

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

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

**CHARTER SCHOOLS:**

**KIPP Academy of Opportunity (KAO) - #530  
KIPP Los Angeles College Preparatory School (KLAP) - #531  
KIPP Raices Academy (KRA) - #1010  
KIPP Comienza Community Prep (KCCP) - #1196  
KIPP Empower Academy (KEA) - #1195  
KIPP Scholar Academy (KSA) - #1377  
KIPP Philosophers Academy (KPA) - #1378  
KIPP Sol Academy (KSOL) - #1379  
KIPP Iluminar Academy (KIA) - #1508  
KIPP Academy of Innovation (KAI) - #1586  
KIPP Vida Preparatory Academy (KVPA) - #1587  
KIPP Promesa Preparatory (KPP) - #1721  
KIPP Ignite Academy (KIG) - #1720  
KIPP Corazon Academy (KCA) - #1855  
KIPP Compton Community School (KCOM) - #1996  
KIPP Pueblo Unido (KPU) - #2041  
KIPP Adelante Preparatory Academy (KAPA) - #0550  
KIPP SoCal LEA 17 (LEA 17) - #2079  
KIPP SOCAL LEA 16 (LEA 16) - #TBD**



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**WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

### **Report on the Financial Statements**

We have audited the accompanying consolidating financial statements of KIPP SoCal Public Schools (KIPP SoCal), a California nonprofit public benefit corporation, which comprise the consolidating statement of financial position as of June 30, 2020, 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 as of June 30, 2020, 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 SoCal’s consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The other accompanying supplementary schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 4, 2020 on our consideration of KIPP SoCal’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on KIPP SoCal’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP SoCal’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
November 4, 2020

**KIPP SOCAL PUBLIC SCHOOLS  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 25,123,607	\$ 6,076,955	\$ -	\$ 31,200,562
Investments	21,890,839	-	-	21,890,839
Restricted Cash and Cash Equivalents	-	34,741,362	-	34,741,362
Accounts Receivable - Federal And State	17,742,907	-	-	17,742,907
Accounts Receivable - Other	1,532,713	31,764	-	1,564,477
Intercompany Receivable	28,704,120	43,403	(28,747,523)	-
Prepaid Expenses and Other Assets	1,278,007	6,961	(1,169,482)	115,486
Total Current Assets	<u>96,272,193</u>	<u>40,900,445</u>	<u>(29,917,005)</u>	<u>107,255,633</u>
<b>LONG-TERM ASSETS</b>				
Restricted Cash and Cash Equivalents	-	4,706,976	-	4,706,976
Restricted Investments	-	3,809,946	-	3,809,946
Investments	3,747,196	-	-	3,747,196
Contributions Receivable, Net of				
Current Portion	1,056,840	-	-	1,056,840
Security Deposits	278,004	86,481	-	364,485
Deferred Rent Asset	157,041	1,539,019	(1,696,060)	-
Intercompany Notes Receivable	5,400,000	-	(5,400,000)	-
Property, Plant, and Equipment, Net	3,296,589	160,428,853	-	163,725,442
Total Long-Term Assets	<u>13,935,670</u>	<u>170,571,275</u>	<u>(7,096,060)</u>	<u>177,410,885</u>
Total Assets	<u>\$ 110,207,863</u>	<u>\$ 211,471,720</u>	<u>\$ (37,013,065)</u>	<u>\$ 284,666,518</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable - Federal and State	\$ 7,443,510	\$ -	\$ -	\$ 7,443,510
Accounts Payable - Other	4,020,197	6,739,219	-	10,759,416
Accrued Liabilities	1,677,572	3,527,844	-	5,205,416
Deferred Revenue	315,688	1,169,482	(1,169,482)	315,688
Bonds Payable, Current Portion	-	1,840,000	-	1,840,000
Intercompany Payable	43,403	28,704,120	(28,747,523)	-
Total Current Liabilities	<u>13,500,370</u>	<u>41,980,665</u>	<u>(29,917,005)</u>	<u>25,564,030</u>
<b>LONG-TERM LIABILITIES</b>				
Intercompany Notes Payable	-	5,400,000	(5,400,000)	-
Deferred Rent Liability	1,641,986	1,834,040	(1,696,060)	1,779,966
Grant Fund Reserve Payable	-	516,000	-	516,000
Notes Payable, Net of Current Portion	300,000	11,959,837	-	12,259,837
Bonds Payable, Net Current Portion	-	149,211,575	-	149,211,575
Total Long-Term Liabilities	<u>1,941,986</u>	<u>168,921,452</u>	<u>(7,096,060)</u>	<u>163,767,378</u>
Total Liabilities	15,442,356	210,902,117	(37,013,065)	189,331,408
<b>NET ASSETS</b>				
Without Donor Restriction	91,050,435	569,603	-	91,620,038
With Donor Restriction	3,715,072	-	-	3,715,072
Total Net Assets	<u>94,765,507</u>	<u>569,603</u>	<u>-</u>	<u>95,335,110</u>
Total Liabilities and Net Assets	<u>\$ 110,207,863</u>	<u>\$ 211,471,720</u>	<u>\$ (37,013,065)</u>	<u>\$ 284,666,518</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>REVENUES, WITHOUT DONOR RESTRICTION</b>				
State Revenue:				
Local Funding Formula Sources	\$ 85,356,103	\$ -	\$ -	\$ 85,356,103
Other State Revenue	16,144,440	-	-	16,144,440
Federal Revenue:				
Grants and Entitlements	10,737,780	-	-	10,737,780
Local Revenue:				
Contributions	10,160,593	35,000	-	10,195,593
Other Revenue	515,185	8,528,372	(8,458,788)	584,769
Interest and Investment Income	691,468	793,742	-	1,485,210
Total Revenues, Without Donor Restriction	<u>123,605,569</u>	<u>9,357,114</u>	<u>(8,458,788)</u>	<u>124,503,895</u>
Net Assets Released from Restriction	137,256	-	-	137,256
Total Revenues, Without Donor Restriction and Net Assets Released from Restriction	<u>123,742,825</u>	<u>9,357,114</u>	<u>(8,458,788)</u>	<u>124,641,151</u>
<b>EXPENSES</b>				
Program Services Expense:				
Educational Programs	101,689,363	9,333,351	(7,359,145)	103,663,569
Support Services Expense:				
Management and General	15,569,499	126,159	(930,467)	14,765,191
Fundraising and Development	1,982,509	-	(169,176)	1,813,333
Total Expenses	<u>119,241,371</u>	<u>9,459,510</u>	<u>(8,458,788)</u>	<u>120,242,093</u>
<b>OTHER CHANGES IN NET ASSETS</b>				
Contribution from Acquisition of KAPA	2,124,139	-	-	2,124,139
Contribution from Acquisition of KSD Facilities, LLC	-	11,632	-	11,632
Other Changes in Net Assets	<u>2,124,139</u>	<u>11,632</u>	<u>-</u>	<u>2,135,771</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	6,625,593	(90,764)	-	6,534,829
<b>NET ASSETS WITH DONOR RESTRICTION</b>				
Contributions	1,805	-	-	1,805
Investment Return	7,852	-	-	7,852
Net Assets Released from Restriction	<u>(137,256)</u>	<u>-</u>	<u>-</u>	<u>(137,256)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>	<u>(127,599)</u>	<u>-</u>	<u>-</u>	<u>(127,599)</u>
<b>CHANGE IN NET ASSETS</b>	6,497,994	(90,764)	-	6,407,230
Net Assets, Beginning of Year	<u>88,267,513</u>	<u>660,367</u>	<u>-</u>	<u>88,927,880</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 94,765,507</u>	<u>\$ 569,603</u>	<u>\$ -</u>	<u>\$ 95,335,110</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS  
CONSOLIDATING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 6,497,994	\$ (90,764)	\$ -	\$ 6,407,230
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	836,646	3,409,837	-	4,246,483
Loss on Sale/Disposal of Property, Plant, and Equipment	13,431	308,810	-	322,241
Investment Return	3,022	(45,663)	-	(42,641)
Bond Premium and Issue Cost Amortization (Increase) and Decrease in Operating Assets:	-	(442,235)	-	(442,235)
Accounts Receivable - Federal and State	(6,891,218)	-	-	(6,891,218)
Accounts Receivable - Other	(870,802)	(31,764)	-	(902,566)
Contributions Receivable	23,195	-	-	23,195
Intercompany Receivable	(11,313,064)	601,925	10,711,139	-
Prepaid Expenses	(959,542)	303,039	-	(656,503)
Security Deposit	(25,225)	(15,204)	-	(40,429)
Deferred Rent Asset	(157,041)	(519,567)	676,608	-
Increase and (Decrease) in Operating Liabilities:				
Accounts Payable - Federal and State	6,163,953	-	-	6,163,953
Accounts Payable - Other	1,980,134	4,934,760	-	6,914,894
Accrued Liabilities	(689,550)	1,189,735	-	500,185
Deferred Revenue	48,519	1,169,482	-	1,218,001
Deferred Rent Liability	622,533	236,239	(676,608)	182,164
Intercompany Payable	(601,925)	11,313,064	(10,711,139)	-
Net Cash Provided (Used) by Operating Activities	(5,318,940)	22,321,694	-	17,002,754

See accompanying Notes to Consolidating Financial Statements.



**KIPP SOCAL PUBLIC SCHOOLS**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	\$ (54,023,480)	\$ (3,803,720)	\$ -	\$ (57,827,200)
Sale of investments	51,832,866	3,778,000	-	55,610,866
Purchases of Property, Plant, and Equipment	(1,014,093)	(48,026,729)	-	(49,040,822)
Net Cash Used by Investing Activities	(3,204,707)	(48,052,449)	-	(51,257,156)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Notes Payable	300,000	11,884,965	-	12,184,965
Payments on Bonds Payable	-	(1,775,000)	-	(1,775,000)
Net Cash Provided by Financing Activities	300,000	10,109,965	-	10,409,965
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>				
	(8,223,647)	(15,620,790)	-	(23,844,437)
Cash and Cash Equivalents - Beginning of Year	33,347,254	61,146,083	-	94,493,337
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
	<u>\$ 25,123,607</u>	<u>\$ 45,525,293</u>	<u>\$ -</u>	<u>\$ 70,648,900</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>				
Cash Paid for Interest, Net of Capitalized Interest	\$ -	\$ 4,363,108	\$ -	\$ 4,363,108
Capitalized Interest	\$ -	\$ 2,353,591	\$ -	\$ 2,353,591
<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITON</b>				
Cash and Cash Equivalents	\$ 25,123,607	\$ 6,076,955	\$ -	\$ 31,200,562
Restricted Cash and Cash Equivalents, Current	-	34,741,362	-	34,741,362
Restricted Cash and Cash Equivalents, Long-Term	-	4,706,976	-	4,706,976
Total Cash and Cash Equivalents	<u>\$ 25,123,607</u>	<u>\$ 45,525,293</u>	<u>\$ -</u>	<u>\$ 70,648,900</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	KIPP SoCal Public Schools				KLARE			Eliminations	Total Expenses
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Total Expenses		
Salaries and Wages	\$ 53,448,879	\$ 7,245,250	\$ 995,389	\$ 61,689,518	\$ -	\$ -	\$ -	\$ -	\$ 61,689,518
Pension Expense	1,418,086	181,372	26,409	1,625,867	-	-	-	-	1,625,867
Other Employee Benefits	6,473,204	786,990	114,592	7,374,786	-	-	-	-	7,374,786
Payroll Taxes	4,077,544	521,515	75,938	4,674,997	-	-	-	-	4,674,997
Management Fees	-	854,760	-	854,760	-	-	-	-	854,760
Legal Expenses	-	114,710	-	114,710	-	3,125	3,125	-	117,835
Accounting Expenses	-	103,999	-	103,999	-	38,651	38,651	-	142,650
Other Fees for Services	4,412,740	1,304,781	-	5,717,521	-	78,479	78,479	-	5,796,000
Advertising and Promotion	109,578	702,286	148,618	960,482	-	-	-	-	960,482
Office Expenses	1,297,949	108,792	-	1,406,741	1,448	-	1,448	-	1,408,189
Information Technology	2,019,959	278,972	50,721	2,349,652	-	-	-	-	2,349,652
Occupancy Expenses	15,004,905	1,897,171	344,939	17,247,015	716,964	-	716,964	(8,458,788)	9,505,191
Travel Expenses	561,219	70,960	12,902	645,081	-	-	-	-	645,081
Conferences and Meetings	575,860	72,812	13,238	661,910	-	-	-	-	661,910
Interest Expense	-	-	-	-	4,695,663	-	4,695,663	-	4,695,663
Depreciation	727,880	92,032	16,734	836,646	3,409,837	-	3,409,837	-	4,246,483
Insurance Expense	-	334,712	-	334,712	-	150	150	-	334,862
Instructional Materials & Services	5,544,979	-	-	5,544,979	-	-	-	-	5,544,979
Student Meals	5,200,250	-	-	5,200,250	-	-	-	-	5,200,250
Other Expenses	816,331	898,385	183,029	1,897,745	509,464	5,729	515,193	-	2,412,938
Subtotal	101,689,363	15,569,499	1,982,509	119,241,371	9,333,376	126,134	9,459,510	(8,458,788)	120,242,093
Eliminations	(7,359,145)	(930,467)	(169,176)	(8,458,788)	-	-	-	8,458,788	-
Total Functional Expenses	\$ 94,330,218	\$ 14,639,032	\$ 1,813,333	\$ 110,782,583	\$ 9,333,376	\$ 126,134	\$ 9,459,510	\$ -	\$ 120,242,093

