

**KIPP LA SCHOOLS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

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

FOR THE YEAR ENDED JUNE 30, 2018

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

CHARTER SCHOOLS:

**KIPP Academy of Opportunity (KAO)
KIPP Los Angeles College Preparatory School (KLAP)
KIPP Raices Academy (KRA)
KIPP Comienza Community Prep (KCCP)
KIPP Empower Academy (KEA)
KIPP Scholar Academy (KSA)
KIPP Philosophers Academy (KPA)
KIPP Sol Academy (KSOL)
KIPP Iluminar Academy (KIA)
KIPP Academy of Innovation (KAI)
KIPP Vida Preparatory Academy (KVPA)
KIPP Promesa Preparatory (KPP)
KIPP Ignite Academy (KIG)
KIPP Corazon Academy (KCA)
KIPP Compton Community School (KCCS)**

**KIPP LA SCHOOLS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
KIPP LA Schools
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of KIPP LA Schools (KIPP LA), a California nonprofit public benefit corporation, which comprise the consolidating statement of financial position as of June 30, 2018, and the related consolidating statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 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 consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement. The audit of the consolidated entity, KLARE Holdings was not performed in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to on page one present fairly, in all material respects, the financial position of KIPP LA as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on KIPP LA's consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The other accompanying supplementary schedules as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 consolidating 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 consolidating financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2018 on our consideration of KIPP LA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on KIPP LA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP LA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
November 27, 2018

KIPP LA SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	KIPP LA Schools	KLARE	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 40,093,451	\$ 4,200,981	\$ -	\$ 44,294,432
Investments	22,781,651	-	-	22,781,651
Restricted cash and cash equivalents	-	29,079,375	-	29,079,375
Accounts receivable - federal and state	8,366,109	-	-	8,366,109
Accounts receivable - other	760,218	804,279	(1,047,859)	516,638
Contributions receivable, current portion	1,375,000	-	-	1,375,000
Intercompany receivable	6,278,941	545,560	(6,824,501)	-
Prepaid expenses and other assets	572,224	613,500	-	1,185,724
Total current assets	<u>80,227,594</u>	<u>35,243,695</u>	<u>(7,872,360)</u>	<u>107,598,929</u>
LONG-TERM ASSETS				
Restricted cash and cash equivalents	-	2,722,984	-	2,722,984
Restricted investments	-	3,713,677	-	3,713,677
Contributions receivable, net of current portion	1,042,231	-	-	1,042,231
Security deposits	362,899	71,277	-	434,176
Intercompany notes receivable	5,400,000	-	(5,400,000)	-
Property, plant, and equipment, net	2,284,945	76,640,771	-	78,925,716
Total long-term assets	<u>9,090,075</u>	<u>83,148,709</u>	<u>(5,400,000)</u>	<u>86,838,784</u>
Total assets	<u>\$ 89,317,669</u>	<u>\$ 118,392,404</u>	<u>\$ (13,272,360)</u>	<u>\$ 194,437,713</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable - federal and state	\$ 229,355	\$ -	\$ -	\$ 229,355
Accounts payable - other	2,356,665	3,628,886	-	5,985,551
Accrued liabilities	1,751,252	4,107,383	(1,047,859)	4,810,776
Deferred revenue	523,252	-	-	523,252
Notes payable, current portion	166,666	-	-	166,666
Bonds payable, current portion	-	1,050,000	-	1,050,000
Intercompany payable	545,560	6,278,941	(6,824,501)	-
Total current liabilities	<u>5,572,750</u>	<u>15,065,210</u>	<u>(7,872,360)</u>	<u>12,536,245</u>
LONG-TERM LIABILITIES				
Intercompany notes payable	-	5,400,000	(5,400,000)	-
Grant fund reserve payable	-	516,000	-	516,000
Bonds payable, net current portion	-	98,613,041	-	98,613,041
Total long-term liabilities	<u>-</u>	<u>104,529,041</u>	<u>(5,400,000)</u>	<u>99,129,041</u>
Total liabilities	5,572,750	119,594,251	(13,272,360)	111,894,641
NET ASSETS				
Unrestricted	78,622,204	(1,201,847)	-	77,420,357
Temporarily restricted	5,122,715	-	-	5,122,715
Total net assets	<u>83,744,919</u>	<u>(1,201,847)</u>	<u>-</u>	<u>82,543,072</u>
Total liabilities and net assets	<u>\$ 89,317,669</u>	<u>\$ 118,392,404</u>	<u>\$ (13,272,360)</u>	<u>\$ 194,437,713</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP LA SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	KIPP LA Schools	KLARE	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS				
REVENUES				
State Revenue:				
Local Funding Formula Sources	\$ 61,285,674	\$ -	\$ -	\$ 61,285,674
Other State Revenue	15,252,346	-	-	15,252,346
Federal Revenue:				
Grants and Entitlements	8,019,902	-	-	8,019,902
Local Revenue:				
Contributions	15,766,341	-	-	15,766,341
Other Revenue	1,002,335	7,833,373	(6,711,936)	2,123,772
Interest and Investment Income	569,187	385,601	(69,026)	885,762
Total Unrestricted Revenues	<u>101,895,785</u>	<u>8,218,974</u>	<u>(6,780,962)</u>	<u>103,333,797</u>
Net Assets Released from Restriction	<u>555,699</u>	<u>-</u>	<u>-</u>	<u>555,699</u>
Total Unrestricted Revenues and Net Assets Released from Restriction	102,451,484	8,218,974	(6,780,962)	103,889,496
EXPENSES				
Program Services Expense:				
Educational Programs	74,907,452	6,406,861	(6,771,936)	74,542,377
Support Services Expense:				
Management and General	10,375,299	352,805	(9,026)	10,719,078
Fundraising and Development	1,540,675	-	-	1,540,675
Total Expenses	<u>86,823,426</u>	<u>6,759,666</u>	<u>(6,780,962)</u>	<u>86,802,130</u>
CHANGE IN UNRESTRICTED NET ASSETS	15,628,058	1,459,308	-	17,087,366
TEMPORARILY RESTRICTED NET ASSETS				
Contributions	293,981	-	-	293,981
Investment Return	186,234	-	-	186,234
Net Assets Released from Restriction	<u>(555,699)</u>	<u>-</u>	<u>-</u>	<u>(555,699)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(75,484)</u>	<u>-</u>	<u>-</u>	<u>(75,484)</u>
CHANGE IN NET ASSETS	15,552,574	1,459,308	-	17,011,882
Net Assets - Beginning of Year	<u>68,192,345</u>	<u>(2,661,155)</u>	<u>-</u>	<u>65,531,190</u>
NET ASSETS - END OF YEAR	<u>\$ 83,744,919</u>	<u>\$ (1,201,847)</u>	<u>\$ -</u>	<u>\$ 82,543,072</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP LA SCHOOLS
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	KIPP LA Schools	KLARE	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 15,552,574	\$ 1,459,308	\$ -	\$ 17,011,882
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:				
Depreciation	414,050	1,849,544	-	2,263,594
(Gain)/Loss on Sale/Disposal of Property, Plant, and Equipment	(12,364)	387,302	-	374,938
Investment Return	(417,916)	(385,601)	-	(803,517)
Bond Premium and Issue Cost Amortization	-	2,757	-	2,757
(Increase) and Decrease in Operating Assets				
Accounts Receivable - Federal and State	(1,547,681)	-	-	(1,547,681)
Accounts Receivable - Other	(9,999)	(545,651)	-	(555,650)
Contributions Receivable	451,830	-	-	451,830
Intercompany Receivable	(944,998)	(233,682)	1,178,680	-
Prepaid Expenses	(123,320)	(390,973)	-	(514,293)
Security Deposit	20,650	(1,000)	-	19,650
Restricted Cash and Cash Equivalents	700,132	-	-	700,132
Increase and (Decrease) in Operating Liabilities:				
Accounts Payable - Federal and State	89,551	-	-	89,551
Accounts Payable - Other	438,842	1,820,795	-	2,259,637
Accrued Liabilities	671,132	1,089,684	-	1,760,816
Deferred Revenue	(197,104)	-	-	(197,104)
Intercompany Payable	233,682	944,998	(1,178,680)	-
Net Cash Provided (Used) by Operating Activities	15,319,061	5,997,481	-	21,316,542

See accompanying Notes to Consolidating Financial Statements.

KIPP LA SCHOOLS
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	KIPP LA Schools	KLARE	Eliminations	Consolidated Total
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	\$ (14,486,716)	\$ (5,471,489)	\$ -	\$ (19,958,205)
Sale of investments	14,860,440	8,285,084	-	23,145,524
Repayments Received from Intercompany Notes Receivable	600,000	-	(600,000)	-
Sales of Property, Plant, and Equipment	882,048	-	(633,564)	248,484
Purchases of Property, Plant, and Equipment	<u>(952,470)</u>	<u>(23,890,941)</u>	<u>633,564</u>	<u>(24,209,847)</u>
Net Cash Provided (Used) by Investing Activities	903,302	(21,077,346)	(600,000)	(20,774,044)
CASH FLOWS FROM FINANCING ACTIVITIES				
Debt Issuance Costs	-	(898,481)	-	(898,481)
Payments on Intercompany Notes Payable	-	(600,000)	600,000	-
Payments on Notes Payable	(166,668)	(3,431,407)	-	(3,598,075)
Proceeds from Bonds Payable	-	23,372,901	-	23,372,901
Payments on Bonds Payable	<u>-</u>	<u>(1,010,000)</u>	<u>-</u>	<u>(1,010,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(166,668)</u>	<u>17,433,013</u>	<u>600,000</u>	<u>17,866,345</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,055,695	2,353,148	-	18,408,843
Cash and Cash Equivalents - Beginning of Year	<u>24,037,756</u>	<u>1,847,833</u>	<u>-</u>	<u>25,885,589</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 40,093,451</u>	<u>\$ 4,200,981</u>	<u>\$ -</u>	<u>\$ 44,294,432</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP LA SCHOOLS
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	KIPP LA Schools				KLARE			Eliminations	Total Expenses
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Total Expenses		
Salaries and Wages	\$ 37,832,408	\$ 5,467,144	\$ 741,613	\$ 44,041,165	\$ -	\$ -	\$ -	\$ -	\$ 44,041,165
Pension Expense	1,053,044	176,845	24,983	1,254,872	-	-	-	-	1,254,872
Other Employee Benefits	3,878,583	611,247	84,960	4,574,790	-	-	-	-	4,574,790
Payroll Taxes	2,850,306	408,474	55,271	3,314,051	-	-	-	-	3,314,051
Management Fees	-	612,855	-	612,855	-	-	-	-	612,855
Legal Expenses	-	85,238	-	85,238	-	13,624	13,624	-	98,862
Accounting Expenses	-	71,274	-	71,274	-	16,670	16,670	-	87,944
Other Fees for Services	5,732,812	601,161	30,128	6,364,101	-	6,250	6,250	-	6,370,351
Advertising and Promotion	109,403	571,719	193,115	874,237	-	-	-	-	874,237
Office Expenses	852,495	131,450	7,872	991,817	-	11,221	11,221	-	1,003,038
Information Technology	1,268,238	247,889	42,145	1,558,272	-	-	-	-	1,558,272
Occupancy Expenses	10,962,460	179,590	30,592	11,172,642	934,622	-	934,622	(6,059,192)	6,048,072
Travel Expenses	266,848	53,771	9,159	329,778	-	-	-	-	329,778
Conferences and Meetings	675,488	168,786	28,752	873,026	-	-	-	-	873,026
Interest Expense	-	11,111	-	11,111	2,586,608	-	2,586,608	(69,026)	2,528,693
Depreciation	397,047	14,528	2,475	414,050	1,849,544	-	1,849,544	-	2,263,594
Insurance Expense	-	230,797	-	230,797	-	7,164	7,164	-	237,961
Instructional Materials	4,180,489	-	-	4,180,489	-	-	-	-	4,180,489
Other Expenses	4,847,831	731,420	289,610	5,868,861	1,036,087	297,876	1,333,963	(652,744)	6,550,080
Subtotal	74,907,452	10,375,299	1,540,675	86,823,426	6,406,861	352,805	6,759,666	\$ (6,780,962)	\$ 86,802,130
Eliminations	(6,711,936)	(9,026)	-	(6,720,962)	(60,000)	-	(60,000)		
Total Functional Expenses	<u>\$ 68,195,516</u>	<u>\$ 10,366,273</u>	<u>\$ 1,540,675</u>	<u>\$ 80,102,464</u>	<u>\$ 6,346,861</u>	<u>\$ 352,805</u>	<u>\$ 6,699,666</u>		

