | - | - | 2,481,919 | - | - |
| Total current assets | 933,524 | 1,192,643 | 413,133 | 602,397 | 792,904 | 1,138,134 | 345,334 | 221,901 | 12,053,084 | 17,693,054 | 14,908,350 |
| **OTHER ASSETS** | | | | | | | | | | | |
| Deposits | 27,449 | 17,759 | - | 2,150 | 26,626 | 10,679 | 23,756 | 2,500 | 36,690 | 147,609 | 116,115 |
| **PROPERTY AND EQUIPMENT, NET** | - | 4,121 | - | 57,635 | 319,359 | 24,728 | - | - | 76,049 | 481,892 | 650,339 |
| Total assets | $ 960,973 | $ 1,214,523 | $ 413,133 | $ 662,182 | $ 1,138,889 | $ 1,173,541 | $ 369,090 | $ 224,401 | $ 12,165,823 | $ 18,322,555 | $ 15,674,804 |
| **LIABILITIES AND NET ASSETS** | | | | | | | | | | | |
| **CURRENT LIABILITIES** | | | | | | | | | | | |
| Accounts payable and accrued expenses | $ 282,368 | $ 382,839 | $ 31,951 | $ 242,633 | 389,798 | $ 367,862 | $ 161,832 | $ 73,119 | $ 407,982 | $ 2,340,384 | $ 1,235,539 |
| **NON-CURRENT LIABILITIES** | | | | | | | | | | | |
| Accrued interest | - | - | - | - | - | - | - | - | - | - | 41,889 |
| Long-term debt | - | - | - | - | - | - | - | - | - | - | 200,000 |
| Total non-current liabilities | - | - | - | - | - | - | - | - | - | - | 241,889 |
| Total liabilities | 282,368 | 382,839 | 31,951 | 242,633 | 389,798 | 367,862 | 161,832 | 73,119 | 407,982 | 2,340,384 | 1,477,428 |
| **NET ASSETS** | | | | | | | | | | | |
| Unrestricted | 678,605 | 831,684 | 381,182 | 419,549 | 739,091 | 805,679 | 207,258 | 140,639 | 11,709,847 | 15,913,534 | 14,110,756 |
| Temporarily restricted | - | - | - | - | 10,000 | - | - | 10,643 | 47,994 | 68,637 | 86,620 |
| Total net assets | 678,605 | 831,684 | 381,182 | 419,549 | 749,091 | 805,679 | 207,258 | 151,282 | 11,757,841 | 15,982,171 | 14,197,376 |
| Total liabilities and net assets | $ 960,973 | $ 1,214,523 | $ 413,133 | $ 662,182 | $ 1,138,889 | $ 1,173,541 | $ 369,090 | $ 224,401 | $ 12,165,823 | $ 18,322,555 | $ 15,674,804 |

See accompanying independent auditors' report.

**KIPP NEW ORLEANS, INC.**
**STATEMENTS OF ACTIVITIES BY SCHOOL**
**YEAR ENDED JUNE 30, 2017**
**(with comparative totals for 2016)**