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

KIPP SoCal Public Schools (KIPP SoCal), formerly KIPP LA Schools, was organized in July 2008 as a nonprofit corporation under the laws of the state of California for the purpose of operating public charter schools. KIPP SoCal currently manages 19 charter schools: KIPP Academy of Opportunity, KIPP Los Angeles College Preparatory, KIPP Raíces Academy, KIPP Comienza Community Prep, KIPP Empower Academy, KIPP Scholar Academy, KIPP Philosophers Academy, KIPP Sol Academy, KIPP Iluminar Academy, KIPP Academy of Innovation, KIPP Vida Preparatory Academy, KIPP Promesa Preparatory, KIPP Ignite Academy, KIPP Corazon Academy, KIPP Compton Community School, KIPP Pueblo Unido, KIPP Adelante Preparatory Academy, KIPP SoCal LEA 17, and KIPP SoCal LEA 16. Of the charter schools listed above, 17 charter schools have charters approved by the state of California Department of Education through the Los Angeles Unified School District, the Compton Unified School District, and the San Diego Unified School District. KIPP SoCal LEA 17 has been approved by the California Department of Education through the Los Angeles Unified School District and KIPP SoCal LEA 16 has been approved by the California Department of Education through the Los Angeles County Office of Education. KIPP SoCal is a participant in the “Knowledge is Power Program” (KIPP). KIPP SoCal charter schools are economically dependent on state and federal funding.

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

**Net Assets Classes**

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

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

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

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets Classes (Continued)**

KIPP SoCal's net assets consisted of the following at June 30, 2020:

Net Assets Without Donor Restrictions	
Undesignated	\$ 91,620,038
Total Net Assets Without Donor Restrictions	<u>\$ 91,620,038</u>
Net Assets With Donor Restrictions	
Time Restrictions:	
Contributions Receivable	\$ 1,056,840
Subject to Specific Purpose:	
Karsh Family Teacher Recognition Fund	<u>2,658,232</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,715,072</u>

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

Release of Restrictions:	
Time Restrictions	\$ 25,000
Subject to Specific Purpose	<u>112,256</u>
Total Release of Restrictions	<u>\$ 137,256</u>

**Revenue Recognition**

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

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

**Cash and Cash Equivalents**

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

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

In accordance with FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, KIPP SoCal reports its investments in marketable securities and other investments at fair value. In addition, ASC 820 affects how KIPP SoCal measures the fair value of investments in certain entities that do not have a quoted market price but calculate net assets value (NAV) per share or its equivalent. As a practical expedient, the guidance permits, but does not require, KIPP SoCal to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of KIPP SoCal's investments with California Community Foundation (CCF) was determined based on the NAV. See Note 5 for the fair market value of KIPP SoCal's investments as of June 30, 2020.

KIPP SoCal's investment return for the year ended June 30, 2020 was as follows:

Realized and Unrealized Gain (Loss)	\$ 42,641
Interest and Dividends	658,965
Management Fees	<u>(41,679)</u>
Total Investment Return	<u><u>\$ 659,927</u></u>

**Use of Estimates**

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

**Basis of Accounting**

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

**Functional Allocation of Expenses**

The cost of providing the various programs and other activities, 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 use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions Receivable**

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

**Conditional Grants**

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when KIPP SoCal has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2020, KIPP SoCal has conditional grants of \$6,455,000 that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2020, the School has received conditional grants of \$315,688 that are recognized as deferred revenue in the consolidating statement of financial position because conditions have not yet been met.

**Property Taxes**

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

**Accounts Receivables**

Accounts receivable represent amounts due from organizations and the state and federal government based on contractual agreements or amounts billed but not received as of June 30, 2020. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. KIPP SoCal capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2020 was \$4,246,483.

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidation**

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

**Income Taxes**

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

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

**Change in Accounting Principle**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. KIPP SoCal has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on KIPP SoCal's financial position and results of operations upon adoption of the new standard.

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. The update requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalent and the amounts generally described as restricted cash or restricted cash equivalents. KIPP SoCal has implemented ASU 2016-18 under the full retrospective approach. The impact resulted in an increase in cash and cash equivalents and the addition of a reconciliation of cash on the statement of cash flows.

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle (Continued)**

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. KIPP SoCal has implemented ASU 2018-08 under the full retrospective approach. There was no material impact on KIPP SoCal's financial position and results of operations upon adoption of the new standard.

**Subsequent Events**

All events subsequent to the statement of financial position date of June 30, 2020 through November 4, 2020, which is the date these financial statements were available to be issued, have been evaluated in accordance with accounting principles generally accepted in the United States of America.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30, 2020:

Cash and Cash Equivalents	\$ 31,200,562
Investments	21,890,839
Accounts Receivable - Federal and State	17,742,907
Accounts Receivable - Other	1,564,477
Less: Net Assets With Donor Restrictions	<u>(2,658,232)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 69,740,553</u></u>

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

**NOTE 3 CONCENTRATION OF CREDIT RISK**

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



**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, KIPP SoCal had contributions receivable expected to be received in the following periods:

In One Year or Less	\$ -
Between One and Five Years	1,100,000
Total Gross Contributions Receivable	<u>1,100,000</u>
Less: Discount on Contributions Receivable	(43,160)
Net Contributions Receivable	<u><u>\$ 1,056,840</u></u>

**NOTE 5 FAIR VALUE MEASUREMENTS**

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

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

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

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

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The fair market value of KIPP SoCal’s investments as of June 30, 2020 was as follows:

	Fair Value Measurement 2020	
	Total	Level 1
U.S. Treasury Certificates Restricted for Bond Reserves	\$ 3,809,946	\$ 3,809,946
U.S. Treasury Certificates	7,602,606	7,602,606
U.S. Treasury Securities	3,097,765	3,097,765
Corporate Bonds	10,334,011	10,334,011
Money Market	1,420	1,420
Total Investments Carried at Fair Value (FV)	<u>24,845,748</u>	<u>\$ 24,845,748</u>
Cash and Cash Equivalents	1,944,000	
CCF Endowment Pool:		
Karsh Family Teacher Recognition Fund - Carried at NAV	2,658,233	
Total Investments	<u><u>\$ 29,447,981</u></u>	

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.

**NOTE 6 PROPERTY, PLANT, AND EQUIPMENT**

KIPP SoCal's property, plant, and equipment as June 30, 2020 consisted of the following:

	KIPP SoCal Schools	KLARE	Total
Construction in Progress	\$ 824,705	\$ 39,958,089	\$ 40,782,794
Land	-	41,611,326	41,611,326
Buildings	-	79,877,187	79,877,187
Leasehold Improvements	2,317,033	10,148,104	12,465,137
Furniture and Equipment	3,150,929	1,406,682	4,557,611
Total Property, Plant, and Equipment	6,292,667	173,001,388	179,294,055
Less: Accumulated Depreciation	(2,996,078)	(12,572,535)	(15,568,613)
Property, Plant, and Equipment, Net	<u>\$ 3,296,589</u>	<u>\$ 160,428,853</u>	<u>\$ 163,725,442</u>

**NOTE 7 LINE OF CREDIT**

KIPP SoCal has a line of credit with First Republic Bank for \$5,000,000 with an annual interest rate equal to the Prime Rate. The line of credit expires October 20, 2020 and there was no balance outstanding as of June 30, 2020.

**NOTE 8 NOTES PAYABLE**

In April 2020, KIPP SoCal obtained a \$300,000 loan from Charter Fund Inc. to provide support related to COVID-19 response activities to support distance or remote learning. The note does not bear any interest and is due on the maturity date of November 30, 2021.

As part of the acquisition of KSD Facilities, LLC (see Note 14), KLARE acquired a loan from Civic San Diego Economic Growth & Neighborhood Investment Fund Sub-CDE XI, LLC for acquisition and construction of school facilities, the loan contained four promissory notes. Note A1 in the amount of \$7,166,619 requires interest only payments until maturity of November 15, 2026. Note B1 in the amount of \$2,583,381 requires interest only payments until January 1, 2027. After this date, the loan requires interest and principal payments in line with a payment schedule contained in the promissory note through maturity of December 31, 2053. In September 2019, Note C1 was obtained in the amount of \$1,995,297 which requires interest only payments until maturity of November 15, 2026. Also, in September 2019, Note D1 was obtained in the amount of \$759,078 which requires interest only payments until January 1, 2027.

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
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**NOTE 8 NOTES PAYABLE (CONTINUED)**

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

<u>Year Ending June 30,</u>		
2021	\$	-
2022		300,000
2023		-
2024		-
2025		-
Thereafter		12,504,375
Total Future Maturities		<u>12,804,375</u>
Unamortized Issue Costs		<u>(544,538)</u>
Total Notes Payable		<u><u>\$ 12,259,837</u></u>

**NOTE 9 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%.

**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.

**KIPP SOCIAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
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**NOTE 9 BONDS PAYABLE (CONTINUED)**

**Series 2017 A (Continued)**

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%.

**Series 2019 A**

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

**All Bond Series Issues**

For the 2014, 2015, and 2017 bonds, KLARE is required to maintain in a bond reserve cash account an amount equal to the bond reserve requirement which is calculated as the least of (a) 10% of the proceeds from the bonds, (b) maximum annual debt service with respect to the bonds outstanding, (c) 125% of average annual debt service with respect to the bonds, or (d) the last bond year only, the total debt service with respect to the bonds outstanding. For the 2019 bond, KLARE is required to maintain in a bond reserve cash account an amount equal to .50 times the maximum combined amount of principal and interest payable on the bond during the current or future bond year. The total reserve requirement as of June 30, 2020 is \$7,901,738.

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 \$13,962,095. The premium is being amortized over the life of the bonds. \$686,373 of amortization of the bond premium was recorded against interest expense for the year ended June 30, 2020.

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, 2020 and unamortized issue costs as of June 30, 2020 were \$169,265 and \$2,879,148, respectively.

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
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**NOTE 9 BONDS PAYABLE (CONTINUED)**

**All Bond Series Issues (Continued)**

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

**Grant Fund Reserve Payable**

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

Future maturities of bond payable are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 1,840,000
2022	1,910,000
2023	2,590,000
2024	2,695,000
2025	2,800,000
Thereafter	<u>128,820,000</u>
Total Future Maturities	140,655,000
Bond Premium	13,275,723
Unamortized Issue Costs	<u>(2,879,148)</u>
Total Bonds Payable	<u><u>\$ 151,051,575</u></u>

**NOTE 10 RESTRICTED CASH AND CASH EQUIVALENTS**

KIPP SoCal's restricted cash and cash equivalents as June 30, 2020 consisted of the following:

Restricted Bond Accounts:	
Facility Projects	\$ 15,049,777
Philosophers Academy Construction Fund	12,113,324
Reserve	4,706,976
Interest	4,243,192
Repair and Replacement Reserve	1,250,843
Revenue Fund	240,265
Sinking Account	1,130,000
Principal Account	710,000
CSFA Restricted Grant for Debt Service Fund	<u>3,961</u>
Total Restricted Cash and Cash Equivalents	<u><u>\$ 39,448,338</u></u>

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 EMPLOYEE RETIREMENT**

KIPP SoCal has a 401(k) defined contribution plan for those employees who meet the eligibility criteria set forth in the plan. KIPP SoCal matches employee contributions based upon criteria set forth in the plan up to 6% of compensation. Contributions to the plan for the year ended June 30, 2020 totaled \$1,214,750.