See accompanying Notes to Consolidating Financial Statements.

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

KIPP LA Schools (KIPP LA) was organized in July 2008 as a nonprofit corporation under the laws of the state of California for the purpose of operating public charter schools. KIPP LA currently manages 15 charter schools: KIPP Academy of Opportunity, KIPP Los Angeles College Preparatory, KIPP Raíces Academy, KIPP Comienza Community Prep, KIPP Empower Academy, KIPP Scholar Academy, KIPP Philosophers Academy, KIPP Sol Academy, KIPP Illuminar Academy, KIPP Academy of Innovation, KIPP Vida Preparatory Academy, KIPP Promesa Preparatory, KIPP Ignite Academy, KIPP Corazon Academy, and KIPP Compton Community School. All 15 charter schools have charters approved by the state of California Department of Education through the Los Angeles Unified School District and the Compton Unified School District. KIPP LA is a participant in the “Knowledge is Power Program” (KIPP). KIPP LA charter schools are economically dependent on state and federal funding.

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

Net Assets Classes

Under applicable accounting standards, KIPP LA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of KIPP LA consist of the following:

Unrestricted

All resources over which the governing board has discretionary control to use in carrying on the general operations of the organization.

Temporarily Restricted

These net assets are restricted by donors to be used for specific purposes. KIPP LA’s temporarily restricted net assets as of June 30, 2018 are as follows:

Contributions Receivable	\$ 2,417,231
Karsh Family Teacher Recognition Fund	2,705,484
Total Temporarily Restricted Net Assets	<u>\$ 5,122,715</u>

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently Restricted

Net assets permanently restricted by donors that cannot be used by KIPP LA. KIPP LA does not currently have any permanently restricted net assets.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by KIPP LA based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

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

Cash and Cash Equivalents

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

Investments

In accordance with FASB *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, KIPP LA reports its investments in marketable securities and other investments at fair value. In addition, ASC 820 effects how KIPP LA measures the fair value of investments in certain entities that do not have a quoted market price but calculate net assets value (NAV) per share or its equivalent. As a practical expedient, the guidance permits, but does not require, KIPP LA to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of KIPP LA's investments with California Community Foundation (CCF) was determined based on the NAV. See note 5 for the fair market value of KIPP LA's investments as of June 30, 2018.

KIPP LA's investment return for the year ended June 30, 2018 was as follows:

Realized and Unrealized Gain (Loss)	\$ 73,205
Interest and Dividends	772,496
Management Fees	(42,184)
Total Investment Return	<u>\$ 803,517</u>

Use of Estimates

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

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Functional Allocation of Expenses

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

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by applicable accounting standards. Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Contributions Receivable

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

Receivables

Accounts receivable represent amounts due from organizations and the state and federal government based on contractual agreements or amounts billed but not received as of June 30, 2018. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. KIPP LA capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2018 was \$2,263,594.

Consolidation

The consolidating financial statements include the accounts of KIPP LA and its wholly owned subsidiary, KLARE Holdings, a California nonprofit public benefit corporation formed exclusively to support KIPP LA, and its single member limited liability company subsidiaries: KLA 2810 Whittier, LLC; 668 Atlantic, LLC; SOLA School 1, LLC; ChaMed, LLC; West51, LLC; Budnon LLC; SOLA 2 LLC, SeLA LLC, BH Soto LLC, Curiosity RE LLC, Gratitude RE LLC, Optimism RE LLC, Zest RE LLC, and Grit RE LLC. All material intercompany transactions have been eliminated.

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

KIPP LA has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to its continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination.

KIPP LA Schools files informational returns in the U.S. federal jurisdiction, and the state of California.

Subsequent Events

All events subsequent to the statement of financial position date of June 30, 2018 through November 27, 2018, which is the date these financial statements were available to be issued, have been evaluated in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 CONCENTRATION OF CREDIT RISK

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

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable primarily consists of funds due from state and federal governments, and private grants receivable. All amounts are considered collectible; therefore, no provisions for uncollectible accounts were recorded.

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 CONTRIBUTIONS RECEIVABLE

Unconditional promises to give expected to be received in one year or less are recorded as contributions receivable at net realizable value, which approximates fair market value. Unconditional promises to give expected to be received after one year are recorded as contributions receivable at fair value using estimated future cash flows discounted by rates ranging from 1.45% to 2.53%. At June 30, 2018, KIPP LA had contributions receivable expected to be received in the following periods:

In One Year or Less	\$ 1,375,000
Between One and Five Years	1,125,000
Total Gross Contributions Receivable	2,500,000
Less: Discount on Contributions Receivable	(82,769)
Net Contributions Receivable	\$ 2,417,231

KIPP LA also has conditional pledges not recorded in these financial statements totaling up to \$2,499,267 expected to be paid over the next six years.

NOTE 5 FAIR VALUE MEASUREMENTS

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

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

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

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

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The fair market value of KIPP LA's investments as of June 30, 2018 was as follows:

	Fair Value Measurement 2018		
	Total	Level 1	Level 2
U.S. Treasury Certificates Restricted for Bond Reserves	\$ 3,713,677	\$ 3,713,677	\$ -
U.S. Treasury Securities	12,375,276	12,375,276	-
Corporate Bonds	7,261,787	7,261,787	-
Certificates of Deposit	439,104	-	439,104
Total Investments Carried at Fair Market Value (FMV)	23,789,844	\$ 23,350,740	\$ 439,104
CCF Endowment Pool:			
Karsh Family Teacher Recognition Fund - Carried at NAV	2,705,484		
Total Investments	\$ 26,495,328		

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The CCF Endowment Pool investment objectives are long-term growth and appreciation while providing a relatively predictable stream of distributions that keep pace with inflation over time. The investment allocation is 50% equities, 14% hedge funds, 22% fixed-income, and 14% real assets. Investment management fees are 66 basis points and there are no unfunded commitments, redemption period, or notice period.

The fair market value of bonds payable with fixed interest rates is based on rates assumed to be currently available for bond issues with similar terms and average maturities. As of June 30, 2018 the carrying amounts of bonds payable approximated the estimated fair market value.

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

KIPP LA's property, plant, and equipment as June 30, 2018 consisted of the following:

	KIPP LA Schools	KLARE	Total
Construction in Progress	\$ 322,059	\$ 20,565,591	\$ 20,887,650
Land	-	15,573,454	15,573,454
Buildings	-	38,550,067	38,550,067
Leasehold Improvements	2,299,583	7,780,232	10,079,815
Furniture and Equipment	1,207,908	775,113	1,983,021
Total Property, Plant, and Equipment	3,829,550	83,244,457	87,074,007
Less: Accumulated Depreciation	(1,544,605)	(6,603,686)	(8,148,291)
Property, Plant, and Equipment, Net	\$ 2,284,945	\$ 76,640,771	\$ 78,925,716

NOTE 7 NOTES PAYABLE

In October 2012, KIPP LA obtained a \$500,000 loan from the KIPP Foundation to help fund the opening of KIPP Scholar Academy and KIPP Philosophers Academy. This loan carries a 1% interest rate and interest payments are due annually. Principal payments begin in September 2016, with the loan maturing in September 2018. The loan balance as of June 30, 2018 was \$166,666 is all due within the next fiscal year.

NOTE 8 BONDS PAYABLE

Series 2014 A&B

In June 2014, KLARE obtained financing through the California School Finance Authority (CSFA). The amount loaned to KLARE was \$28,725,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on the SoLA School 1, LLC, ChaMed, LLC, and KLA 2810 Whittier, LLC properties. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 4.125% to 5.125%.

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 BONDS PAYABLE (CONTINUED)

Series 2015 A&B

In September 2015, KLARE obtained financing through the CSFA. The amount loaned to KLARE was \$27,790,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on facilities owned by SOLA 2, LLC, West51, LLC, Budnon, LLC and 668 Atlantic LLC. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear interest rates ranging from 3.25% to 5%.

Series 2017 A

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

All Bond Series Issues

KLARE is required to maintain in a bond reserve cash account an amount equal to the bond reserve requirement which is calculated as the least of (a) 10% of the proceeds from the bonds (b) maximum annual debt service with respect to the bonds outstanding, (c) 125% of average annual debt service with respect to the bonds or (d) the last bond year only, the total debt service with respect to the bonds outstanding. The total reserve requirement as of June 30, 2018 is \$6,405,488.

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

Bonds Payable are reported on the statement of financial position at a premium of \$6,282,677. The premium is being amortized over the life of the bonds. \$219,643 of amortization of the bond premium was recorded against interest expense for the year ended June 30, 2018.