| | 2017 | | | | | | | | | | | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | McDonogh 15 School for the Creative Arts | Believe College Preparatory School / Primary | Central City Academy | Central City Primary | Renaissance High School | New Orleans Leadership Primary / Academy | East Community Primary | Booker T. Washington High School | School Support Center | Interfund Eliminations | Total | Total |
| **UNRESTRICTED NET ASSETS** | | | | | | | | | | | | |
| **PUBLIC SUPPORT AND OTHER REVENUES** | | | | | | | | | | | | |
| Local per pupil aid | $ 4,282,716 | $ 4,613,898 | $ 2,208,477 | $ 2,611,538 | $ 2,597,788 | $ 4,438,011 | $ 1,263,585 | $ 576,405 | $ - | $ - | $ 22,592,418 | $ 22,477,405 |
| Federal sources | 1,845,451 | 1,918,180 | 848,620 | 953,666 | 993,273 | 1,688,866 | 508,920 | 379,610 | 245,551 | - | 9,382,137 | 9,997,777 |
| State public school funds | 3,588,550 | 3,868,290 | 1,941,147 | 1,946,792 | 2,803,317 | 4,158,644 | 992,977 | 731,139 | - | - | 20,030,856 | 18,229,947 |
| Donations and contributions | 150 | - | - | 2,100 | (30,000) | - | 6,999 | (10,000) | 297,349 | - | 266,598 | 1,102,717 |
| Other local sources | - | - | - | - | - | - | - | - | - | - | - | 28,353 |
| Other state funds | 18,000 | 18,000 | 18,000 | 12,000 | 46,563 | 18,000 | 6,000 | - | - | - | 136,563 | 465,140 |
| Other income | 95,156 | 97,615 | 55,076 | 45,577 | 57,355 | 252,476 | 10,842 | 2,536 | 11,476,428 | (11,025,096) | 1,067,965 | 598,328 |
| Net assets released from restrictions | 16,738 | 74,228 | - | 6,509 | 105,000 | 5,868 | 75,000 | 253,704 | 250,930 | - | 787,977 | 1,095,117 |
| **Total public support and other revenues** | 9,846,761 | 10,590,211 | 5,071,320 | 5,578,182 | 6,573,296 | 10,561,865 | 2,864,323 | 1,933,394 | 12,270,258 | (11,025,096) | 54,264,514 | 53,994,784 |
| **EXPENSES** | | | | | | | | | | | | |
| Program services: | | | | | | | | | | | | |
| Instructional | 5,097,816 | 5,062,487 | 2,718,269 | 3,289,656 | 3,097,009 | 5,318,842 | 1,456,546 | 1,020,907 | 229,868 | (3,528,015) | 23,763,385 | 20,674,734 |
| Non-instructional | 5,068,411 | 5,203,675 | 2,892,229 | 4,043,757 | 3,414,336 | 6,043,627 | 1,391,663 | 747,570 | 1,826,044 | (6,780,463) | 23,850,849 | 24,739,980 |
| Supporting services: | | | | | | | | | | | | |
| Management and general | 238,554 | 220,045 | 166,200 | 234,555 | 96,191 | 329,801 | 55,842 | 30,710 | 4,130,841 | (716,618) | 4,786,121 | 5,939,861 |
| Fundraising | - | - | - | - | - | - | - | - | 61,381 | - | 61,381 | 50,486 |
| **Total expenses** | 10,404,781 | 10,486,207 | 5,776,698 | 7,567,968 | 6,607,536 | 11,692,270 | 2,904,051 | 1,799,187 | 6,248,134 | (11,025,096) | 52,461,736 | 51,405,061 |
| **Transfers in (out)** | | | | | | | | | | | | |
| Transfers in | 481,949 | 424,754 | 30,805 | 39,093 | 144,506 | 379,179 | 13,661 | 22,519 | 137,326 | (1,673,792) | - | - |
| Transfers out | (636,125) | (443,535) | (41,777) | (26,208) | (101,782) | (285,653) | (12,697) | (66,853) | (59,162) | 1,673,792 | - | - |
| **Total transfers in (out)** | (154,176) | (18,781) | (10,972) | 12,885 | 42,724 | 93,526 | 964 | (44,334) | 78,164 | - | - | - |
| **Change in unrestricted net assets** | (712,196) | 85,223 | (716,350) | (1,976,901) | 8,484 | (1,036,879) | (38,764) | 89,873 | 6,100,288 | - | 1,802,778 | 2,589,723 |
| **TEMPORARILY RESTRICTED NET ASSETS** | | | | | | | | | | | | |
| Donations and contributions | - | 67,746 | - | - | 115,000 | - | 75,000 | 260,112 | 252,136 | - | 769,994 | 766,790 |
| Net assets released from restrictions | (16,738) | (74,228) | - | (6,509) | (105,000) | (5,868) | (75,000) | (253,704) | (250,930) | - | (787,977) | (1,095,117) |
| **Change in temporarily restricted net assets** | (16,738) | (6,482) | - | (6,509) | 10,000 | (5,868) | - | 6,408 | 1,206 | - | (17,983) | (328,327) |
| **NET ASSETS, BEGINNING OF YEAR** | 1,407,539 | 752,943 | 1,097,532 | 2,402,959 | 730,607 | 1,848,426 | 246,022 | 55,001 | 5,656,347 | - | 14,197,376 | 11,935,980 |
| **NET ASSETS, END OF YEAR** | $ 678,605 | $ 831,684 | $ 381,182 | $ 419,549 | $ 749,091 | $ 805,679 | $ 207,258 | $ 151,282 | $ 11,757,841 | $ - | $ 15,982,171 | $ 14,197,376 |

See accompanying independent auditors' report.

**KIPP NEW ORLEANS, INC.**
**SCHEDULE OF COMPENSATION, BENEFITS,**
**AND OTHER PAYMENTS TO AGENCY HEAD**
**YEAR ENDED JUNE 30, 2017**

**Agency Head Name: Rhonda Kalifey-Aluise, Chief Executive Officer**

| Purpose | Amount |
|---|---|
| Salary | $ 174,655 |
| Benefits - insurance | 5,637 |
| Benefits - retirement | 8,715 |
| Gas stipend | 600 |
| Reimbursements | 3,217 |
| Registration fees | 2,500 |
| Conference travel | 2,569 |
| Special meals | 90 |

See accompanying independent auditors' report.