**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 California State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (PERS).

The risks of participating in these 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 SoCal chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. KIPP SoCal has no plans to withdraw from these multi-employer plans.

**State Teachers' Retirement System (STRS)**

**Plan Description**

KIPP SoCal contributes to the California 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, 2019, total STRS plan net position is \$239 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% funded. KIPP SoCal did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 100 Waterfront PI, West Sacramento, CA 95605, and [www.calstrs.com](http://www.calstrs.com).

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
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**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 10.205% of their salary. KIPP SoCal is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. 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, 2020 was 17.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by State Statute. In July 2019, CalSTRS received additional supplemental contributions from the state to reduce the employers contribution rate by 1.03% for the fiscal year 2019-20 and by 0.7% for fiscal year 2020-21. Starting in 2021-2022, the funding plan provides the board limited authority to adjust the employer contribution rate, if necessary, to fully fund the remaining unfunded liability by 2046. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

**Public Employees' Retirement System (PERS)**

Plan Description

KIPP SoCal contributes to the School Employer Pool under the California Public Employees' Retirement System (PERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by PERS. 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, 2019, the School Employer Pool total plan net position is \$68 billion, the total pension liability is \$97 billion, contributions from all employers totaled \$2.5 billion, and the plan is 70% funded. KIPP SoCal did not contribute more than 5% of the total contributions to the plan.

Copies of the PERS' annual financial reports may be obtained from the PERS Executive Office, 400 Q Street, Sacramento, CA 95811, and [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Public Employees' Retirement System (PERS)**

Funding Policy

Active plan members brought into PERS membership both before and subsequent to January 1, 2013 are required to contribute 7.00% of their salary. KIPP SoCal is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2020 was 19.721%. The contribution requirements of the plan members are established and may be amended by State Statute.

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)**

**Contribution to STRS and PERS**

<u>Year Ending June 30,</u>	STRS Required Contribution	STRS Percent Contributed	PERS Required Contribution	PERS Percent Contributed
2018	\$ 288,254	100 %	\$ 24,525	100 %
2019	\$ 344,296	100 %	\$ 29,245	100 %
2020	\$ 372,770	100 %	\$ 38,347	100 %

**NOTE 12 OPERATING LEASES**

KIPP SoCal and KLARE have operating leases for the school sites and office space. Applicable accounting standards require the entities 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, 2020 were \$3,832,999 and \$3,405,678, respectively.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 3,482,491
2022	2,021,104
2023	1,275,584
2024	1,004,581
2025	998,789
Thereafter	12,831,288
Total	<u>\$ 21,613,837</u>

**NOTE 13 FUNCTIONALIZED EXPENSES**

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



**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 14 BUSINESS COMBINATION**

On July 1, 2019, KIPP SoCal acquired KIPP San Diego which is a charter school network in the San Diego area that operated one charter school named KIPP Adelante Preparatory Academy (KAPA). The acquisition took place with the intention of growing further into the Southern California region. Control was acquired via executed agreement of merger filed with the Secretary of State on July 1, 2019. There was no consideration transferred as a result of the acquisition or goodwill recognized and all assets, liabilities and net assets of KIPP San Diego were recorded at estimated fair value on the acquisition date as follows:

**Assets**

Cash and Cash Equivalents	\$ 457,842
Accounts Receivable - Federal and State	422,124
Accounts Receivable - Other	8,183
Prepaid Expenses and Other Assets	1,219,220
Security Deposits	64,250
Equipment	12,278
Total Assets	<u><u>\$ 2,183,897</u></u>

**Liabilities and Net Assets**

Accounts Payable and Accrued Liabilities	\$ 59,758
Net Assets Without Donor Restrictions	2,124,139
Total Liabilities and Net Assets	<u><u>\$ 2,183,897</u></u>

On October 21, 2019, KLARE acquired KSD Support Corporation which was created to support KIPP San Diego by acquiring property and subsequently leasing the property to KIPP San Diego. This would have occurred via its subsidiary KSD Facilities, LLC. KSD Facilities, LLC is a single member title holding LLC. The acquisition took place with the intention to grow further into the Southern California region. Control was acquired via executed agreement of merger filed with the Secretary of State on October 21, 2019. There was no consideration transferred as a result of the acquisition or goodwill recognized and all assets, liabilities and net assets of KSD Support Corporation were recorded at estimated fair value on the acquisition date as follows:

**Assets**

Cash and Cash Equivalents	\$ 6,057,813
Land	1,550,000
Work in Process	3,942,120
Total Assets	<u><u>\$ 11,549,933</u></u>

**Liabilities and Net Assets**

Accounts Payable and Accrued Liabilities	\$ 582,455
Deferred Revenue	1,205,846
Notes Payable	9,750,000
Net Assets Without Donor Restrictions	11,632
Total Liabilities and Net Assets	<u><u>\$ 11,549,933</u></u>

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 CONTINGENCIES, RISKS AND UNCERTAINTIES**

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

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to KIPP SoCal, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes KIPP SoCal is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 16 SUBSEQUENT EVENT**

In July 2020, KLARE obtained a line of credit with BBVA USA for \$50,000,000 with an annual interest rate equal to the LIBOR Rate plus 98 basis points and a maturity date of July 1, 2023.

In October 2020, KIPP SoCal changed the terms of its line of credit with First Republic Bank as indicated in Note 7. The line of credit was extended through October 20, 2021 and the amount of principal available increased up to \$10,000,000 at an interest rate equal to the Prime Rate minus one half percent (0.50%) per year.

**SUPPLEMENTARY INFORMATION**

**KIPP SOCAL PUBLIC SCHOOLS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2020**

KIPP SoCal Public Schools is a California nonprofit public benefit corporation and operates 19 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 Illuminar Academy (charter number 1508) established in 2013.
- KIPP Academy of Innovation (charter number 1586) established in 2014.
- KIPP Vida Preparatory Academy (charter number 1587) established in 2014.
- KIPP Promesa Preparatory (charter number 1721) established in 2015.
- KIPP Ignite Academy (charter number 1720) established in 2015.
- KIPP Corazon Academy (charter number 1855) established in 2017.
- KIPP Pueblo Unido (charter number 2041) established in 2019.
- KIPP SoCal LEA 17 (charter number 2079) established in 2020.

Approved by the Los Angeles County Office of Education

- KIPP SoCal LEA 16 (charter number TBD) established in 2020.

Approved by the Compton Unified School District:

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

Approved by the San Diego Unified School District:

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

**KIPP SOCIAL PUBLIC SCHOOLS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

The Board of Directors and the Administrators as of the year ended June 30, 2020 were as follows:

**BOARD OF DIRECTORS**

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 Year Term)</u>
Julie Miller	Chair	June 2021
Luis Rodriguez	Vice Chair	June 2022
Heather Lord	Secretary	March 2021
Frank Reddick	Member	June 2023
Norma Parraz	Member	June 2021
Randy Bishop	Member	June 2021
Mel Carlisle	Member	June 2023
Mike Montoya	Member	June 2022
Philip Feder	Member	June 2021
E.J. Kavounas	Member	June 2023
Carlos Bermudez	Member	June 2021
Margaret Armona	Member	June 2021
Jonathan Berg	Member	December 2022
Courtney Criswell	Member	March 2023

**ADMINISTRATORS**

Marcia Aaron	Chief Executive Officer
Angella Martinez	Chief Academic Officer
Kyle Salyer	Chief Financial Officer
César Bocanegra	Chief Operating Officer
Manny Aceves	Chief External Impact Officer

**KIPP SOCAL PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes	Total Actual Plus	Traditional	Credited Days	Total Actual Plus	Status
	Requirement	Actual	COVID-19 School Closure Certification	Credited Minutes	Calendar Days	COVID-19 School Closure Certification	Credited Days	
<b>KIPP Academy of Opportunity</b>								
Grade 5	54,000	48,215	20,790	69,005	122	58	180	In compliance
Grade 6	54,000	47,575	20,502	68,077	122	58	180	In compliance
Grade 7	54,000	48,215	20,730	68,945	122	58	180	In compliance
Grade 8	54,000	47,750	20,640	68,390	122	58	180	In compliance
<b>KIPP LA Prep</b>								
Grade 5	54,000	52,190	20,090	72,280	122	58	180	In compliance
Grade 6	54,000	52,190	20,090	72,280	122	58	180	In compliance
Grade 7	54,000	52,190	20,090	72,280	122	58	180	In compliance
Grade 8	54,000	52,190	20,090	72,280	122	58	180	In compliance
<b>KIPP Raíces Academy</b>								
Kindergarten	36,000	49,158	20,662	69,820	122	58	180	In compliance
Grade 1	50,400	45,095	19,585	64,680	122	58	180	In compliance
Grade 2	50,400	44,165	19,005	63,170	122	58	180	In compliance
Grade 3	50,400	43,930	18,780	62,710	122	58	180	In compliance
Grade 4	54,000	44,845	19,635	64,480	122	58	180	In compliance
<b>KIPP Comienza Community Prep</b>								
Kindergarten	36,000	47,980	20,480	68,460	122	58	180	In compliance
Grade 1	50,400	46,270	19,410	65,680	122	58	180	In compliance
Grade 2	50,400	46,270	19,010	65,280	122	58	180	In compliance
Grade 3	50,400	46,270	19,410	65,680	122	58	180	In compliance
Grade 4	54,000	46,735	19,400	66,135	122	58	180	In compliance
Grade 5	54,000	46,557	20,095	66,652	122	58	180	In compliance
Grade 6	54,000	46,371	20,019	66,390	122	58	180	In compliance
Grade 7	54,000	40,986	19,026	60,012	122	58	180	In compliance
Grade 8	54,000	46,380	20,070	66,450	122	58	180	In compliance
<b>KIPP Empower Academy</b>								
Kindergarten	36,000	50,670	21,375	72,045	122	58	180	In compliance
Grade 1	50,400	46,370	19,455	65,825	122	58	180	In compliance
Grade 2	50,400	43,535	18,380	61,915	122	58	180	In compliance
Grade 3	50,400	46,325	19,600	65,925	122	58	180	In compliance
Grade 4	54,000	46,970	19,610	66,580	122	58	180	In compliance
<b>KIPP Scholar Academy</b>								
Grade 5	54,000	52,800	22,380	75,180	122	58	180	In compliance
Grade 6	54,000	52,800	22,380	75,180	122	58	180	In compliance
Grade 7	54,000	52,800	22,380	75,180	122	58	180	In compliance
Grade 8	54,000	52,818	22,380	75,198	122	58	180	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes	Total Actual Plus	Traditional	Credited Days	Total Actual Plus	Status
	Requirement	Actual	COVID-19 School Closure Certification	Credited Minutes	Calendar Days	COVID-19 School Closure Certification	Credited Days	
<b>KIPP Philosophers Academy</b>								
Grade 5	54,000	51,110	21,600	72,710	121	58	179	In compliance
Grade 6	54,000	49,304	20,741	70,045	121	58	179	In compliance
Grade 7	54,000	51,110	21,600	72,710	121	58	179	In compliance
Grade 8	54,000	49,304	20,741	70,045	121	58	179	In compliance
<b>KIPP Sol Academy</b>								
Grade 5	54,000	49,975	21,105	71,080	122	58	180	In compliance
Grade 6	54,000	49,975	21,105	71,080	122	58	180	In compliance
Grade 7	54,000	49,975	21,105	71,080	122	58	180	In compliance
Grade 8	54,000	49,975	21,105	71,080	122	58	180	In compliance
<b>KIPP Illuminar Academy</b>								
Kindergarten	36,000	46,315	19,565	65,880	122	58	180	In compliance
Grade 1	50,400	43,990	19,015	63,005	122	58	180	In compliance
Grade 2	50,400	45,575	19,440	65,015	122	58	180	In compliance
Grade 3	50,400	46,310	19,860	66,170	122	58	180	In compliance
Grade 4	54,000	44,080	18,425	62,505	122	58	180	In compliance
<b>KIPP Academy of Innovation</b>								
Grade 5	54,000	50,795	21,620	72,415	122	58	180	In compliance
Grade 6	54,000	50,795	21,620	72,415	122	58	180	In compliance
Grade 7	54,000	50,795	21,520	72,315	122	58	180	In compliance
Grade 8	54,000	50,795	21,520	72,315	122	58	180	In compliance
<b>KIPP Vida Preparatory Academy</b>								
Kindergarten	36,000	52,045	21,490	73,535	122	58	180	In compliance
Grade 1	50,400	49,120	20,470	69,590	122	58	180	In compliance
Grade 2	50,400	49,320	20,560	69,880	122	58	180	In compliance
Grade 3	50,400	49,320	20,560	69,880	122	58	180	In compliance
Grade 4	54,000	49,320	20,760	70,080	122	58	180	In compliance
<b>KIPP Ignite Academy</b>								
Kindergarten	36,000	52,270	21,765	74,035	122	58	180	In compliance
Grade 1	50,400	49,165	20,825	69,990	122	58	180	In compliance
Grade 2	50,400	49,465	20,960	70,425	122	58	180	In compliance
Grade 3	50,400	49,365	20,915	70,280	122	58	180	In compliance
Grade 4	54,000	50,395	21,140	71,535	122	58	180	In compliance
<b>KIPP Promesa Preparatory</b>								
Kindergarten	36,000	45,095	18,885	63,980	122	58	180	In compliance
Grade 1	50,400	43,235	18,125	61,360	122	58	180	In compliance
Grade 2	50,400	45,530	19,485	65,015	122	58	180	In compliance
Grade 3	50,400	45,995	19,575	65,570	122	58	180	In compliance
Grade 4	54,000	45,995	19,575	65,570	122	58	180	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes	Total Actual Plus	Traditional	Credited Days	Total Actual Plus	Status
	Requirement	Actual	COVID-19 School Closure Certification	Credited Minutes	Calendar Days	COVID-19 School Closure Certification	Credited Days	
KIPP Corazon Academy								
Kindergarten	36,000	59,800	19,790	79,590	122	58	180	In compliance
Grade 1	50,400	46,815	19,790	66,605	122	58	180	In compliance
Grade 2	50,400	46,045	20,560	66,605	122	58	180	In compliance
Grade 3	50,400	45,729	20,876	66,605	122	58	180	In compliance
Grade 4	54,000	47,955	21,370	69,325	122	58	180	In compliance
Grade 5	54,000	49,198	20,876	70,074	122	58	180	In compliance
Grade 6	54,000	51,371	21,370	72,741	122	58	180	In compliance
KIPP Compton Community School								
Kindergarten	36,000	52,010	18,745	70,755	128	52	180	In compliance
Grade 1	50,400	48,170	17,345	65,515	128	52	180	In compliance
KIPP Pueblo Unido School								
Kindergarten	36,000	50,970	21,510	72,480	122	58	180	In compliance
KIPP Adelante Preparatory Academy								
Grade 5	54,000	45,425	19,615	65,040	121	56	177	In compliance
Grade 6	54,000	45,425	19,615	65,040	121	56	177	In compliance
Grade 7	54,000	45,425	19,615	65,040	121	56	177	In compliance
Grade 8	54,000	45,425	19,615	65,040	121	56	177	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information