In connection with the issuance of bonds as described above, KLARE incurred certain costs which are capitalized and amortized to interest expense over the term of the related debt or written off to expense if the bonds are redeemed. These costs are netted against the associated debt on the statement of financial position. Amortization costs for the year ended June 30, 2018 and unamortized issue costs as of June 30, 2018 were \$87,191 and \$2,384,636, respectively.

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

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 BONDS PAYABLE (CONTINUED)

Grant Fund Reserve Payable

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

Future maturities of bond payable are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 1,050,000
2020	1,775,000
2021	1,840,000
2022	1,910,000
2023	1,990,000
Thereafter	<u>87,200,000</u>
Total Future Maturities	95,765,000
Bond Premium	6,282,677
Unamortized Issue Costs	<u>(2,384,636)</u>
Total Bonds Payable	<u><u>\$ 99,663,041</u></u>

NOTE 9 RESTRICTED CASH AND CASH EQUIVALENTS

KIPP LA's restricted cash and cash equivalents as June 30, 2018 consisted of the following:

Restricted Bond Accounts:	
Facility Projects	\$ 24,773,641
Bond Reserve	2,722,984
Interest	2,334,072
Repair and Replacement Reserve	604,286
Revenue Fund	313,820
Sinking Account	1,050,000
CSFA Restricted Grant for Debt Service Fund	<u>3,556</u>
Total Restricted Cash and Cash Equivalents	<u><u>\$ 31,802,359</u></u>

NOTE 10 SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash paid for interest (net of capitalized interest) for the year ended June 30, 2018 amounted to \$1,961,218. \$1,923,756 of interest was capitalized for the year ended June 30, 2018.

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 EMPLOYEE RETIREMENT

401(k) Plan

KIPP LA has a 401(k) defined contribution plan for those employees who meet the eligibility criteria set forth in the plan. KIPP LA matches employee contributions based upon criteria set forth in the plan up to 6% of compensation. Contributions to the plan for the year ended June 30, 2018 totaled \$942,093.

STRS and PERS

Qualified employees of KIPP Los Angeles College Preparatory (KLAP) are covered under multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

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

State Teachers' Retirement System (STRS)

Plan Description

KIPP LA contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State Statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2017, total plan net assets are \$198 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.0 billion, and the plan is 62.6% funded. KIPP LA did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and www.calstrs.com.

**KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. KIPP LA is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for year ended June 30, 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established and may be amended by State Statute.

Public Employees' Retirement System (PERS)

Plan Description

KIPP LA contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State Statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Comprehensive Annual Financial Report for the year ended June 30, 2017, the School Employer Pool total plan assets are \$63.6 billion, the total pension liability is \$84.9 billion, contributions from all employers totaled \$1.8 billion, and the plan is 71.9% funded. KIPP LA did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013, are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.5% of their salary. KIPP LA is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2018 was 15.531%. The contribution requirements of the plan members are established and may be amended by State Statute.

Contribution to STRS and PERS

<u>Year Ending June 30,</u>	<u>STRS Required STRS</u>	<u>STRS Percent Contributed</u>	<u>PERS Required Contribution</u>	<u>PERS Percent Contributed</u>
2016	\$ 223,854	100 %	\$ 18,821	100 %
2017	\$ 333,010	100 %	\$ 34,608	100 %
2018	\$ 288,254	100 %	\$ 24,525	100 %

KIPP LA SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 OPERATING LEASES

KIPP LA has operating leases for the school sites and office space. Applicable accounting standards require KIPP LA to record lease expense on a straight-line basis for those leases that have fluctuating payments throughout the lease term. Accordingly, rent expense will differ from actual rent payments made. Rent expense and actual rent payments (net of eliminations) for the year ended June 30, 2018 were \$3,550,756 and \$3,447,696, respectively.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 2,806,814
2020	1,615,070
2021	1,140,313
2022	998,406
2023	1,003,323
Thereafter	11,685,056
Total	<u>\$ 19,248,982</u>

NOTE 13 CONTINGENCIES

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

NOTE 14 SUBSEQUENT EVENTS

In August 2018, KIPP LA Schools opened KIPP Compton Community School authorized by the Compton Unified School District. KIPP LA plans on opening KIPP Pueblo Unido (KPU) in August 2019.

The Board of Directors has voted to approve a merger with KIPP San Diego effective July 1, 2019.

KLARE Holdings formed another six LLCs: KLARE 15, LLC; KLARE 16, LLC; KLARE 17, LLC; KLARE 18, LLC; KLARE 19, LLC; KLARE 20, LLC.

SUPPLEMENTARY INFORMATION

**KIPP LA SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

KIPP LA Schools is a California nonprofit public benefit corporation and operates 14 charter schools as follows:

Approved by the Los Angeles Unified School District:

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

Approved by the Compton Unified School District:

- KIPP Compton Community School (charter number 1996) established in 2018 (began serving students in the fall of 2018).

**KIPP LA SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The Board of Directors and the Administrators as of the year ended June 30, 2018 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 year term)</u>
Frank Reddick	Chair	June 2020
Julie Miller	Secretary	June 2021
Norma Parraz	Member	June 2021
Randy Bishop	Member	June 2021
Mel Carlisle	Member	June 2020
Josh Goldin	Member	June 2019
Philip Feder	Member	June 2021
Lynn Jacobson	Member	June 2021
E.J. Kavounas	Member	June 2020
Luis Rodriguez	Member	June 2019
Carlos Bermudez	Member	June 2021
Margaret Armona	Member	June 2021
Heather Lord	Member	June 2021

ADMINISTRATORS

Marcia Aaron	Chief Executive Officer
Angella Martinez	Chief Academic Officer
Kyle Salyer	Chief of Finance and Operations

**KIPP LA SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
KIPP Academy of Opportunity				
Grade 5	54,000	59,022	175	In compliance
Grade 6	54,000	59,022	175	In compliance
Grade 7	54,000	59,170	175	In compliance
Grade 8	54,000	59,270	175	In compliance
KIPP LA Prep				
Grade 5	54,000	64,865	180	In compliance
Grade 6	54,000	65,003	180	In compliance
Grade 7	54,000	65,670	180	In compliance
Grade 8	54,000	65,670	180	In compliance
KIPP Raíces Academy				
Kindergarten	36,000	49,345	180	In compliance
Grade 1	50,400	52,960	180	In compliance
Grade 2	50,400	52,980	180	In compliance
Grade 3	50,400	56,105	180	In compliance
Grade 4	54,000	54,310	180	In compliance
KIPP Comienza Community Prep				
Kindergarten	36,000	62,415	179	In compliance
Grade 1	50,400	64,815	179	In compliance
Grade 2	50,400	64,785	179	In compliance
Grade 3	50,400	64,035	179	In compliance
Grade 4	54,000	64,465	179	In compliance
Grade 5	54,000	65,475	179	In compliance
Grade 6	54,000	66,225	179	In compliance
KIPP Empower Academy				
Kindergarten	36,000	57,855	180	In compliance
Grade 1	50,400	58,730	180	In compliance
Grade 2	50,400	63,435	180	In compliance
Grade 3	50,400	61,920	180	In compliance
Grade 4	54,000	65,845	180	In compliance
KIPP Scholar Academy				
Grade 5	54,000	70,808	180	In compliance
Grade 6	54,000	70,984	180	In compliance
Grade 7	54,000	64,448	180	In compliance
Grade 8	54,000	59,430	180	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP LA SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	<u>Instructional Minutes</u>		<u>Traditional Calendar Days</u>	<u>Status</u>
	<u>Requirement</u>	<u>Actual</u>		
KIPP Philosophers Academy				
Grade 5	54,000	66,825	180	In compliance
Grade 6	54,000	69,161	180	In compliance
Grade 7	54,000	69,161	180	In compliance
Grade 8	54,000	63,510	180	In compliance
KIPP Sol Academy				
Grade 5	54,000	60,884	180	In compliance
Grade 6	54,000	60,990	180	In compliance
Grade 7	54,000	60,653	180	In compliance
Grade 8	54,000	60,603	180	In compliance
KIPP Illuminar Academy				
Kindergarten	36,000	62,705	180	In compliance
Grade 1	50,400	64,525	180	In compliance
Grade 2	50,400	62,520	180	In compliance
Grade 3	50,400	61,625	180	In compliance
Grade 4	54,000	62,175	180	In compliance
KIPP Academy of Innovation				
Grade 5	54,000	70,868	180	In compliance
Grade 6	54,000	70,868	180	In compliance
Grade 7	54,000	69,311	180	In compliance
Grade 8	54,000	68,371	180	In compliance
KIPP Vida Preparatory Academy				
Kindergarten	36,000	52,035	175	In compliance
Grade 1	50,400	55,325	175	In compliance
Grade 2	50,400	55,655	175	In compliance
Grade 3	50,400	55,085	175	In compliance
Grade 4	54,000	54,175	175	In compliance
KIPP Ignite Academy				
Kindergarten	36,000	59,585	180	In compliance
Grade 1	50,400	62,770	180	In compliance
Grade 2	50,400	57,785	180	In compliance
KIPP Promesa Preparatory				
Kindergarten	36,000	52,225	180	In compliance
Grade 1	50,400	57,075	180	In compliance
Grade 2	50,400	70,995	180	In compliance
KIPP Corazon Academy				
Kindergarten	36,000	61,440	180	In compliance
Grade 1	50,400	63,960	180	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP LA SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Academy of Opportunity				
Grades 4 - 6	190.42	190.42	184.93	184.93
Grades 7 - 8	156.84	156.84	152.79	152.79
Total	<u>347.26</u>	<u>347.26</u>	<u>337.72</u>	<u>337.72</u>
KIPP LA Prep				
Grades 4 - 6	250.03	250.03	249.39	249.39
Grades 7 - 8	231.05	231.05	231.05	231.05
Total	<u>481.08</u>	<u>481.08</u>	<u>480.44</u>	<u>480.44</u>
KIPP Raíces Academy				
TK/K - 3	441.30	441.30	440.18	440.18
Grades 4 - 6	98.42	98.42	98.57	98.57
Total	<u>539.72</u>	<u>539.72</u>	<u>538.75</u>	<u>538.75</u>
KIPP Comienza Community Prep				
TK/K - 3	443.34	443.34	442.07	442.07
Grades 4 - 6	345.74	345.74	343.94	343.94
Total	<u>789.08</u>	<u>789.08</u>	<u>786.01</u>	<u>786.01</u>
KIPP Empower Academy				
TK/K - 3	442.79	442.79	438.38	438.38
Grades 4 - 6	91.50	91.50	90.36	90.36
Total	<u>534.29</u>	<u>534.29</u>	<u>528.74</u>	<u>528.74</u>
KIPP Scholar Academy				
Grades 4 - 6	180.89	180.89	178.36	178.36
Grades 7 - 8	176.79	176.79	174.98	174.98
Total	<u>357.68</u>	<u>357.68</u>	<u>353.34</u>	<u>353.34</u>
KIPP Philosophers Academy				
Grades 4 - 6	153.33	153.33	152.57	152.57
Grades 7 - 8	161.26	161.26	159.60	159.60
Total	<u>314.59</u>	<u>314.59</u>	<u>312.17</u>	<u>312.17</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Sol Academy				
Grades 4 - 6	250.83	250.83	250.36	250.36
Grades 7 - 8	236.21	236.21	235.66	235.66
Total	487.04	487.04	486.02	486.02
KIPP Illuminar Academy				
TK/K - 3	438.46	438.46	438.00	438.00
Grades 4 - 6	99.62	99.62	99.58	99.58
Total	538.08	538.08	537.58	537.58
KIPP Vida Preparatory Academy				
TK/K - 3	419.11	419.11	416.77	419.11
Grades 4-6	91.12	91.12	90.15	91.12
Total	510.23	510.23	506.92	510.23
KIPP Academy of Innovation				
Grades 4 - 6	250.64	250.64	250.10	250.10
Grades 7 - 8	201.28	201.28	200.51	200.51
Total	451.92	451.92	450.61	450.61
KIPP Ignite Academy				
TK/K - 3	314.12	314.12	310.83	310.83
KIPP Promesa Preparatory				
TK/K - 3	314.81	314.81	314.82	314.82
KIPP Corazon Academy				
TK/K-3	204.47	204.47	204.03	204.03
ADA Total	6,184.37	6,184.37	6,147.98	6,151.29

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	<u>KAO</u>	<u>KLAP</u>	<u>KRA</u>	<u>KCCP</u>	<u>KEA</u>	<u>KSA</u>	<u>KPA</u>
June 30, 2018 Annual Financial Report Fund Balances (Net Assets)	\$ 632,252	\$ 3,881,224	\$ 2,845,395	\$ 3,908,544	\$ 2,992,149	\$ 511,878	\$ 474,073
Adjustments and Reclassifications:							
Increasing (Decreasing) the Fund Balance (Net Assets):							
Cash and Cash Equivalents	378	(341)	178,802	144,024	319,458	(114)	(126)
Accounts Receivable - Federal and State	-	-	-	5,170	-	-	-
Accounts receivable - Other	28,052	278,532	14,308	25,640	14,072	12,892	8,424
Security Deposits	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	-	-	66,181	-	64,190	-	-
Accounts Payable - other	<u>(65,427)</u>	<u>(34,349)</u>	<u>(289,500)</u>	<u>(224,262)</u>	<u>(357,761)</u>	<u>(44,647)</u>	<u>(24,845)</u>
Net Adjustments and Reclassifications	<u>(36,997)</u>	<u>243,842</u>	<u>(30,209)</u>	<u>(49,428)</u>	<u>39,959</u>	<u>(31,869)</u>	<u>(16,547)</u>
June 30, 2018 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 595,255</u>	<u>\$ 4,125,066</u>	<u>\$ 2,815,186</u>	<u>\$ 3,859,116</u>	<u>\$ 3,032,108</u>	<u>\$ 480,009</u>	<u>\$ 457,526</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH (CONTINUED)
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	<u>KSOL</u>	<u>KIA</u>	<u>KAI</u>	<u>KVPA</u>	<u>KPP</u>	<u>KIG</u>	<u>KCA</u>
June 30, 2018 Annual Financial Report Fund Balances (Net Assets)	\$ 2,912,696	\$ 2,640,138	\$ 1,097,644	\$ 1,127,744	\$ 1,181,600	\$ 251,489	\$ 565,652
Adjustments and Reclassifications:							
Increasing (Decreasing) the Fund Balance (Net Assets):							
Cash and Cash Equivalents	(518)	87,995	(3,165)	47,028	-	(53,083)	(103,622)
Accounts Receivable - Federal and State	-	-	509	-	2,263	1,442	12,794
Accounts receivable - Other	16,411	15,621	11,241	85,697	11,329	9,723	93,196
Security Deposits	-	-	-	-	-	(2,850)	-
Property, Plant, and Equipment, Net	18,539	12,728	-	-	-	8,454	-
Accounts Payable - other	<u>(157,971)</u>	<u>(53,419)</u>	<u>(35,062)</u>	<u>(355,652)</u>	<u>(13,724)</u>	<u>(4,238)</u>	<u>(40,824)</u>
Net Adjustments and Reclassifications	<u>(123,539)</u>	<u>62,925</u>	<u>(26,477)</u>	<u>(222,927)</u>	<u>(132)</u>	<u>(40,552)</u>	<u>(38,456)</u>
June 30, 2018 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,789,157</u>	<u>\$ 2,703,063</u>	<u>\$ 1,071,167</u>	<u>\$ 904,817</u>	<u>\$ 1,181,468</u>	<u>\$ 210,937</u>	<u>\$ 527,196</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP LA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA	Pass-Through Entity Identifying Number	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	Subtotal
U.S. Department of Education												
Pass-Through Programs From California												
Department of Education:												
Every Child Succeeds Act:												
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 169,461	\$ 238,629	\$ 235,264	\$ 308,991	\$ 238,434	\$ 181,549	\$ 163,711	\$ 219,209	\$ 226,742	\$ 1,981,990
Title II, Part A, Improving Teacher Quality	84.367	14341	19,112	25,734	26,208	34,069	22,824	12,834	17,889	24,581	25,924	209,175
Title III, Part A, Limited English Proficiency	84.365	14346	1,762	9,018	21,559	29,748	7,670	4,768	6,530	6,323	17,724	105,102
State Charter School Facilities Incentive Grant	84.282D	n/a	-	-	-	67,548	-	-	-	-	3,020	70,568
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	67,524	93,546	104,949	153,445	103,893	69,551	61,172	94,705	104,630	853,415
Supporting Effective Educator Development	84.367D	n/a	-	-	-	-	-	-	-	-	-	-
Subtotal: Pass-Through Programs			<u>257,859</u>	<u>366,927</u>	<u>387,980</u>	<u>593,801</u>	<u>372,821</u>	<u>268,702</u>	<u>249,302</u>	<u>344,818</u>	<u>378,040</u>	<u>3,220,250</u>
Total U.S. Department of Education			<u>257,859</u>	<u>366,927</u>	<u>387,980</u>	<u>593,801</u>	<u>372,821</u>	<u>268,702</u>	<u>249,302</u>	<u>344,818</u>	<u>378,040</u>	<u>3,220,250</u>
U.S. Department of Agriculture												
Pass-Through Program From California												
Department of Education:												
Child Nutrition Cluster:												
Especially Needy Breakfast Program	10.553	13526	17,925	18,979	36,344	62,039	42,193	23,910	23,536	34,177	25,273	284,376
National School Lunch Program	10.555	23165	109,786	200,496	260,008	338,122	213,249	128,518	114,427	156,431	225,889	1,746,926
Meal Supplements	10.557	n/a	-	-	47,465	71,604	-	33,373	-	-	52,218	204,660
Total Child Nutrition Cluster			<u>127,711</u>	<u>219,475</u>	<u>343,817</u>	<u>471,765</u>	<u>255,442</u>	<u>185,801</u>	<u>137,963</u>	<u>190,608</u>	<u>303,380</u>	<u>2,235,962</u>
Total U.S. Department of Agriculture			<u>127,711</u>	<u>219,475</u>	<u>343,817</u>	<u>471,765</u>	<u>255,442</u>	<u>185,801</u>	<u>137,963</u>	<u>190,608</u>	<u>303,380</u>	<u>2,235,962</u>
Total Expenditures of Federal Awards			<u>\$ 385,570</u>	<u>\$ 586,402</u>	<u>\$ 731,797</u>	<u>\$ 1,065,566</u>	<u>\$ 628,263</u>	<u>\$ 454,503</u>	<u>\$ 387,265</u>	<u>\$ 535,426</u>	<u>\$ 681,420</u>	<u>\$ 5,456,212</u>

N/A - Not Applicable and/or Not Available.

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA	Pass-Through Entity Identifying Number	Subtotal	KAI	KVPA	KPP	KIG	KCA	School Success Team	Federal Expenditures Total
U.S. Department of Education										
Pass-Through Programs From California										
Department of Education:										
Every Child Succeeds Act:										
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,981,990	\$ 191,463	\$ 238,038	\$ 133,390	\$ 143,497	\$ 76,507	-	\$ 2,764,885
Title II, Part A, Improving Teacher Quality	84.367	14341	209,175	22,110	26,802	15,321	16,235	9,021	-	298,664
Title III, Part A, Limited English Proficiency	84.365	14346	105,102	6,841	19,694	13,267	11,505	7,774	-	164,183
State Charter School Facilities Incentive Grant	84.282D	n/a	70,568	-	-	-	-	-	-	70,568
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	853,415	87,882	99,222	61,222	61,087	39,773	-	1,202,601
Supporting Effective Educator Development	84.367D	n/a	-	-	-	-	-	50,000	175,000	225,000
Subtotal: Pass-Through Programs			<u>3,220,250</u>	<u>308,296</u>	<u>383,756</u>	<u>223,200</u>	<u>232,324</u>	<u>183,075</u>	<u>175,000</u>	<u>4,725,901</u>
Total U.S. Department of Education			3,220,250	308,296	383,756	223,200	232,324	183,075	175,000	4,725,901
U.S. Department of Agriculture										
Pass-Through Program From California										
Department of Education:										
Child Nutrition Cluster:										
Especially Needy Breakfast Program	10.553	13526	284,376	20,575	50,799	25,223	41,919	18,859	-	441,751
National School Lunch Program	10.555	23165	1,746,926	177,951	186,980	146,886	150,808	84,772	-	2,494,323
Meal Supplements	10.557	n/a	204,660	36,742	46,244	27,105	24,094	19,082	-	357,927
Total Child Nutrition Cluster			<u>2,235,962</u>	<u>235,268</u>	<u>284,023</u>	<u>199,214</u>	<u>216,821</u>	<u>122,713</u>	<u>-</u>	<u>3,294,001</u>
Total U.S. Department of Agriculture			<u>2,235,962</u>	<u>235,268</u>	<u>284,023</u>	<u>199,214</u>	<u>216,821</u>	<u>122,713</u>	<u>-</u>	<u>3,294,001</u>
Total Expenditures of Federal Awards			<u>\$ 5,456,212</u>	<u>\$ 543,564</u>	<u>\$ 667,779</u>	<u>\$ 422,414</u>	<u>\$ 449,145</u>	<u>\$ 305,788</u>	<u>\$ 175,000</u>	<u>\$ 8,019,902</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF FINANCIAL POSITION – KIPP LA SCHOOLS BY CHARTER SCHOOL
JUNE 30, 2018