**KIPP SOCAL PUBLIC SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
YEAR ENDED JUNE 30, 2020**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
<b>KIPP Academy of Opportunity</b>				
Grades 4 - 6	202.92	202.92	202.92	202.92
Grades 7 - 8	218.73	218.73	218.73	218.73
Total	421.65	421.65	421.65	421.65
<b>KIPP LA Prep</b>				
Grades 4 - 6	262.84	262.84	262.84	262.84
Grades 7 - 8	238.97	238.97	238.97	238.97
Total	501.81	501.81	501.81	501.81
<b>KIPP Raíces Academy</b>				
TK/K - 3	453.92	453.92	453.92	453.92
Grades 4 - 6	109.75	109.75	109.75	109.75
Total	563.67	563.67	563.67	563.67
<b>KIPP Comienza Community Prep</b>				
TK/K - 3	449.75	449.75	449.75	449.75
Grades 4 - 6	323.56	323.56	323.56	323.56
Grades 7 - 8	204.47	204.47	204.47	204.47
Total	977.78	977.78	977.78	977.78
<b>KIPP Empower Academy</b>				
TK/K - 3	438.19	438.19	438.19	438.19
Grades 4 - 6	107.31	107.31	107.31	107.31
Total	545.50	545.50	545.50	545.50
<b>KIPP Scholar Academy</b>				
Grades 4 - 6	205.27	205.27	205.27	205.27
Grades 7 - 8	169.21	169.21	169.21	169.21
Total	374.48	374.48	374.48	374.48
<b>KIPP Philosophers Academy</b>				
Grades 4 - 6	98.00	98.00	98.00	98.00
Grades 7 - 8	124.59	124.59	124.59	124.59
Total	222.59	222.59	222.59	222.59
<b>KIPP Sol Academy</b>				
Grades 4 - 6	249.79	249.79	249.79	249.79
Grades 7 - 8	240.00	240.00	240.00	240.00
Total	489.79	489.79	489.79	489.79

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Illuminar Academy				
TK/K - 3	439.14	439.14	439.14	439.14
Grades 4 - 6	107.87	107.87	107.87	107.87
Total	<u>547.01</u>	<u>547.01</u>	<u>547.01</u>	<u>547.01</u>
KIPP Vida Preparatory Academy				
TK/K - 3	434.77	434.77	434.77	434.77
Grades 4 - 6	97.22	97.22	97.22	97.22
Total	<u>531.99</u>	<u>531.99</u>	<u>531.99</u>	<u>531.99</u>
KIPP Academy of Innovation				
Grades 4 - 6	247.22	247.22	247.22	247.22
Grades 7 - 8	214.79	214.79	214.79	214.79
Total	<u>462.01</u>	<u>462.01</u>	<u>462.01</u>	<u>462.01</u>
KIPP Corazon Academy				
TK/K - 3	439.01	439.01	439.01	439.01
Grades 4 - 6	257.37	257.37	257.37	257.37
Total	<u>696.38</u>	<u>696.38</u>	<u>696.38</u>	<u>696.38</u>
KIPP Ignite Academy				
TK/K - 3	347.60	347.60	347.60	347.60
Grades 4 - 6	54.60	54.60	54.60	54.60
Total	<u>402.20</u>	<u>402.20</u>	<u>402.20</u>	<u>402.20</u>
KIPP Promesa Preparatory				
TK/K - 3	425.50	425.50	425.50	425.50
Grades 4 - 6	99.40	99.40	99.40	99.40
Total	<u>524.90</u>	<u>524.90</u>	<u>524.90</u>	<u>524.90</u>
KIPP Compton Community Charter				
TK/K - 3	201.79	201.79	201.79	201.79
Total	<u>201.79</u>	<u>201.79</u>	<u>201.79</u>	<u>201.79</u>
KIPP Adelante Preparatory Charter				
Grades 4 - 6	112.32	112.32	112.32	112.32
Grades 7 - 8	160.61	160.61	160.61	160.61
Total	<u>272.93</u>	<u>272.93</u>	<u>272.93</u>	<u>272.93</u>
KIPP Pueblo Unido				
TK/K - 3	96.01	96.01	96.01	96.01
Total	<u>96.01</u>	<u>96.01</u>	<u>96.01</u>	<u>96.01</u>
ADA Total	<u><u>7,832.49</u></u>	<u><u>7,832.49</u></u>	<u><u>7,832.49</u></u>	<u><u>7,832.49</u></u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

	<u>KAO</u>	<u>KLAP</u>	<u>KRA</u>	<u>KCCP</u>	<u>KEA</u>	<u>KSA</u>	<u>KPA</u>	<u>KSOL</u>
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 286,982	\$ 4,359,674	\$ 2,515,549	\$ 3,613,172	\$ 2,983,439	\$ 336,671	\$ 181,002	\$ 3,485,635
Adjustments and Reclassifications:								
Increasing (Decreasing) the Fund Balance (Net Assets):								
Cash and Cash Equivalents	(593,226)	23,789	25,132	40,963	21,008	(204,388)	(17,768)	14,122
Accounts Receivable - Federal and State	(25,000)	-	-	-	-	(6,318)	(34,044)	2
Accounts receivable - Other	-	(26,302)	-	(33,424)	-	-	-	-
Property, Plant, and Equipment, Net	-	-	-	-	-	-	-	-
Accounts Payable	688,470	4,870	8,001	(12,395)	7,311	493,332	308,699	(566)
Deferred Revenue	(54,324)	(9,289)	(64,527)	(19,591)	(27,722)	(36,077)	(18,014)	-
Notes Payable	-	-	-	-	-	-	-	-
Net Adjustments and Reclassifications	<u>15,920</u>	<u>(6,932)</u>	<u>(31,394)</u>	<u>(24,447)</u>	<u>597</u>	<u>246,549</u>	<u>238,873</u>	<u>13,558</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 302,902</u>	<u>\$ 4,352,742</u>	<u>\$ 2,484,155</u>	<u>\$ 3,588,725</u>	<u>\$ 2,984,036</u>	<u>\$ 583,220</u>	<u>\$ 419,875</u>	<u>\$ 3,499,193</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	<u>KIA</u>	<u>KAI</u>	<u>KVPA</u>	<u>KPP</u>	<u>KIG</u>	<u>KCA</u>	<u>KCOM</u>	<u>KPU</u>	<u>KAPA</u>
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 2,860,012	\$ 528,868	\$ 1,373,623	\$ 2,202,903	\$ 123,895	\$ 520,237	\$ 295,704	\$ 114,969	\$ 1,144,200
Adjustments and Reclassifications:									
Increasing (Decreasing) the Fund Balance (Net Assets):									
Cash and Cash Equivalents	21,327	(575,219)	17,480	19,823	(438,708)	(828,903)	28,793	(126,406)	(1,091,368)
Accounts Receivable - Federal and State	-	(25,559)	1	1	-	1	-	-	-
Accounts receivable - Other	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	108,616	-	-	-	-	-	-	-	-
Accounts Payable	(102,229)	694,766	4,671	(5,044)	566,041	1,139,634	331,340	217,075	1,099,407
Deferred Revenue	-	(17,467)	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	(300,000)	(350,000)	-	-
Net Adjustments and Reclassifications	<u>27,714</u>	<u>76,521</u>	<u>22,152</u>	<u>14,780</u>	<u>127,333</u>	<u>10,732</u>	<u>10,133</u>	<u>90,669</u>	<u>8,039</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,887,726</u>	<u>\$ 605,389</u>	<u>\$ 1,395,775</u>	<u>\$ 2,217,683</u>	<u>\$ 251,228</u>	<u>\$ 530,969</u>	<u>\$ 305,837</u>	<u>\$ 205,638</u>	<u>\$ 1,152,239</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

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

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
<b>U.S. Department of Education</b>												
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	\$ 159,753	\$ 215,921	\$ 219,225	\$ 356,151	\$ 224,343	\$ 170,251	\$ 148,133	\$ 198,350	\$ 221,286	\$ 1,913,413
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	100,570	-	-	-	-	-	-	-	-	100,570
Title II, Part A, Improving Teacher Quality	84.367	14341	21,598	26,230	27,837	48,453	28,595	19,621	16,001	25,103	27,813	241,251
Title III, Part A, Limited English Proficiency	84.365	14346	-	-	-	-	-	-	-	-	-	-
Title IV, Part A, Student Support & Academic Enrichment	84.424	n/a	11,439	16,107	16,354	26,546	16,735	12,700	11,050	14,796	16,507	142,234
Title IV 21st Century Grant Community Learning Center	84.287	14349	-	33,352	-	99,971	-	77,503	34,681	-	-	245,507
State Charter School Facilities Incentive Grant	84.282D	n/a	-	-	-	-	-	-	-	-	-	-
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	54,698	103,088	76,392	124,968	112,063	51,105	45,720	67,342	75,593	710,969
Supporting Effective Educator Development	84.367D	n/a	-	-	-	40,000	-	-	-	-	-	40,000
Subtotal: Pass-Through Programs			<u>348,058</u>	<u>394,698</u>	<u>339,808</u>	<u>696,089</u>	<u>381,736</u>	<u>331,180</u>	<u>255,585</u>	<u>305,591</u>	<u>341,199</u>	<u>3,393,944</u>
Total U.S. Department of Education			<u>348,058</u>	<u>394,698</u>	<u>339,808</u>	<u>696,089</u>	<u>381,736</u>	<u>331,180</u>	<u>255,585</u>	<u>305,591</u>	<u>341,199</u>	<u>3,393,944</u>
<b>U.S. Department of Health and Human Services</b>												
Pass-Through Program From Los Angeles County												
Office of Education:												
Medicaid Cluster: Medical Assistance Program	93.778	n/a	-	-	-	-	-	-	-	1,426	-	1,426
Subtotal: Pass-Through Programs			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426</u>	<u>-</u>	<u>1,426</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426</u>	<u>-</u>	<u>1,426</u>
<b>U.S. Department of Agriculture</b>												
Pass-Through Program From California												
Department of Education:												
Child Nutrition Cluster:												
Especially Needy Breakfast Program	10.553	13526	63,040	39,034	113,970	164,500	73,125	36,640	50,402	45,321	46,127	632,159
National School Lunch Program	10.555	23165	178,997	207,575	348,495	527,704	227,099	143,737	126,336	176,686	207,609	2,144,238
Meal Supplements	10.555	n/a	-	-	47,952	79,313	-	-	-	-	45,207	172,472
Total Child Nutrition Cluster			<u>242,037</u>	<u>246,609</u>	<u>510,417</u>	<u>771,517</u>	<u>300,224</u>	<u>180,377</u>	<u>176,738</u>	<u>222,007</u>	<u>298,943</u>	<u>2,948,869</u>
Total U.S. Department of Agriculture			<u>242,037</u>	<u>246,609</u>	<u>510,417</u>	<u>771,517</u>	<u>300,224</u>	<u>180,377</u>	<u>176,738</u>	<u>222,007</u>	<u>298,943</u>	<u>2,948,869</u>
Total Expenditures of Federal Awards			<u>\$ 590,095</u>	<u>\$ 641,307</u>	<u>\$ 850,225</u>	<u>\$ 1,467,606</u>	<u>\$ 681,960</u>	<u>\$ 511,557</u>	<u>\$ 432,323</u>	<u>\$ 529,024</u>	<u>\$ 640,142</u>	<u>\$ 6,344,239</u>

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

See Independent Auditors' Report and accompanying Notes to Supplementary Information

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA	Pass-Through Entity Identifying Number	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCOM	KPU	KAPA	SST	Federal Expenditures Total
<b>U.S. Department of Education</b>													
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	\$ 1,913,413	\$ 197,622	\$ 245,790	\$ 171,544	\$ 169,947	\$ 273,991	\$ 78,972	\$ 34,667	\$ 144,686	-	\$ 3,230,632
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	100,570	-	-	-	42,531	-	-	-	-	-	143,101
Title II, Part A, Improving Teacher Quality	84.367	14341	241,251	18,086	28,286	22,659	22,125	32,633	9,417	4,026	16,347	-	394,830
Title III, Part A, Limited English Proficiency	84.365	14346	-	-	-	-	-	-	-	-	18,604	-	18,604
Title IV, Part A, Student Support & Academic Enrichment	84.282	14531	142,234	14,742	18,335	12,797	12,678	11,648	10,000	-	10,793	-	233,227
Title IV 21st Century Grant Community Learning Center	84.287	14349	245,507	43,172	-	-	-	-	-	-	-	-	288,679
State Charter School Facilities Incentive Grant	84.282D	n/a	-	-	-	-	123,252	-	-	-	-	-	123,252
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	710,969	94,911	109,289	60,687	82,626	58,026	14,773	19,733	43,519	-	1,194,533
Supporting Effective Educator Development	84.367D	n/a	40,000	-	-	-	-	-	-	-	-	-	40,000
Subtotal: Pass-Through Programs			<u>3,393,944</u>	<u>368,533</u>	<u>401,700</u>	<u>267,687</u>	<u>453,159</u>	<u>376,298</u>	<u>113,162</u>	<u>58,426</u>	<u>233,949</u>	<u>-</u>	<u>5,666,858</u>
Total U.S. Department of Education			3,393,944	368,533	401,700	267,687	453,159	376,298	113,162	58,426	233,949	-	5,666,858
<b>U.S. Department of Health and Human Services</b>													
Pass-Through Program From Los Angeles County													
Office of Education:													
Medicaid Cluster: Medical Assistance Program	93.778	n/a	1,426	-	-	-	-	-	-	-	-	-	1,426
Subtotal: Pass-Through Programs			<u>1,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426</u>
Total U.S. Department of Health and Human Services			1,426	-	-	-	-	-	-	-	-	-	1,426
<b>U.S. Department of Agriculture</b>													
Pass-Through Program From California													
Department of Education:													
Child Nutrition Cluster:													
Especially Needy Breakfast Program	10.553	13526	632,159	71,729	99,114	52,692	70,930	90,131	52,178	40,390	-	-	1,109,323
National School Lunch Program	10.555	23165	2,144,238	189,659	283,989	219,647	204,364	276,378	132,613	104,042	-	322	3,555,252
Meal Supplements	10.555	n/a	172,472	27,159	43,943	40,718	35,512	59,633	17,404	8,080	-	-	404,921
Total Child Nutrition Cluster			<u>2,948,869</u>	<u>288,547</u>	<u>427,046</u>	<u>313,057</u>	<u>310,806</u>	<u>426,142</u>	<u>202,195</u>	<u>152,512</u>	<u>-</u>	<u>322</u>	<u>5,069,496</u>
Total U.S. Department of Agriculture			<u>2,948,869</u>	<u>288,547</u>	<u>427,046</u>	<u>313,057</u>	<u>310,806</u>	<u>426,142</u>	<u>202,195</u>	<u>152,512</u>	<u>-</u>	<u>322</u>	<u>5,069,496</u>
Total Expenditures of Federal Awards			<u>\$ 6,344,239</u>	<u>\$ 657,080</u>	<u>\$ 828,746</u>	<u>\$ 580,744</u>	<u>\$ 763,965</u>	<u>\$ 802,440</u>	<u>\$ 315,357</u>	<u>\$ 210,938</u>	<u>\$ 233,949</u>	<u>\$ 322</u>	<u>\$ 10,737,780</u>

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

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL**  
**JUNE 30, 2020**

ASSETS	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
<b>CURRENT ASSETS</b>												
Cash and Cash Equivalents	\$ 61,795	\$ 3,337,773	\$ 2,185,548	\$ 1,990,031	\$ 2,922,700	\$ 314,996	\$ 301,989	\$ 2,874,215	\$ 2,574,304	\$ 335,713	\$ 1,015,745	\$ 17,914,809
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Federal and State	973,606	871,819	1,255,454	2,793,850	1,026,701	737,997	386,156	673,540	793,299	579,439	717,563	10,809,424
Accounts Receivable - Other	334	244	895	1,629	-	3,300	-	918	-	2,813	15,744	25,877
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Assets	7,525	-	-	-	-	-	-	-	-	-	-	7,525
<b>Total Current Assets</b>	<b>1,043,260</b>	<b>4,209,836</b>	<b>3,441,897</b>	<b>4,785,510</b>	<b>3,949,401</b>	<b>1,056,293</b>	<b>688,145</b>	<b>3,548,673</b>	<b>3,367,603</b>	<b>917,965</b>	<b>1,749,052</b>	<b>28,757,635</b>
<b>LONG-TERM ASSETS</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Net Contributions Receivable, Net of Current Portion	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits	1,400	40,000	-	80,976	-	20,500	21,973	-	10,000	4,330	3,600	182,779
Deferred Rent Asset	-	157,041	-	-	-	-	-	-	-	-	-	157,041
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	108,129	405,851	219,483	759,975	266,432	-	-	219,682	502,200	169,826	39,080	2,690,658
<b>Total Long-Term Assets</b>	<b>109,529</b>	<b>602,892</b>	<b>219,483</b>	<b>840,951</b>	<b>266,432</b>	<b>20,500</b>	<b>21,973</b>	<b>219,682</b>	<b>512,200</b>	<b>174,156</b>	<b>42,680</b>	<b>3,030,478</b>
<b>Total Assets</b>	<b>\$ 1,152,789</b>	<b>\$ 4,812,728</b>	<b>\$ 3,661,380</b>	<b>\$ 5,626,461</b>	<b>\$ 4,215,833</b>	<b>\$ 1,076,793</b>	<b>\$ 710,118</b>	<b>\$ 3,768,355</b>	<b>\$ 3,879,803</b>	<b>\$ 1,092,121</b>	<b>\$ 1,791,732</b>	<b>\$ 31,788,113</b>
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES</b>												
Accounts Payable - Federal and State	\$ 186,083	\$ 224,940	\$ 238,310	\$ 1,187,282	\$ 767,047	\$ 253,913	\$ 99,809	\$ 9,859	\$ 509,778	\$ 10,732	\$ 12,134	\$ 3,499,887
Accounts Payable - Other	270,174	114,448	226,145	408,177	304,599	154,262	118,166	142,502	335,121	185,091	254,338	2,513,023
Accrued Liabilities	30,857	111,309	37,973	178,685	71,473	46,877	44,058	46,829	85,234	20,220	61,326	734,841
Deferred Revenue	54,324	9,289	64,527	19,591	27,906	38,521	28,210	17,292	-	22,449	3,563	285,672
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>541,438</b>	<b>459,986</b>	<b>566,955</b>	<b>1,793,735</b>	<b>1,171,025</b>	<b>493,573</b>	<b>290,243</b>	<b>216,482</b>	<b>930,133</b>	<b>238,492</b>	<b>331,361</b>	<b>7,033,423</b>
<b>LONG-TERM LIABILITIES</b>												
Intercompany Notes Payable	-	-	-	-	-	-	-	-	-	150,000	-	150,000
Deferred Rent Liability	308,449	-	610,270	244,001	60,772	-	-	52,680	61,944	98,240	64,596	1,500,952
Notes Payable, Net of Current Portion	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long-Term Liabilities</b>	<b>308,449</b>	<b>-</b>	<b>610,270</b>	<b>244,001</b>	<b>60,772</b>	<b>-</b>	<b>-</b>	<b>52,680</b>	<b>61,944</b>	<b>248,240</b>	<b>64,596</b>	<b>1,650,952</b>
<b>Total Liabilities</b>	<b>849,887</b>	<b>459,986</b>	<b>1,177,225</b>	<b>2,037,736</b>	<b>1,231,797</b>	<b>493,573</b>	<b>290,243</b>	<b>269,162</b>	<b>992,077</b>	<b>486,732</b>	<b>395,957</b>	<b>8,684,375</b>
<b>NET ASSETS</b>												
Without Donor Restrictions	302,902	4,352,742	2,484,155	3,588,725	2,984,036	583,220	419,875	3,499,193	2,887,726	605,389	1,395,775	23,103,738
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Net Assets</b>	<b>302,902</b>	<b>4,352,742</b>	<b>2,484,155</b>	<b>3,588,725</b>	<b>2,984,036</b>	<b>583,220</b>	<b>419,875</b>	<b>3,499,193</b>	<b>2,887,726</b>	<b>605,389</b>	<b>1,395,775</b>	<b>23,103,738</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,152,789</b>	<b>\$ 4,812,728</b>	<b>\$ 3,661,380</b>	<b>\$ 5,626,461</b>	<b>\$ 4,215,833</b>	<b>\$ 1,076,793</b>	<b>\$ 710,118</b>	<b>\$ 3,768,355</b>	<b>\$ 3,879,803</b>	<b>\$ 1,092,121</b>	<b>\$ 1,791,732</b>	<b>\$ 31,788,113</b>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)**  
**JUNE 30, 2020**