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	Subtotal
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 315,836	\$ 2,904,113	\$ 2,343,074	\$ 2,371,674	\$ 2,695,955	\$ 336,806	\$ 296,986	\$ 2,342,341	\$ 2,113,400	\$ 15,720,185
Investments	-	-	-	200,000	-	-	-	-	-	200,000
Accounts Receivable - Federal and State	394,948	666,861	738,438	922,827	691,531	451,379	378,668	711,481	771,803	5,727,936
Accounts Receivable - Other	1,001	265,484	250	59,458	799	585	199	566	22	328,364
Net Contributions Receivable,										
Current Portion	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	25,580	-	-	-	-	-	-	25,580
Due from KIPP LA Schools	27,051	30,375	30,317	47,562	27,420	25,409	16,150	30,502	29,177	263,963
Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	1,250	-	1,250
Total Current Assets	<u>738,836</u>	<u>3,866,833</u>	<u>3,137,659</u>	<u>3,601,521</u>	<u>3,415,705</u>	<u>814,179</u>	<u>692,003</u>	<u>3,086,140</u>	<u>2,914,402</u>	<u>22,267,278</u>
LONG-TERM ASSETS										
Net Contributions Receivable,										
Net of Current Portion	-	-	-	-	-	-	-	-	-	-
Security Deposits	1,400	40,000	-	77,376	5,000	20,500	21,973	-	10,000	176,249
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	163,848	475,661	293,297	689,022	315,375	-	-	51,356	64,596	2,053,155
Total Long-Term Assets	<u>165,248</u>	<u>515,661</u>	<u>293,297</u>	<u>766,398</u>	<u>320,375</u>	<u>20,500</u>	<u>21,973</u>	<u>51,356</u>	<u>74,596</u>	<u>2,229,404</u>
Total Assets	<u>\$ 904,084</u>	<u>\$ 4,382,494</u>	<u>\$ 3,430,956</u>	<u>\$ 4,367,919</u>	<u>\$ 3,736,080</u>	<u>\$ 834,679</u>	<u>\$ 713,976</u>	<u>\$ 3,137,496</u>	<u>\$ 2,988,998</u>	<u>\$ 24,496,682</u>
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable - Federal And State	\$ 14,574	\$ 17,756	\$ 21,192	\$ 20,437	\$ 26,697	\$ 18,722	\$ 13,883	\$ 15,488	\$ 15,977	\$ 164,726
Accounts Payable - Other	82,921	117,038	146,677	213,682	167,766	199,769	118,679	170,577	213,168	1,430,277
Accrued Liabilities	11,771	33,765	201,889	194,064	356,431	34,136	24,335	137,505	32,021	1,025,917
Deferred Revenue	54,324	84,726	149,534	54,264	145,474	18,710	16,220	-	-	523,252
Intercompany Notes Payable,										
Current Portion	-	-	-	-	-	-	-	-	-	-
Notes Payable, Current Portion	-	-	-	-	-	83,333	83,333	-	-	166,666
Due to KLARE Holdings	145,239	4,143	96,478	26,356	7,604	-	-	24,769	24,769	329,358
Due to KIPP LA Schools	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	<u>308,829</u>	<u>257,428</u>	<u>615,770</u>	<u>508,803</u>	<u>703,972</u>	<u>354,670</u>	<u>256,450</u>	<u>348,339</u>	<u>285,935</u>	<u>3,640,196</u>
Total Liabilities	<u>308,829</u>	<u>257,428</u>	<u>615,770</u>	<u>508,803</u>	<u>703,972</u>	<u>354,670</u>	<u>256,450</u>	<u>348,339</u>	<u>285,935</u>	<u>3,640,196</u>
NET ASSETS										
Unrestricted	595,255	4,125,066	2,815,186	3,859,116	3,032,108	480,009	457,526	2,789,157	2,703,063	20,856,486
Temporarily Restricted	-	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>595,255</u>	<u>4,125,066</u>	<u>2,815,186</u>	<u>3,859,116</u>	<u>3,032,108</u>	<u>480,009</u>	<u>457,526</u>	<u>2,789,157</u>	<u>2,703,063</u>	<u>20,856,486</u>
Total Liabilities and Net Assets	<u>\$ 904,084</u>	<u>\$ 4,382,494</u>	<u>\$ 3,430,956</u>	<u>\$ 4,367,919</u>	<u>\$ 3,736,080</u>	<u>\$ 834,679</u>	<u>\$ 713,976</u>	<u>\$ 3,137,496</u>	<u>\$ 2,988,998</u>	<u>\$ 24,496,682</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF FINANCIAL POSITION – KIPP LA SCHOOLS BY CHARTER SCHOOL (CONTINUED)
JUNE 30, 2018

	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCCS	SST	Eliminations	Total KIPP LA Schools
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 15,720,185	\$ 542,705	\$ 441,558	\$ 723,957	\$ 314,456	\$ 252,462	\$ 82,402	\$ 22,015,726	\$ -	\$ 40,093,451
Investments	200,000	-	-	-	-	-	-	22,581,651	-	22,781,651
Accounts Receivable - Federal and State	5,727,936	669,189	805,599	491,900	464,292	191,325	-	15,868	-	8,366,109
Accounts Receivable - Other	328,364	23	4	28,034	396	145,789	141,114	116,494	-	760,218
Net Contributions Receivable, Current Portion	-	-	-	-	-	-	-	1,375,000	-	1,375,000
Due from Klare Holdings	25,580	-	39,705	-	-	-	-	6,213,656	-	6,278,941
Due from Kipp La Schools	263,963	19,111	45,988	19,618	15,969	7,776	467	-	(372,892)	-
Prepaid Expenses and Other Assets	1,250	-	-	-	2,919	-	-	568,055	-	572,224
Total Current Assets	<u>22,267,278</u>	<u>1,231,028</u>	<u>1,332,854</u>	<u>1,263,509</u>	<u>798,032</u>	<u>597,352</u>	<u>223,983</u>	<u>52,886,450</u>	<u>(372,892)</u>	<u>80,227,594</u>
LONG-TERM ASSETS										
Net Contributions Receivable, Net of Current Portion	-	-	-	-	-	-	-	1,042,231	-	1,042,231
Security Deposits	176,249	3,000	8,400	-	52,850	-	1,200	121,200	-	362,899
Intercompany Notes Receivable	-	-	-	-	-	-	-	6,000,000	(600,000)	5,400,000
Property, Plant, and Equipment, Net	2,053,155	11,299	92,102	25,640	61,175	-	-	41,574	-	2,284,945
Total Long-Term Assets	<u>2,229,404</u>	<u>14,299</u>	<u>100,502</u>	<u>25,640</u>	<u>114,025</u>	<u>-</u>	<u>1,200</u>	<u>7,205,005</u>	<u>(600,000)</u>	<u>9,090,075</u>
Total Assets	<u>\$ 24,496,682</u>	<u>\$ 1,245,327</u>	<u>\$ 1,433,356</u>	<u>\$ 1,289,149</u>	<u>\$ 912,057</u>	<u>\$ 597,352</u>	<u>\$ 225,183</u>	<u>\$ 60,091,455</u>	<u>\$ (972,892)</u>	<u>\$ 89,317,669</u>
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable - Federal And State	\$ 164,726	\$ 11,387	\$ 31,794	\$ 7,444	\$ 11,462	\$ 2,542	\$ -	\$ -	\$ -	\$ 229,355
Accounts Payable - Other	1,430,277	123,392	103,061	83,860	82,638	44,374	7,717	481,346	-	2,356,665
Accrued Liabilities	1,025,917	29,925	257,909	16,377	7,020	22,736	4,542	386,826	-	1,751,252
Deferred Revenue	523,252	-	-	-	-	-	-	-	-	523,252
Intercompany Notes Payable, Current Portion	-	-	-	-	600,000	-	-	-	(600,000)	-
Notes Payable, Current Portion	166,666	-	-	-	-	-	-	-	-	166,666
Due to KLARE Holdings	329,358	9,456	135,775	-	-	504	-	70,467	-	545,560
Due to KIPP LA Schools	-	-	-	-	-	-	-	372,892	(372,892)	-
Total Current Liabilities	<u>3,640,196</u>	<u>174,160</u>	<u>528,539</u>	<u>107,681</u>	<u>701,120</u>	<u>70,156</u>	<u>12,259</u>	<u>1,311,531</u>	<u>(972,892)</u>	<u>5,572,750</u>
Total Liabilities	3,640,196	174,160	528,539	107,681	701,120	70,156	12,259	1,311,531	(972,892)	5,572,750
NET ASSETS										
Unrestricted	20,856,486	1,071,167	904,817	1,181,468	210,937	527,196	212,924	53,657,209	-	78,622,204
Temporarily Restricted	-	-	-	-	-	-	-	5,122,715	-	5,122,715
Total Net Assets	<u>20,856,486</u>	<u>1,071,167</u>	<u>904,817</u>	<u>1,181,468</u>	<u>210,937</u>	<u>527,196</u>	<u>212,924</u>	<u>58,779,924</u>	<u>-</u>	<u>83,744,919</u>
Total Liabilities and Net Assets	<u>\$ 24,496,682</u>	<u>\$ 1,245,327</u>	<u>\$ 1,433,356</u>	<u>\$ 1,289,149</u>	<u>\$ 912,057</u>	<u>\$ 597,352</u>	<u>\$ 225,183</u>	<u>\$ 60,091,455</u>	<u>\$ (972,892)</u>	<u>\$ 89,317,669</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF ACTIVITIES – KIPP LA SCHOOLS BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2018