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	LEA 17	LEA 16	SST	Eliminations	KIPP SoCal
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and Cash Equivalents	\$ 17,914,809	\$ 1,788,260	\$ 893,626	\$ 351,364	\$ 153,756	\$ 38,780	\$ 54,120	\$ 6,209	\$ 1,000	\$ 3,921,683	\$ -	\$ 25,123,607
Investments	-	-	-	-	-	-	-	-	-	21,890,839	-	21,890,839
Accounts Receivable - Federal and State	10,809,424	1,449,614	795,245	1,838,485	1,582,004	959,245	308,890	-	-	-	-	17,742,907
Accounts Receivable - Other	25,877	8	450	95,552	111,466	218,846	8,823	-	-	1,071,691	-	1,532,713
Due from Klare Holdings	-	-	-	-	-	-	-	-	-	28,704,120	-	28,704,120
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	1,000	(1,000)	-
Prepaid Expenses and Other Assets	7,525	-	-	-	-	-	1,169,482	-	-	101,000	-	1,278,007
Total Current Assets	28,757,635	3,237,882	1,689,321	2,285,401	1,847,226	1,216,871	1,541,315	6,209	1,000	55,690,333	(1,000)	96,272,193
<b>LONG-TERM ASSETS</b>												
Investments	-	-	-	-	-	-	-	-	-	3,747,196	-	3,747,196
Net Contributions Receivable,												
Net of Current Portion	-	-	-	-	-	-	-	-	-	1,056,840	-	1,056,840
Security Deposits	182,779	-	35,000	7,800	-	-	43,625	-	-	8,800	-	278,004
Deferred Rent Asset	157,041	-	-	-	-	-	-	-	-	-	-	157,041
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	7,800,000	(2,400,000)	5,400,000
Property, Plant, and Equipment, Net	2,690,658	12,547	1,133	327,004	23,194	1,198	236,381	-	-	4,474	-	3,296,589
Total Long-Term Assets	3,030,478	12,547	36,133	334,804	23,194	1,198	280,006	-	-	12,617,310	(2,400,000)	13,935,670
Total Assets	\$ 31,788,113	\$ 3,250,429	\$ 1,725,454	\$ 2,620,205	\$ 1,870,420	\$ 1,218,069	\$ 1,821,321	\$ 6,209	\$ 1,000	\$ 68,307,643	\$ (2,401,000)	\$ 110,207,863
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES</b>												
Accounts Payable - Federal and State	\$ 3,499,887	\$ 787,837	\$ 687,283	\$ 656,459	\$ 1,025,196	\$ 780,146	\$ 6,702	\$ -	\$ -	\$ -	\$ -	\$ 7,443,510
Accounts Payable - Other	2,513,023	199,239	142,093	420,730	158,890	200,748	103,938	-	-	281,536	-	4,020,197
Accrued Liabilities	734,841	39,344	36,160	71,013	30,497	31,537	58,442	-	-	675,738	-	1,677,572
Deferred Revenue	285,672	6,326	8,690	-	-	-	-	-	-	15,000	-	315,688
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	43,403	-	43,403
Due to KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	1,000	-	(1,000)	-
Total Current Liabilities	7,033,423	1,032,746	874,226	1,148,202	1,214,583	1,012,431	169,082	-	1,000	1,015,677	(1,000)	13,500,370
<b>LONG-TERM LIABILITIES</b>												
Intercompany Notes Payable	150,000	-	600,000	800,000	350,000	-	500,000	-	-	-	(2,400,000)	-
Deferred Rent Liability	1,500,952	-	-	141,034	-	-	-	-	-	-	-	1,641,986
Notes Payable, Net of Current Portion	-	-	-	-	-	-	-	-	-	300,000	-	300,000
Total Long-Term Liabilities	1,650,952	-	600,000	941,034	350,000	-	500,000	-	-	300,000	(2,400,000)	1,941,986
Total Liabilities	8,684,375	1,032,746	1,474,226	2,089,236	1,564,583	1,012,431	669,082	-	1,000	1,315,677	(2,401,000)	15,442,356
<b>NET ASSETS</b>												
Without Donor Restrictions	23,103,738	2,217,683	251,228	530,969	305,837	205,638	1,152,239	6,209	-	63,276,894	-	91,050,435
With Donor Restrictions	-	-	-	-	-	-	-	-	-	3,715,072	-	3,715,072
Total Net Assets	23,103,738	2,217,683	251,228	530,969	305,837	205,638	1,152,239	6,209	-	66,991,966	-	94,765,507
Total Liabilities and Net Assets	\$ 31,788,113	\$ 3,250,429	\$ 1,725,454	\$ 2,620,205	\$ 1,870,420	\$ 1,218,069	\$ 1,821,321	\$ 6,209	\$ 1,000	\$ 68,307,643	\$ (2,401,000)	\$ 110,207,863

See Independent Auditors' Report and accompanying Notes to Supplementary Information



**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL**  
**YEAR ENDED JUNE 30, 2020**

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
<b>REVENUE, WITHOUT DONOR RESTRICTION</b>												
State Revenue:												
Local Control Funding Formula Sources	\$ 4,461,357	\$ 5,322,640	\$ 6,266,248	\$ 10,724,852	\$ 6,069,739	\$ 3,970,005	\$ 2,362,758	\$ 5,162,044	\$ 6,089,412	\$ 4,875,648	\$ 5,986,260	\$ 61,290,963
Other State Revenue	939,622	1,037,792	1,095,888	1,969,221	1,248,830	763,675	542,198	1,109,136	1,243,261	1,121,405	1,226,468	12,297,496
Federal Revenue:												
Grants and Entitlements	590,095	641,307	850,225	1,467,606	681,960	511,557	432,323	529,024	640,142	657,080	828,746	7,830,065
Local Revenue:												
Contributions	824,350	57,498	41,706	874,101	93,421	990,344	1,183,650	38,272	50,359	492,348	433,247	5,079,296
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	14,826	3,059	10,084	34,197	38,925	15,134	10,613	23,013	16,284	1,233	1,791	169,159
Total Unrestricted Revenues	<u>6,830,250</u>	<u>7,062,296</u>	<u>8,264,151</u>	<u>15,069,977</u>	<u>8,132,875</u>	<u>6,250,715</u>	<u>4,531,542</u>	<u>6,861,489</u>	<u>8,039,458</u>	<u>7,147,714</u>	<u>8,476,512</u>	<u>86,666,979</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	6,830,250	7,062,296	8,264,151	15,069,977	8,132,875	6,250,715	4,531,542	6,861,489	8,039,458	7,147,714	8,476,512	86,666,979
<b>EXPENSES</b>												
Program Services:												
Educational Programs	6,361,200	6,487,818	7,814,310	13,993,636	7,782,852	5,775,232	4,124,186	6,214,348	7,341,417	6,410,493	7,668,082	79,973,574
Support Services:												
General and Administrative	425,651	482,911	582,275	1,001,197	540,005	388,000	310,950	463,443	538,692	620,348	557,482	5,910,954
Fundraising	37,398	45,821	54,216	87,503	45,741	28,706	25,295	53,012	59,300	41,303	41,110	519,405
Total Expenses	<u>6,824,249</u>	<u>7,016,550</u>	<u>8,450,801</u>	<u>15,082,336</u>	<u>8,368,598</u>	<u>6,191,938</u>	<u>4,460,431</u>	<u>6,730,803</u>	<u>7,939,409</u>	<u>7,072,144</u>	<u>8,266,674</u>	<u>86,403,933</u>
<b>OTHER CHANGES IN NET ASSETS</b>												
Contribution From Acquisition of KAPA	-	-	-	-	-	-	-	-	-	-	-	-
Other Changes in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	6,001	45,746	(186,650)	(12,359)	(235,723)	58,777	71,111	130,686	100,049	75,570	209,838	263,046
<b>NET ASSETS WITH DONOR RESTRICTION</b>												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Investment Return	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	6,001	45,746	(186,650)	(12,359)	(235,723)	58,777	71,111	130,686	100,049	75,570	209,838	263,046
Net Assets - Beginning of Year	296,901	4,306,996	2,670,805	3,601,084	3,219,759	524,443	348,764	3,368,507	2,787,677	529,819	1,185,937	22,840,692
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 302,902</u>	<u>\$ 4,352,742</u>	<u>\$ 2,484,155</u>	<u>\$ 3,588,725</u>	<u>\$ 2,984,036</u>	<u>\$ 583,220</u>	<u>\$ 419,875</u>	<u>\$ 3,499,193</u>	<u>\$ 2,887,726</u>	<u>\$ 605,389</u>	<u>\$ 1,395,775</u>	<u>\$ 23,103,738</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	LEA 17	LEA 16	SST	Eliminations	KIPP SoCal Total
<b>REVENUE, WITHOUT DONOR RESTRICTION</b>												
State Revenue:												
Local Control Funding Formula Sources	\$ 61,290,963	\$ 5,855,200	\$ 4,526,605	\$ 7,663,974	\$ 2,286,426	\$ 1,094,234	\$ 2,638,701	\$ -	\$ -	\$ -	\$ -	\$ 85,356,103
Other State Revenue	12,297,496	906,697	683,882	1,368,809	207,746	128,960	542,995	-	-	7,855	-	16,144,440
Federal Revenue:												
Grants and Entitlements	7,830,065	580,744	763,965	802,440	315,357	210,938	233,949	-	-	322	-	10,737,780
Local Revenue:												
Contributions	5,079,296	47,477	1,075,785	918,962	1,037,933	1,164,599	78,495	52,346	-	705,700	-	10,160,593
Interest	-	-	-	-	-	-	12,843	-	-	684,625	(6,000)	691,468
Other Revenue	169,159	(79)	612	25,336	7,120	10,592	70,063	-	-	22,637,010	(22,404,628)	515,185
Total Unrestricted Revenues	<u>86,666,979</u>	<u>7,390,039</u>	<u>7,050,849</u>	<u>10,779,521</u>	<u>3,854,582</u>	<u>2,609,323</u>	<u>3,577,046</u>	<u>52,346</u>	<u>-</u>	<u>24,035,512</u>	<u>(22,410,628)</u>	<u>123,605,569</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	-	-	-	-	-	-	-	-	-	137,256	-	137,256
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	86,666,979	7,390,039	7,050,849	10,779,521	3,854,582	2,609,323	3,577,046	52,346	-	24,172,768	(22,410,628)	123,742,825
<b>EXPENSES</b>												
Program Services:												
Educational Programs	79,973,574	6,571,300	6,380,967	9,681,025	3,459,909	2,318,945	4,066,149	46,113	-	11,596,009	(22,404,628)	101,689,363
Support Services:												
General and Administrative	5,910,954	514,425	499,129	709,551	268,938	186,167	443,403	20	-	7,042,912	(6,000)	15,569,499
Fundraising	519,405	54,532	30,265	53,116	16,179	9,171	39,394	4	-	1,260,443	-	1,982,509
Total Expenses	<u>86,403,933</u>	<u>7,140,257</u>	<u>6,910,361</u>	<u>10,443,692</u>	<u>3,745,026</u>	<u>2,514,283</u>	<u>4,548,946</u>	<u>46,137</u>	<u>-</u>	<u>19,899,364</u>	<u>(22,410,628)</u>	<u>119,241,371</u>
<b>OTHER CHANGES IN NET ASSETS</b>												
Contribution From Acquisition of KAPA	-	-	-	-	-	-	2,124,139	-	-	-	-	2,124,139
Other Changes in Net Assets	-	-	-	-	-	-	2,124,139	-	-	-	-	2,124,139
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	263,046	249,782	140,488	335,829	109,556	95,040	1,152,239	6,209	-	4,273,404	-	6,625,593
<b>NET ASSETS</b>												
Contributions	-	-	-	-	-	-	-	-	-	1,805	-	1,805
Investment Return	-	-	-	-	-	-	-	-	-	7,852	-	7,852
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	(137,256)	-	(137,256)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>	-	-	-	-	-	-	-	-	-	(127,599)	-	(127,599)
<b>CHANGE IN NET ASSETS</b>	263,046	249,782	140,488	335,829	109,556	95,040	1,152,239	6,209	-	4,145,805	-	6,497,994
Net Assets - Beginning of Year	22,840,692	1,967,901	110,740	195,140	196,281	110,598	-	-	-	62,846,161	-	88,267,513
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 23,103,738</u>	<u>\$ 2,217,683</u>	<u>\$ 251,228</u>	<u>\$ 530,969</u>	<u>\$ 305,837</u>	<u>\$ 205,638</u>	<u>\$ 1,152,239</u>	<u>\$ 6,209</u>	<u>\$ -</u>	<u>\$ 66,991,966</u>	<u>\$ -</u>	<u>\$ 94,765,507</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF CASH FLOWS – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL**  
**YEAR ENDED JUNE 30, 2020**

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Change in Net Assets	\$ 6,001	\$ 45,746	\$ (186,650)	\$ (12,359)	\$ (235,723)	\$ 58,777	\$ 71,111	\$ 130,686	\$ 100,049	\$ 75,570	\$ 209,838	\$ 263,046
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	31,281	118,981	97,747	235,675	94,875	-	-	40,792	45,109	44,740	26,511	735,711
Loss on Sale/Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Investment Return	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	(292,426)	(37,719)	(238,006)	(1,165,543)	(133,545)	(85,542)	33,649	80,998	10,849	51,933	21,574	(1,753,778)
Accounts Receivable - Other	12,199	3,811	5,398	25,616	19,782	(3,300)	21,966	2,986	2,881	51,319	(690)	141,968
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	39,705	39,705
Due from KIPP SoCal Public Schools	12,492	14,906	15,537	25,962	15,591	14,011	8,943	12,454	16,842	12,863	15,563	165,164
Prepaid Expenses	(7,525)	-	-	-	-	-	-	-	-	-	-	(7,525)
Security Deposit	-	-	-	-	5,000	-	-	-	-	-	-	5,000
Deferred Rent Asset	-	(157,041)	-	-	-	-	-	-	-	-	-	(157,041)
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	184,560	215,535	236,218	1,179,486	232,619	252,358	97,776	8,202	9,567	7,650	8,091	2,432,062
Accounts Payable - Other	182,473	23,302	82,737	197,746	185,618	71,730	26,013	6,006	222,332	55,738	164,978	1,218,673
Accrued Liabilities	11,811	75,796	5,522	(17,875)	38,971	1,753	7,807	2,894	48,173	(21,788)	(20,579)	132,485
Deferred Revenue	(29,372)	9,289	-	-	-	(16,708)	11,990	17,292	-	22,449	3,563	18,503
Deferred Rent Liability	24,997	-	46,423	175,484	60,772	-	-	52,680	61,944	63,120	64,596	550,016
Due to KLARE Holdings	(121,822)	(17,839)	(22,268)	(70,218)	(17,721)	-	(226)	(17,771)	(17,771)	(58,148)	(18,457)	(362,241)
Due to KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	14,669	294,767	42,658	573,974	266,239	293,079	279,029	337,219	499,975	305,446	514,693	3,421,748
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Property, Plant, and Equipment	(5,865)	(41,522)	-	(17,465)	-	-	-	(92,801)	(426,406)	(7,000)	-	(591,059)
Net Cash Provided (Used) by Investing Activities	(5,865)	(41,522)	-	(17,465)	-	-	-	(92,801)	(426,406)	(7,000)	-	(591,059)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Proceeds from Intercompany Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	8,804	253,245	42,658	556,509	266,239	293,079	279,029	244,418	73,569	298,446	514,693	2,830,689
Cash and Cash Equivalents - Beginning of Year	52,991	3,084,528	2,142,890	1,433,522	2,656,461	21,917	22,960	2,629,797	2,500,735	37,267	501,052	15,084,120
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 61,795</u>	<u>\$ 3,337,773</u>	<u>\$ 2,185,548</u>	<u>\$ 1,990,031</u>	<u>\$ 2,922,700</u>	<u>\$ 314,996</u>	<u>\$ 301,989</u>	<u>\$ 2,874,215</u>	<u>\$ 2,574,304</u>	<u>\$ 335,713</u>	<u>\$ 1,015,745</u>	<u>\$ 17,914,809</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>												
Cash Paid for Interest, Net of Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF CASH FLOWS — KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	LEA 17	LEA 16	SST	Eliminations	KIPP SoCal Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Change in Net Assets	\$ 263,046	\$ 249,782	\$ 140,488	\$ 335,829	\$ 109,556	\$ 95,040	\$ 1,152,239	\$ 6,209	\$ -	\$ 4,145,805	\$ -	\$ 6,497,994
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	735,711	6,546	30,588	53,062	3,114	-	1,254	-	-	6,371	-	836,646
Loss on Sale/Disposal of Property, Plant and Equipment	-	-	-	-	-	-	13,431	-	-	-	-	13,431
Investment Return	-	-	-	-	-	-	-	-	-	3,022	-	3,022
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	(1,753,778)	(787,790)	(414,379)	(1,229,477)	(1,437,659)	(959,245)	(308,890)	-	-	-	-	(6,891,218)
Accounts Receivable - Other	141,968	5,129	21,298	52,767	(32,812)	(101,862)	(8,823)	-	-	(948,467)	-	(870,802)
Contributions Receivable	-	-	-	-	-	-	-	-	-	23,195	-	23,195
Due from KLARE Holdings	39,705	-	-	-	-	-	-	-	-	(11,352,769)	-	(11,313,064)
Due from KIPP SoCal Public Schools	165,164	13,703	15,293	16,978	6,303	277	-	-	-	(1,000)	(216,718)	-
Prepaid Expenses	(7,525)	-	1,460	-	-	-	(1,169,482)	-	-	216,005	-	(959,542)
Security Deposit	5,000	-	-	-	-	-	(43,625)	-	-	13,400	-	(25,225)
Deferred Rent Asset	(157,041)	-	-	-	-	-	-	-	-	-	-	(157,041)
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	2,432,062	786,552	487,542	655,396	1,015,553	780,146	6,702	-	-	-	-	6,163,953
Accounts Payable - Other	1,218,673	85,966	69,787	169,119	135,389	187,373	103,938	-	-	9,889	-	1,980,134
Accrued Liabilities	132,485	17,567	29,389	18,113	21,439	25,351	58,442	-	-	(992,336)	-	(689,550)
Deferred Revenue	18,503	6,326	8,690	-	-	-	-	-	-	15,000	-	48,519
Deferred Rent Liability	550,016	-	-	72,517	-	-	-	-	-	-	-	622,533
Due to KLARE Holdings	(362,241)	-	-	(281,016)	(226)	-	-	-	-	41,558	-	(601,925)
Due to KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	1,000	(217,718)	216,718	-
Net Cash Provided (Used) by Operating Activities	3,421,748	383,781	390,156	(136,712)	(179,343)	27,080	(194,814)	6,209	1,000	(9,038,045)	-	(5,318,940)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Purchase of Investments	-	-	-	-	-	-	-	-	-	(54,023,480)	-	(54,023,480)
Sale of Investments	-	-	-	-	-	-	-	-	-	51,832,866	-	51,832,866
Issuance of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	(1,150,000)	1,150,000	-
Purchases of Property, Plant, and Equipment	(591,059)	-	(1,134)	(143,328)	(26,308)	(1,198)	(251,066)	-	-	-	-	(1,014,093)
Net Cash Provided (Used) by Investing Activities	(591,059)	-	(1,134)	(143,328)	(26,308)	(1,198)	(251,066)	-	-	(3,340,614)	1,150,000	(3,204,707)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Proceeds from Intercompany Notes Payable	-	-	-	300,000	350,000	-	500,000	-	-	-	(1,150,000)	-
Proceeds from Notes Payable	-	-	-	-	-	-	-	-	-	300,000	-	300,000
Net Cash Provided (Used) by Financing Activities	-	-	-	300,000	350,000	-	500,000	-	-	300,000	(1,150,000)	300,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,830,689	383,781	389,022	19,960	144,349	25,882	54,120	6,209	1,000	(12,078,659)	-	(8,223,647)
Cash and Cash Equivalents - Beginning of Year	15,084,120	1,404,479	504,604	331,404	9,407	12,898	-	-	-	16,000,342	-	33,347,254
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	17,914,809	1,788,260	893,626	351,364	153,756	38,780	54,120	6,209	1,000	3,921,683	-	25,123,607
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>												
Cash Paid for Interest, Net of Capitalized Interest	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,000)	\$ -

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION — RELATED SCHOOLS**  
**YEAR ENDED JUNE 30, 2020**