	<u>KAO</u>	<u>KLAP</u>	<u>KRA</u>	<u>KCCP</u>	<u>KEA</u>	<u>KSA</u>	<u>KPA</u>	<u>KSOL</u>	<u>KIA</u>	<u>Subtotal</u>
UNRESTRICTED NET ASSETS										
REVENUE										
State Revenue:										
Local Control Funding Formula Sources	\$ 3,270,115	\$ 4,590,123	\$ 5,414,176	\$ 7,825,332	\$ 5,330,625	\$ 3,415,955	\$ 3,005,198	\$ 4,679,314	\$ 5,455,037	\$ 42,985,875
Other State Revenue	956,660	1,270,797	1,258,205	1,691,820	1,441,608	1,178,064	1,106,124	1,447,080	1,398,101	11,748,459
Federal Revenue:										
Grants and Entitlements	385,570	586,402	731,797	1,065,566	628,263	454,503	387,265	535,426	681,420	5,456,212
Local Revenue:										
Contributions	282,551	47,396	61,168	299,696	205,899	173,776	263,645	67,131	77,347	1,478,609
Interest	-	-	-	-	-	-	-	-	-	-
Other Revenue	199,512	42,743	98,731	75,933	46,430	52,287	44,730	64,128	122,408	746,902
Total Unrestricted Revenues	<u>5,094,408</u>	<u>6,537,461</u>	<u>7,564,077</u>	<u>10,958,347</u>	<u>7,652,825</u>	<u>5,274,585</u>	<u>4,806,962</u>	<u>6,793,079</u>	<u>7,734,313</u>	<u>62,416,057</u>
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-	-	-	-	-
Total Unrestricted Revenues and Net Assets Released from Restriction	5,094,408	6,537,461	7,564,077	10,958,347	7,652,825	5,274,585	4,806,962	6,793,079	7,734,313	62,416,057
EXPENSES										
Program Services:										
Educational Programs	5,412,567	5,649,143	6,859,036	9,469,190	7,201,413	5,396,164	4,613,645	5,997,853	6,771,139	57,370,150
Support Services:										
General and Administrative	249,414	259,866	273,893	394,973	229,223	321,462	244,119	241,871	273,064	2,487,885
Fundraising	6,041	13,200	27,964	39,025	24,746	3,544	3,197	11,370	38,164	167,251
Total Expenses	<u>5,668,022</u>	<u>5,922,209</u>	<u>7,160,893</u>	<u>9,903,188</u>	<u>7,455,382</u>	<u>5,721,170</u>	<u>4,860,961</u>	<u>6,251,094</u>	<u>7,082,367</u>	<u>60,025,286</u>
CHANGE IN UNRESTRICTED NET ASSETS	(573,614)	615,252	403,184	1,055,159	197,443	(446,585)	(53,999)	541,985	651,946	2,390,771
TEMPORARILY RESTRICTED NET ASSETS										
Contributions	-	-	-	-	-	-	-	-	-	-
Investment Return	-	-	-	-	-	-	-	-	-	-
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	(573,614)	615,252	403,184	1,055,159	197,443	(446,585)	(53,999)	541,985	651,946	2,390,771
Net Assets - Beginning of Year	<u>1,168,869</u>	<u>3,509,814</u>	<u>2,412,002</u>	<u>2,803,957</u>	<u>2,834,665</u>	<u>926,594</u>	<u>511,525</u>	<u>2,247,172</u>	<u>2,051,117</u>	<u>18,465,715</u>
NET ASSETS - END OF YEAR	<u>\$ 595,255</u>	<u>\$ 4,125,066</u>	<u>\$ 2,815,186</u>	<u>\$ 3,859,116</u>	<u>\$ 3,032,108</u>	<u>\$ 480,009</u>	<u>\$ 457,526</u>	<u>\$ 2,789,157</u>	<u>\$ 2,703,063</u>	<u>\$ 20,856,486</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF ACTIVITIES – KIPP LA SCHOOLS BY CHARTER SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCCS	SST	Eliminations	KIPP LA Schools Total
UNRESTRICTED NET ASSETS										
REVENUE										
State Revenue:										
Local Control Funding Formula Sources	\$ 42,985,875	\$ 4,349,855	\$ 5,245,932	\$ 3,271,634	\$ 3,265,930	\$ 2,166,448	\$ -	\$ -	\$ -	\$ 61,285,674
Other State Revenue	11,748,459	1,017,865	1,083,413	587,818	647,030	132,565	-	35,196	-	15,252,346
Federal Revenue:										
Grants and Entitlements	5,456,212	543,564	667,779	422,414	449,145	305,788	-	175,000	-	8,019,902
Local Revenue:										
Contributions	1,478,609	60,898	30,832	191,916	160,874	780,800	458,964	12,603,448	-	15,766,341
Interest	-	-	-	-	-	-	-	572,187	(3,000)	569,187
Other Revenue	746,902	59,232	68,807	38,474	34,082	10,267	137	13,084,100	(13,039,666)	1,002,335
Total Unrestricted Revenues	62,416,057	6,031,414	7,096,763	4,512,256	4,557,061	3,395,868	459,101	26,469,931	(13,042,666)	101,895,785
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-	-	555,699	-	555,699
Total Unrestricted Revenues and Net Assets Released from Restriction	62,416,057	6,031,414	7,096,763	4,512,256	4,557,061	3,395,868	459,101	27,025,630	(13,042,666)	102,451,484
EXPENSES										
Program Services:										
Educational Programs	57,370,150	5,424,203	6,869,754	3,691,171	4,536,515	2,830,086	225,618	6,999,621	(13,039,666)	74,907,452
Support Services:										
General and Administrative	2,487,885	270,944	251,711	194,699	218,548	135,741	20,559	6,798,212	(3,000)	10,375,299
Fundraising	167,251	8,650	2,744	24,010	4,773	6,052	-	1,327,195	-	1,540,675
Total Expenses	60,025,286	5,703,797	7,124,209	3,909,880	4,759,836	2,971,879	246,177	15,125,028	(13,042,666)	86,823,426
CHANGE IN UNRESTRICTED NET ASSETS	2,390,771	327,617	(27,446)	602,376	(202,775)	423,989	212,924	11,900,602	-	15,628,058
TEMPORARILY RESTRICTED NET ASSETS										
Contributions	-	-	-	-	-	-	-	293,981	-	293,981
Investment Return	-	-	-	-	-	-	-	186,234	-	186,234
Net assets released from Restriction	-	-	-	-	-	-	-	(555,699)	-	(555,699)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	-	-	-	-	-	-	(75,484)	-	(75,484)
CHANGE IN NET ASSETS	2,390,771	327,617	(27,446)	602,376	(202,775)	423,989	212,924	11,825,118	-	15,552,574
Net Assets - Beginning of Year	18,465,715	743,550	932,263	579,092	413,712	103,207	-	46,954,806	-	68,192,345
NET ASSETS - END OF YEAR	<u>\$ 20,856,486</u>	<u>\$ 1,071,167</u>	<u>\$ 904,817</u>	<u>\$ 1,181,468</u>	<u>\$ 210,937</u>	<u>\$ 527,196</u>	<u>\$ 212,924</u>	<u>\$ 58,779,924</u>	<u>\$ -</u>	<u>\$ 83,744,919</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF CASH FLOWS – KIPP LA SCHOOLS BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2018

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	Subtotal
CASH FLOWS FROM OPERATING ACTIVITIES										
Change in Net Assets	\$ (573,614)	\$ 615,252	\$ 403,184	\$ 1,055,159	\$ 197,443	\$ (446,585)	\$ (53,999)	\$ 541,985	\$ 651,946	\$ 2,390,771
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:										
Depreciation	22,967	67,545	50,709	139,954	40,695	-	-	-	1,580	323,450
(Gain)/Loss on Sale/Disposal of Property, Plant and Equipment	(17,844)	-	-	-	-	-	-	-	-	(17,844)
Investment Return	-	-	-	-	-	-	-	-	-	-
(Increase) and Decrease in Operating Assets:										
Accounts Receivable - Federal and State	31,219	(159,234)	(67,226)	(31,295)	(89,426)	(27,450)	(10,524)	(95,875)	(110,065)	(559,876)
Accounts Receivable - Other	221,245	(264,570)	(231)	(44,073)	1,490	89,096	91,655	(566)	1,174	95,220
Contributions Receivable	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	(25,580)	-	-	-	-	-	-	(25,580)
Due from KIPP LA Schools	(13,442)	(13,642)	(14,916)	(25,641)	(14,072)	(12,892)	(8,425)	(16,058)	(15,620)	(134,708)
Prepaid Expenses	12,326	11,546	6,807	39,657	20,945	33,838	23,744	10,178	19,313	178,354
Security Deposit	(1,400)	-	-	-	-	-	1,700	-	-	300
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Increase and (Decrease) in Operating Liabilities:										
Accounts Payable - Federal and State	1,512	4,090	9,348	3,793	12,401	6,594	2,934	4,987	4,915	50,574
Accounts Payable - Other	(190,088)	(1,326)	64,453	(54,471)	118,101	98,700	49,460	54,091	137,371	276,291
Accrued Liabilities	(12,767)	(11,420)	18,869	(1,137)	334,026	(1,339)	(5,955)	106,226	(82,890)	343,613
Deferred Revenue	(36,696)	(21,256)	(28,994)	(12,334)	(41,184)	(19,985)	(14,048)	(15,606)	-	(190,103)
Due to KLARE Holdings	145,239	4,143	96,478	26,356	7,604	-	-	24,769	24,769	329,358
Due to KIPP LA Schools	-	-	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(411,343)	231,128	512,901	1,095,968	588,023	(280,023)	76,542	614,131	632,493	3,059,820
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchase of investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of investments	-	-	-	-	-	-	-	-	-	-
Issuance of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-
Repayments of Notes Receivable - KLARE Holdings	-	-	-	-	-	-	-	-	-	-
Repayment of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-
Sales of Property, Plant, and Equipment	248,484	-	633,564	-	-	-	-	-	-	882,048
Purchases of Property, Plant, and Equipment	(186,815)	(144,814)	(197,373)	-	(214,599)	-	-	(51,356)	(66,176)	(861,133)
Net Cash Provided (Used) by Investing Activities	61,669	(144,814)	436,191	-	(214,599)	-	-	(51,356)	(66,176)	20,915
CASH FLOWS FROM FINANCING ACTIVITIES										
Payments on Intercompany Notes Payable	-	-	(650,000)	-	-	-	-	-	-	(650,000)
Payments on Notes Payable	-	-	-	-	-	(83,334)	(83,334)	-	-	(166,668)
Net Cash Provided (Used) by Financing Activities	-	-	(650,000)	-	-	(83,334)	(83,334)	-	-	(816,668)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(349,674)	86,314	299,092	1,095,968	373,424	(363,357)	(6,792)	562,775	566,317	2,264,067
Cash and Cash Equivalents - Beginning of Year	665,510	2,817,799	2,043,982	1,275,706	2,322,531	700,163	303,778	1,779,566	1,547,083	13,456,118
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 315,836	\$ 2,904,113	\$ 2,343,074	\$ 2,371,674	\$ 2,695,955	\$ 336,806	\$ 296,986	\$ 2,342,341	\$ 2,113,400	\$ 15,720,185
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION										
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042	\$ 1,042	\$ -	\$ -	\$ 2,084

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF CASH FLOWS – KIPP LA SCHOOLS BY CHARTER SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCCS	SST	Eliminations	Total KIPP LA Schools
CASH FLOWS FROM OPERATING ACTIVITIES										
Change in Net Assets	\$ 2,390,771	\$ 327,617	\$ (27,446)	\$ 602,376	\$ (202,775)	\$ 423,989	\$ 212,924	\$ 11,825,118	\$ -	\$ 15,552,574
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:										
Depreciation and Amortization	323,450	-	24,775	6,546	28,324	-	-	30,955	-	414,050
(Gain)/Loss on Sale/Disposal of Property, Plant and Equipment	(17,844)	-	5,480	-	-	-	-	-	-	(12,364)
Investment Return	-	-	-	-	-	-	-	(417,916)	-	(417,916)
(Increase) and Decrease in Operating Assets:										
Accounts Receivable - Federal and State	(559,876)	(164,910)	(259,009)	(189,724)	(172,627)	(191,325)	-	(10,210)	-	(1,547,681)
Accounts Receivable - Other	95,220	244	(4)	53,442	44,537	4,332	(141,114)	(66,656)	-	(9,999)
Contributions Receivable	-	-	-	-	-	-	-	451,830	-	451,830
Due from KLARE Holdings	(25,580)	-	(39,705)	-	-	-	-	(879,713)	-	(944,998)
Due from KIPP LA Schools	(134,708)	(11,241)	(33,341)	(11,328)	(9,723)	(7,310)	(467)	-	208,118	-
Prepaid Expenses	178,354	26,706	4,962	5,568	25,535	682	-	(365,127)	-	(123,320)
Security Deposit	300	-	24,400	-	(17,850)	-	(1,200)	15,000	-	20,650
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	700,132	-	700,132
Increase and (Decrease) in Operating Liabilities:										
Accounts Payable - Federal and State	50,574	3,547	22,192	4,623	6,073	2,542	-	-	-	89,551
Accounts Payable - Other	276,291	(24,280)	(17,288)	(25,547)	(45,369)	2,715	7,717	264,603	-	438,842
Accrued Liabilities	343,613	4,980	237,332	6,918	(16,820)	16,333	4,542	74,234	-	671,132
Deferred Revenue	(190,103)	-	(7,001)	-	-	-	-	-	-	(197,104)
Due to KLARE Holdings	329,358	9,456	135,775	-	-	504	-	(241,411)	-	233,682
Due to KIPP LA Schools	-	-	-	-	-	-	-	208,118	(208,118)	-
Net Cash Provided (Used) by Operating Activities	3,059,820	172,119	71,122	452,874	(360,695)	252,462	82,402	11,588,957	-	15,319,061
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchase of investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,486,716)	\$ -	\$ (14,486,716)
Sale of investments	-	-	-	-	-	-	-	14,860,440	-	14,860,440
Issuance of Intercompany Notes Receivable	-	-	-	-	-	-	-	(300,000)	300,000	-
Repayments of Notes Receivable - KLARE Holdings	-	-	-	-	-	-	-	600,000	-	600,000
Repayment of Intercompany Notes Receivable	-	-	-	-	-	-	-	3,195,544	(3,195,544)	-
Sales of Property, Plant, and Equipment	882,048	-	-	-	-	-	-	-	-	882,048
Purchases of Property, Plant, and Equipment	(861,133)	(11,299)	(37,086)	-	(25,770)	-	-	(17,182)	-	(952,470)
Net Cash Provided (Used) by Investing Activities	20,915	(11,299)	(37,086)	-	(25,770)	-	-	3,852,086	(2,895,544)	903,302
CASH FLOWS FROM FINANCING ACTIVITIES										
Payments on Intercompany Notes Payable	(650,000)	-	-	-	-	-	-	(2,545,544)	3,195,544	-
Payments on Notes Payable	(166,668)	-	-	-	-	-	-	-	-	(166,668)
Net Cash Provided (Used) by Financing Activities	(816,668)	-	-	-	300,000	-	-	(2,545,544)	2,895,544	(166,668)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,264,067	160,820	34,036	452,874	(86,465)	252,462	82,402	12,895,499	-	16,055,695
Cash and Cash Equivalents - Beginning of Year	13,456,118	381,885	407,522	271,083	400,921	-	-	9,120,227	-	24,037,756
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 15,720,185	\$ 542,705	\$ 441,558	\$ 723,957	\$ 314,456	\$ 252,462	\$ 82,402	\$ 22,015,726	\$ -	\$ 40,093,451
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION										
Cash Paid for Interest	\$ 2,084	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 9,026	\$ (12,026)	\$ 2,084

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF FINANCIAL POSITION – RELATED SCHOOLS
YEAR ENDED JUNE 30, 2018

ASSETS	<u>KLAP</u>	<u>KEA</u>	<u>KSOL</u>	<u>KIA</u>	<u>KSA</u>	<u>KAO</u>	<u>KVPA</u>	<u>KRA</u>	<u>KCCP</u>	<u>KCA</u>	<u>KAI</u>	<u>Total</u>
CURRENT ASSETS												
Cash and Cash Equivalents	\$ 2,904,113	\$ 2,695,955	\$ 2,342,341	\$ 2,113,400	\$ 336,806	\$ 315,836	\$ 441,558	\$ 2,343,074	\$ 2,371,674	\$ 252,462	\$ 542,705	\$ 16,659,924
Investments	-	-	-	-	-	-	-	-	200,000	-	-	200,000
Accounts Receivable - Federal and State	666,861	691,531	711,481	771,803	451,379	394,948	805,599	738,438	922,827	191,325	669,189	7,015,381
Accounts Receivable - Other	265,484	799	566	22	585	1,001	4	250	59,458	145,789	23	473,981
Due from KLARE Holdings	-	-	-	-	-	-	39,705	25,580	-	-	-	65,285
Due from KIPP LA Schools	30,375	27,420	30,502	29,177	25,409	27,051	45,988	30,317	47,562	7,776	19,111	320,688
Prepaid Expenses and Other Assets	-	-	1,250	-	-	-	-	-	-	-	-	1,250
Total Current Assets	<u>3,866,833</u>	<u>3,415,705</u>	<u>3,086,140</u>	<u>2,914,402</u>	<u>814,179</u>	<u>738,836</u>	<u>1,332,854</u>	<u>3,137,659</u>	<u>3,601,521</u>	<u>597,352</u>	<u>1,231,028</u>	<u>24,736,509</u>
LONG-TERM ASSETS												
Security Deposits	40,000	5,000	-	10,000	20,500	1,400	8,400	-	77,376	-	3,000	165,676
Property, Plant, and Equipment, Net	475,661	315,375	51,356	64,596	-	163,848	92,102	293,297	689,022	-	11,299	2,156,556
Total Long-Term Assets	<u>515,661</u>	<u>320,375</u>	<u>51,356</u>	<u>74,596</u>	<u>20,500</u>	<u>165,248</u>	<u>100,502</u>	<u>293,297</u>	<u>766,398</u>	<u>-</u>	<u>14,299</u>	<u>2,322,232</u>
Total Assets	<u>\$ 4,382,494</u>	<u>\$ 3,736,080</u>	<u>\$ 3,137,496</u>	<u>\$ 2,988,998</u>	<u>\$ 834,679</u>	<u>\$ 904,084</u>	<u>\$ 1,433,356</u>	<u>\$ 3,430,956</u>	<u>\$ 4,367,919</u>	<u>\$ 597,352</u>	<u>\$ 1,245,327</u>	<u>\$ 27,058,741</u>
LIABILITIES AND NET ASSETS												
CURRENT LIABILITIES												
Accounts Payable - Federal And State	\$ 17,756	\$ 26,697	\$ 15,488	\$ 15,977	\$ 18,722	\$ 14,574	\$ 31,794	\$ 21,192	\$ 20,437	\$ 2,542	\$ 11,387	\$ 196,566
Accounts Payable - Other	117,038	167,766	170,577	213,168	199,769	82,921	103,061	146,677	213,682	44,374	123,392	1,582,425
Accrued Liabilities	33,765	356,431	137,505	32,021	34,136	11,771	257,909	201,889	194,064	22,736	29,925	1,312,152
Deferred Revenue	84,726	145,474	-	-	18,710	54,324	-	149,534	54,264	-	-	507,032
Notes Payable, Current Portion	-	-	-	-	83,333	-	-	-	-	-	-	83,333
Due to KLARE Holdings	4,143	7,604	24,769	24,769	-	145,239	135,775	96,478	26,356	504	9,456	475,093
Total Current Liabilities	<u>257,428</u>	<u>703,972</u>	<u>348,339</u>	<u>285,935</u>	<u>354,670</u>	<u>308,829</u>	<u>528,539</u>	<u>615,770</u>	<u>508,803</u>	<u>70,156</u>	<u>174,160</u>	<u>4,156,601</u>
Total Liabilities	257,428	703,972	348,339	285,935	354,670	308,829	528,539	615,770	508,803	70,156	174,160	4,156,601
NET ASSETS												
Unrestricted	4,125,066	3,032,108	2,789,157	2,703,063	480,009	595,255	904,817	2,815,186	3,859,116	527,196	1,071,167	22,902,140
Total Net Assets	<u>4,125,066</u>	<u>3,032,108</u>	<u>2,789,157</u>	<u>2,703,063</u>	<u>480,009</u>	<u>595,255</u>	<u>904,817</u>	<u>2,815,186</u>	<u>3,859,116</u>	<u>527,196</u>	<u>1,071,167</u>	<u>22,902,140</u>
Total Liabilities and Net Assets	<u>\$ 4,382,494</u>	<u>\$ 3,736,080</u>	<u>\$ 3,137,496</u>	<u>\$ 2,988,998</u>	<u>\$ 834,679</u>	<u>\$ 904,084</u>	<u>\$ 1,433,356</u>	<u>\$ 3,430,956</u>	<u>\$ 4,367,919</u>	<u>\$ 597,352</u>	<u>\$ 1,245,327</u>	<u>\$ 27,058,741</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF ACTIVITIES – RELATED SCHOOLS
YEAR ENDED JUNE 30, 2018

	KLAP	KEA	KSOL	KIA	KSA	KAO	KVPA	KRA	KCCP	KCA	KAI	Total
UNRESTRICTED NET ASSETS REVENUE												
State Revenue:												
Local Control Funding Formula Sources	\$ 4,590,123	\$ 5,330,625	\$ 4,679,314	\$ 5,455,037	\$ 3,415,955	\$ 3,270,115	\$ 5,245,932	\$ 5,414,176	\$ 7,825,332	\$ 2,166,448	\$ 4,349,855	\$ 51,742,912
Other State Revenue	1,270,797	1,441,608	1,447,080	1,398,101	1,178,064	956,660	1,083,413	1,258,205	1,691,820	132,565	1,017,865	12,876,178
Federal Revenue:												
Grants and Entitlements	586,402	628,263	535,426	681,420	454,503	385,570	667,779	731,797	1,065,566	305,788	543,564	6,586,078
Local Revenue:												
Contributions	47,396	205,899	67,131	77,347	173,776	282,551	30,832	61,168	299,696	780,800	60,898	2,087,494
Other Revenue	42,743	46,430	64,128	122,408	52,287	199,512	68,807	98,731	75,933	10,267	59,232	840,478
Total Unrestricted Revenues	<u>6,537,461</u>	<u>7,652,825</u>	<u>6,793,079</u>	<u>7,734,313</u>	<u>5,274,585</u>	<u>5,094,408</u>	<u>7,096,763</u>	<u>7,564,077</u>	<u>10,958,347</u>	<u>3,395,868</u>	<u>6,031,414</u>	<u>74,133,140</u>
EXPENSES												
Program Services:												
Educational Programs	5,649,143	7,201,413	5,997,853	6,771,139	5,396,164	5,412,567	6,869,754	6,859,036	9,469,190	2,830,086	5,424,203	67,880,548
Support Services:												
General and Administrative	259,866	229,223	241,871	273,064	321,462	249,414	251,711	273,893	394,973	135,741	270,944	2,902,162
Fundraising	13,200	24,746	11,370	38,164	3,544	6,041	2,744	27,964	39,025	6,052	8,650	181,500
Total Expenses	<u>5,922,209</u>	<u>7,455,382</u>	<u>6,251,094</u>	<u>7,082,367</u>	<u>5,721,170</u>	<u>5,668,022</u>	<u>7,124,209</u>	<u>7,160,893</u>	<u>9,903,188</u>	<u>2,971,879</u>	<u>5,703,797</u>	<u>70,964,210</u>
CHANGE IN UNRESTRICTED NET ASSETS	615,252	197,443	541,985	651,946	(446,585)	(573,614)	(27,446)	403,184	1,055,159	423,989	327,617	3,168,930
Net Assets - Beginning of Year	<u>3,509,814</u>	<u>2,834,665</u>	<u>2,247,172</u>	<u>2,051,117</u>	<u>926,594</u>	<u>1,168,869</u>	<u>932,263</u>	<u>2,412,002</u>	<u>2,803,957</u>	<u>103,207</u>	<u>743,550</u>	<u>19,733,210</u>
NET ASSETS - END OF YEAR	<u>\$ 4,125,066</u>	<u>\$ 3,032,108</u>	<u>\$ 2,789,157</u>	<u>\$ 2,703,063</u>	<u>\$ 480,009</u>	<u>\$ 595,255</u>	<u>\$ 904,817</u>	<u>\$ 2,815,186</u>	<u>\$ 3,859,116</u>	<u>\$ 527,196</u>	<u>\$ 1,071,167</u>	<u>\$ 22,902,140</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
STATEMENT OF CASH FLOWS – RELATED SCHOOLS
YEAR ENDED JUNE 30, 2018

	KLAP	KEA	KSOL	KIA	KSA	KAO	KVPA	KRA	KCCP	KCA	KAI	Total
CASH FLOWS FROM OPERATING ACTIVITIES												
Change in Net Assets	\$ 615,252	\$ 197,443	\$ 541,985	\$ 651,946	\$ (446,585)	\$ (573,614)	\$ (27,446)	\$ 403,184	\$ 1,055,159	\$ 423,989	\$ 327,617	\$ 3,168,930
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:												
Depreciation	67,545	40,695	-	1,580	-	22,967	24,775	50,709	139,954	-	-	348,225
(Gain)/Loss on disposal of property and equipment	-	-	-	-	-	(17,844)	5,480	-	-	-	-	(12,364)
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	(159,234)	(89,426)	(95,875)	(110,065)	(27,450)	31,219	(259,009)	(67,226)	(31,295)	(191,325)	(164,910)	(1,164,596)
Accounts Receivable - Other	(264,570)	1,490	(566)	1,174	89,096	221,245	(4)	(231)	(44,073)	4,332	244	8,137
Due from KLARE Holdings	-	-	-	-	-	-	(39,705)	(25,580)	-	-	-	(65,285)
Due from KIPP LA Schools	(13,642)	(14,072)	(16,058)	(15,620)	(12,892)	(13,442)	(33,341)	(14,916)	(25,641)	(7,310)	(11,241)	(178,175)
Prepaid Expenses	11,546	20,945	10,178	19,313	33,838	12,326	4,962	6,807	39,657	682	26,706	186,960
Security Deposit	-	-	-	-	-	(1,400)	24,400	-	-	-	-	23,000
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	4,090	12,401	4,987	4,915	6,594	1,512	22,192	9,348	3,793	2,542	3,547	75,921
Accounts Payable - Other	(1,326)	118,101	54,091	137,371	98,700	(190,088)	(17,288)	64,453	(54,471)	2,715	(24,280)	187,978
Accrued Liabilities	(11,420)	334,026	106,226	(82,890)	(1,339)	(12,767)	237,332	18,869	(1,137)	16,333	4,980	608,213
Deferred Revenue	(21,256)	(41,184)	(15,606)	-	(19,985)	(36,696)	(7,001)	(28,994)	(12,334)	-	-	(183,056)
Due to KLARE Holdings	4,143	7,604	24,769	24,769	-	145,239	135,775	96,478	26,356	504	9,456	475,093
Net Cash Provided (Used) by Operating Activities	231,128	588,023	614,131	632,493	(280,023)	(411,343)	71,122	512,901	1,095,968	252,462	172,119	3,478,981
CASH FLOWS FROM INVESTING ACTIVITIES												
Sales of Property, Plant, and equipment	-	-	-	-	-	248,484	-	633,564	-	-	-	882,048
Purchases of Property, Plant, and Equipment	(144,814)	(214,599)	(51,356)	(66,176)	-	(186,815)	(37,086)	(197,373)	-	-	(11,299)	(909,518)
Net Cash Provided (Used) by Investing Activities	(144,814)	(214,599)	(51,356)	(66,176)	-	61,669	(37,086)	436,191	-	-	(11,299)	(27,470)
CASH FLOWS FROM FINANCING ACTIVITIES												
Payments on Intercompany Notes Payable	-	-	-	-	-	-	-	(650,000)	-	-	-	(650,000)
Payments on Notes Payable	-	-	-	-	(83,334)	-	-	-	-	-	-	(83,334)
Net Cash Provided (Used) by Financing Activities	-	-	-	-	(83,334)	-	-	(650,000)	-	-	-	(733,334)
NET CHANGE IN CASH AND CASH EQUIVALENTS	86,314	373,424	562,775	566,317	(363,357)	(349,674)	34,036	299,092	1,095,968	252,462	160,820	2,718,177
Cash and Cash Equivalents - Beginning of Year	2,817,799	2,322,531	1,779,566	1,547,083	700,163	665,510	407,522	2,043,982	1,275,706	-	381,885	13,941,747
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,904,113</u>	<u>\$ 2,695,955</u>	<u>\$ 2,342,341</u>	<u>\$ 2,113,400</u>	<u>\$ 336,806</u>	<u>\$ 315,836</u>	<u>\$ 441,558</u>	<u>\$ 2,343,074</u>	<u>\$ 2,371,674</u>	<u>\$ 252,462</u>	<u>\$ 542,705</u>	<u>\$ 16,659,924</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION												
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ 1,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP LA SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of KIPP LA under programs of the federal governmental for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of KIPP LA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP LA.

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

**KIPP LA SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTE 5 STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – KIPP LA SCHOOLS BY CHARTER SCHOOL

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

NOTE 6 STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – RELATED SCHOOLS

These statements report the financial position, activities, and cash flows for KIPP LA Preparatory Academy, KIPP Empower Academy, KIPP Sol Academy, KIPP Illuminar Academy, KIPP Scholar Academy, KIPP Academy of Opportunity, KIPP Vida Preparatory Academy, KIPP Raices Academy, KIPP Comienza Community Prep, KIPP Corazon Academy, and KIPP Academy of Innovation defined as "Related Schools" to the "Obligated Group" in the Series 2014 A&B, 2015A&B, and 2017A bond issues.

The Obligated Group consists of SoLA School 1 LLC, ChaMed LLC, KLA 2810 Whittier LLC, SoLA 2 LLC, Budnon LLC, West51 LLC, 668 Atlantic LLC, BH Soto LLC, Curiosity RE LLC, and SeLA LLC. Each Related School has a lease with a member of the Obligated Group

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

Board of Directors
KIPP LA Schools
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of KIPP LA Schools (KIPP LA), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered KIPP LA's 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 LA's internal control. Accordingly, we do not express an opinion on the effectiveness of KIPP LA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 LA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 27, 2018



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

Board of Directors
KIPP LA Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of KIPP LA Schools (KIPP LA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. KIPP LA's 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 federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of KIPP LA's 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 LA's 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 LA's compliance.

Opinion on Each Major Federal Program

In our opinion, KIPP LA 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, 2018.

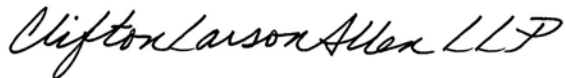
Report on Internal Control Over Compliance

Management of KIPP LA 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 LA's 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 LA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 27, 2018

INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE

Board of Directors
 KIPP LA Schools
 Los Angeles, California

We have audited KIPP LA Schools’s (KIPP LA) compliance with the types of compliance requirements described in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2018. KIPP LA’s state compliance requirements are identified in the table below.

Management’s Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors’ Responsibility

Our responsibility is to express an opinion on KIPP LA’s compliance based on our audit of the types of compliance requirements referred to below. 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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about KIPP LA’s 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 state compliance. Our audit does not provide a legal determination of KIPP LA’s compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No ¹
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

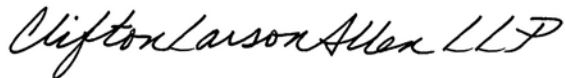
¹ We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

Opinion on State Compliance

In our opinion, KIPP LA complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 27, 2018

**KIPP LA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A, Basic Grants Low–Income and Neglected

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

Auditee qualified as low-risk auditee? x yes _____ no

**KIPP LA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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

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

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

**KIPP LA SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

KIPP LA Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: Fiscal year ended June 30, 2018

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

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

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