ASSETS	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	Total
<b>CURRENT ASSETS</b>													
Cash and Cash Equivalents	\$ 3,337,773	\$ 2,922,700	\$ 2,874,215	\$ 2,574,304	\$ 301,989	\$ 61,795	\$ 1,015,745	\$ 2,185,548	\$ 1,990,031	\$ 351,364	\$ 335,713	\$ 153,756	\$ 18,104,933
Accounts Receivable - Federal and State	871,819	1,026,701	673,540	793,299	386,156	973,606	717,563	1,255,454	2,793,850	1,838,485	579,439	1,582,004	13,491,916
Accounts Receivable - Other	244	-	918	-	-	334	15,744	895	1,629	95,552	2,813	111,466	229,595
Prepaid Expenses and Other Assets	-	-	-	-	-	7,525	-	-	-	-	-	-	7,525
Total Current Assets	<u>4,209,836</u>	<u>3,949,401</u>	<u>3,548,673</u>	<u>3,367,603</u>	<u>688,145</u>	<u>1,043,260</u>	<u>1,749,052</u>	<u>3,441,897</u>	<u>4,785,510</u>	<u>2,285,401</u>	<u>917,965</u>	<u>1,847,226</u>	<u>31,833,969</u>
<b>LONG-TERM ASSETS</b>													
Security Deposits	40,000	-	-	10,000	21,973	1,400	3,600	-	80,976	7,800	4,330	-	170,079
Deferred Rent Asset	157,041	-	-	-	-	-	-	-	-	-	-	-	157,041
Property, Plant, and Equipment, Net	405,851	266,432	219,682	502,200	-	108,129	39,080	219,483	759,975	327,004	169,826	23,194	3,040,856
Total Long-Term Assets	<u>602,892</u>	<u>266,432</u>	<u>219,682</u>	<u>512,200</u>	<u>21,973</u>	<u>109,529</u>	<u>42,680</u>	<u>219,483</u>	<u>840,951</u>	<u>334,804</u>	<u>174,156</u>	<u>23,194</u>	<u>3,367,976</u>
Total Assets	<u>\$ 4,812,728</u>	<u>\$ 4,215,833</u>	<u>\$ 3,768,355</u>	<u>\$ 3,879,803</u>	<u>\$ 710,118</u>	<u>\$ 1,152,789</u>	<u>\$ 1,791,732</u>	<u>\$ 3,661,380</u>	<u>\$ 5,626,461</u>	<u>\$ 2,620,205</u>	<u>\$ 1,092,121</u>	<u>\$ 1,870,420</u>	<u>\$ 35,201,945</u>
<b>LIABILITIES AND NET ASSETS</b>													
<b>CURRENT LIABILITIES</b>													
Accounts Payable - Federal and State	\$ 224,940	\$ 767,047	\$ 9,859	\$ 509,778	\$ 99,809	\$ 186,083	\$ 12,134	\$ 238,310	\$ 1,187,282	\$ 656,459	\$ 10,732	\$ 1,025,196	\$ 4,927,629
Accounts Payable - Other	114,448	304,599	142,502	335,121	118,166	270,174	254,338	226,145	408,177	420,730	185,091	158,890	2,938,381
Accrued Liabilities	111,309	71,473	46,829	85,234	44,058	30,857	61,326	37,973	178,685	71,013	20,220	30,497	789,474
Deferred Revenue	9,289	27,906	17,292	-	28,210	54,324	3,563	64,527	19,591	-	22,449	-	247,151
Total Current Liabilities	<u>459,986</u>	<u>1,171,025</u>	<u>216,482</u>	<u>930,133</u>	<u>290,243</u>	<u>541,438</u>	<u>331,361</u>	<u>566,955</u>	<u>1,793,735</u>	<u>1,148,202</u>	<u>238,492</u>	<u>1,214,583</u>	<u>8,902,635</u>
<b>LONG-TERM LIABILITIES</b>													
Intercompany Notes Payable	-	-	-	-	-	-	-	-	-	800,000	150,000	350,000	1,300,000
Deferred Rent Liabilities	-	60,772	52,680	61,944	-	308,449	64,596	610,270	244,001	141,034	98,240	-	1,641,986
Total Long-Term Liabilities	<u>-</u>	<u>60,772</u>	<u>52,680</u>	<u>61,944</u>	<u>-</u>	<u>308,449</u>	<u>64,596</u>	<u>610,270</u>	<u>244,001</u>	<u>941,034</u>	<u>248,240</u>	<u>350,000</u>	<u>2,941,986</u>
Total Liabilities	<u>459,986</u>	<u>1,231,797</u>	<u>269,162</u>	<u>992,077</u>	<u>290,243</u>	<u>849,887</u>	<u>395,957</u>	<u>1,177,225</u>	<u>2,037,736</u>	<u>2,089,236</u>	<u>486,732</u>	<u>1,564,583</u>	<u>11,844,621</u>
<b>NET ASSETS</b>													
Without Donor Restriction	<u>4,352,742</u>	<u>2,984,036</u>	<u>3,499,193</u>	<u>2,887,726</u>	<u>419,875</u>	<u>302,902</u>	<u>1,395,775</u>	<u>2,484,155</u>	<u>3,588,725</u>	<u>530,969</u>	<u>605,389</u>	<u>305,837</u>	<u>23,357,324</u>
Total Net Assets	<u>4,352,742</u>	<u>2,984,036</u>	<u>3,499,193</u>	<u>2,887,726</u>	<u>419,875</u>	<u>302,902</u>	<u>1,395,775</u>	<u>2,484,155</u>	<u>3,588,725</u>	<u>530,969</u>	<u>605,389</u>	<u>305,837</u>	<u>23,357,324</u>
Total Liabilities and Net Assets	<u>\$ 4,812,728</u>	<u>\$ 4,215,833</u>	<u>\$ 3,768,355</u>	<u>\$ 3,879,803</u>	<u>\$ 710,118</u>	<u>\$ 1,152,789</u>	<u>\$ 1,791,732</u>	<u>\$ 3,661,380</u>	<u>\$ 5,626,461</u>	<u>\$ 2,620,205</u>	<u>\$ 1,092,121</u>	<u>\$ 1,870,420</u>	<u>\$ 35,201,945</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES — RELATED SCHOOLS  
YEAR ENDED JUNE 30, 2020**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	Total
<b>REVENUES, WITHOUT DONOR RESTRICTION</b>													
State Revenue:													
Local Control Funding Formula Sources	\$ 5,322,640	\$ 6,069,739	\$ 5,162,044	\$ 6,089,412	\$ 2,362,758	\$ 4,461,357	\$ 5,986,260	\$ 6,266,248	\$ 10,724,852	\$ 7,663,974	\$ 4,875,648	\$ 2,286,426	\$ 67,271,358
Other State Revenue	1,037,792	1,248,830	1,109,136	1,243,261	542,198	939,622	1,226,468	1,095,888	1,969,221	1,368,809	1,121,405	207,746	13,110,376
Federal Revenue:													
Grants and Entitlements	641,307	681,960	529,024	640,142	432,323	590,095	828,746	850,225	1,467,606	802,440	657,080	315,357	8,436,305
Local Revenue:													
Contributions	57,498	93,421	38,272	50,359	1,183,650	824,350	433,247	41,706	874,101	918,962	492,348	1,037,933	6,045,847
Other Revenue	3,059	38,925	23,013	16,284	10,613	14,826	1,791	10,084	34,197	25,336	1,233	7,120	186,481
Total Revenues, Without Donor Restriction	<u>7,062,296</u>	<u>8,132,875</u>	<u>6,861,489</u>	<u>8,039,458</u>	<u>4,531,542</u>	<u>6,830,250</u>	<u>8,476,512</u>	<u>8,264,151</u>	<u>15,069,977</u>	<u>10,779,521</u>	<u>7,147,714</u>	<u>3,854,582</u>	<u>95,050,367</u>
<b>EXPENSES</b>													
Program Services:													
Educational Programs	6,487,818	7,782,852	6,214,348	7,341,417	4,124,186	6,361,200	7,668,082	7,814,310	13,993,636	9,681,025	6,410,493	3,459,909	87,339,276
Support Services:													
General and Administrative	482,911	540,005	463,443	538,692	310,950	425,651	557,482	582,275	1,001,197	709,551	620,348	268,938	6,501,443
Fundraising	45,821	45,741	53,012	59,300	25,295	37,398	41,110	54,216	87,503	53,116	41,303	16,179	559,994
Total Expenses	<u>7,016,550</u>	<u>8,368,598</u>	<u>6,730,803</u>	<u>7,939,409</u>	<u>4,460,431</u>	<u>6,824,249</u>	<u>8,266,674</u>	<u>8,450,801</u>	<u>15,082,336</u>	<u>10,443,692</u>	<u>7,072,144</u>	<u>3,745,026</u>	<u>94,400,713</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	45,746	(235,723)	130,686	100,049	71,111	6,001	209,838	(186,650)	(12,359)	335,829	75,570	109,556	649,654
Net Assets - Beginning of Year	<u>4,306,996</u>	<u>3,219,759</u>	<u>3,368,507</u>	<u>2,787,677</u>	<u>348,764</u>	<u>296,901</u>	<u>1,185,937</u>	<u>2,670,805</u>	<u>3,601,084</u>	<u>195,140</u>	<u>529,819</u>	<u>196,281</u>	<u>22,707,670</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,352,742</u>	<u>\$ 2,984,036</u>	<u>\$ 3,499,193</u>	<u>\$ 2,887,726</u>	<u>\$ 419,875</u>	<u>\$ 302,902</u>	<u>\$ 1,395,775</u>	<u>\$ 2,484,155</u>	<u>\$ 3,588,725</u>	<u>\$ 530,969</u>	<u>\$ 605,389</u>	<u>\$ 305,837</u>	<u>\$ 23,357,324</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS — RELATED SCHOOLS  
YEAR ENDED JUNE 30, 2020**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>													
Change in Net Assets	\$ 45,746	\$ (235,723)	\$ 130,686	\$ 100,049	\$ 71,111	\$ 6,001	\$ 209,838	\$ (186,650)	\$ (12,359)	\$ 335,829	\$ 75,570	\$ 109,556	\$ 649,654
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:													
Depreciation	118,981	94,875	40,792	45,109	-	31,281	26,511	97,747	235,675	53,062	44,740	3,114	791,887
(Increase) and Decrease in Operating Assets:													
Accounts Receivable - Federal and State	(37,719)	(133,545)	80,998	10,849	33,649	(292,426)	21,574	(238,006)	(1,165,543)	(1,229,477)	51,933	(1,437,659)	(4,335,372)
Accounts Receivable - Other	3,811	19,782	2,986	2,881	21,966	12,199	(690)	5,398	25,616	52,767	51,319	(32,812)	165,223
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	-	-	-	-	39,705	-	-	-	-	-	39,705
Due from KIPP SoCal Public Schools	14,906	15,591	12,454	16,842	8,943	12,492	15,563	15,537	25,962	16,978	12,863	6,303	174,434
Prepaid Expenses	-	-	-	-	-	(7,525)	-	-	-	-	-	-	(7,525)
Security Deposit	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000
Deferred Rent Asset	(157,041)	-	-	-	-	-	-	-	-	-	-	-	(157,041)
Increase and (Decrease) in Operating Liabilities:													
Accounts Payable - Federal and State	215,535	232,619	8,202	9,567	97,776	184,560	8,091	236,218	1,179,486	655,396	7,650	1,015,553	3,850,653
Accounts Payable - Other	23,302	185,618	6,006	222,332	26,013	182,473	164,978	82,737	197,746	169,119	55,738	135,389	1,451,451
Accrued Liabilities	75,796	38,971	2,894	48,173	7,807	11,811	(20,579)	5,522	(17,875)	18,113	(21,788)	21,439	170,284
Deferred Revenue	9,289	-	17,292	-	11,990	(29,372)	3,563	-	-	-	22,449	-	35,211
Deferred Rent Liability	-	60,772	52,680	61,944	-	24,997	64,596	46,423	175,484	72,517	63,120	-	622,533
Due to KLARE Holdings	(17,839)	(17,721)	(17,771)	(17,771)	(226)	(121,822)	(18,457)	(22,268)	(70,218)	(281,016)	(58,148)	(226)	(643,483)
Net Cash Provided (Used) by Operating Activities	294,767	266,239	337,219	499,975	279,029	14,669	514,693	42,658	573,974	(136,712)	305,446	(179,343)	2,812,614
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>													
Purchases of Property, Plant, and Equipment	(41,522)	-	(92,801)	(426,406)	-	(5,865)	-	-	(17,465)	(143,328)	(7,000)	(26,308)	(760,695)
Net Cash Used by Investing Activities	(41,522)	-	(92,801)	(426,406)	-	(5,865)	-	-	(17,465)	(143,328)	(7,000)	(26,308)	(760,695)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>													
Proceeds on Intercompany Notes Payable	-	-	-	-	-	-	-	-	-	300,000	-	350,000	650,000
Net Cash Provided by Financing Activities	-	-	-	-	-	-	-	-	-	300,000	-	350,000	650,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	253,245	266,239	244,418	73,569	279,029	8,804	514,693	42,658	556,509	19,960	298,446	144,349	2,701,919
Cash and Cash Equivalents - Beginning of Year	3,084,528	2,656,461	2,629,797	2,500,735	22,960	52,991	501,052	2,142,890	1,433,522	331,404	37,267	9,407	15,403,014
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,337,773</u>	<u>\$ 2,922,700</u>	<u>\$ 2,874,215</u>	<u>\$ 2,574,304</u>	<u>\$ 301,989</u>	<u>\$ 61,795</u>	<u>\$ 1,015,745</u>	<u>\$ 2,185,548</u>	<u>\$ 1,990,031</u>	<u>\$ 351,364</u>	<u>\$ 335,713</u>	<u>\$ 153,756</u>	<u>\$ 18,104,933</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

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

**NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

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

**NOTE 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 SoCal under programs of the federal governmental for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of KIPP SoCal, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP SoCal.

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



**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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

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

**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 Philosophers Academy, KIPP Academy of Opportunity, KIPP Vida Preparatory Academy, KIPP Raices Academy, KIPP Comienza Community Prep, KIPP Corazon Academy, KIPP Academy of Innovation, and KIPP Compton Community School defined as "Related Schools" to the "Obligated Group" in the Series 2014 A&B, 2015A&B, 2017A, and 2019A 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; SeLA, LLC; Zest RE, LLC; and Grit RE, LLC. Each Related School has a lease with a member of the Obligated Group.



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

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of KIPP SoCal Public Schools (KIPP SoCal), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2020, 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 4, 2020.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 SoCal’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 4, 2020



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

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of KIPP SoCal Public Schools (KIPP SoCal) 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, 2020. KIPP SoCal'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 SoCal'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 SoCal'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 SoCal 'a compliance.

### ***Opinion on Each Major Federal Program***

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

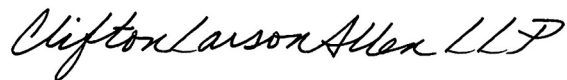
### **Report on Internal Control Over Compliance**

Management of KIPP SoCal 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 SoCal'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 SoCal'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 4, 2020



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

We have audited KIPP SoCal Public Schools's (KIPP SoCal) compliance with the types of compliance requirements described in the *2019-2020 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, 2020. KIPP SoCal'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 SoCal'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 *2019-2020 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 SoCal'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 SoCal's compliance.

### Compliance Requirements Tested

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

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

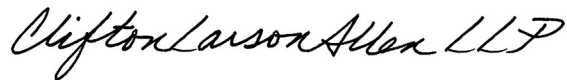
<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

**Opinion on State Compliance**

In our opinion, KIPP SoCal complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

**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 *2019-2020 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 4, 2020

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

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Section I – Summary of Auditors’ Results

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**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**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010	Title I, Part A, Basic Grants Low-Income and Neglected
84.027	Special Education Cluster: IDEA Basic Local Assistance

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

Auditee qualified as low-risk auditee? \_\_\_\_\_       x       yes \_\_\_\_\_ no



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

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

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

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**Section II – Financial Statement Findings**

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

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**Section III – Major Federal Program Findings**

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

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**Section IV – State Compliance Findings**

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Our audit did not disclose any matters required to be reported in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**KIPP SOCAL PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

KIPP SoCal Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: Fiscal year ended June 30, 2020

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

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the prior year.

**FINDINGS – FEDERAL AWARD PROGRAMS AUDITS**

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

**FINDINGS – STATE COMPLIANCE**

**2019-001 – Teaching Credential**

**40000**

- KIPP Academy of Opportunity (KAO) #530**
- KIPP Corazon Academy (KCA) #1855**
- KIPP Empower Academy (KEA) #1195**
- KIPP Ignite Academy (KIG) #1720**
- KIPP Illuminar Academy (KIA) #1508**
- KIPP Los Angeles College Prep (KLAP) #531**
- KIPP Philosopher's Academy (KPA) #1378**
- KIPP Scholar Academy (KSA) #1377**

**Criteria:** Education Code Section 47605(1) states that all teachers who are either providing classroom instruction, or who are authorized to provide classroom instruction, must possess a valid teaching credential issued from the California Commission on Teaching Credential (CCTC).

**Condition:** It was noted during attendance testing that 4 teachers did not have a valid teaching credential for the period under review. After KIPP SoCal conducted a full file review the following schools were out of compliance as follows: KAO- one 6th grade science teacher for the entire instructional year. KCA- one 4th & 5th grade math teacher from the beginning of the instructional year through December 31, 2018. KEA- two 2nd grade teachers and one kinder teacher for the entire instructional year. KIG- one kinder teacher from the beginning of the instructional year through December 31, 2018. And one 2nd grade teacher for the entire instructional year. KIA- one second grade and one 4th grade teacher for the entire instructional year. KLAP- one 5th grade science teacher for the entire instructional year. KPA- one 7th grade math teacher for the entire instructional year. KSA- one 6th grade math and one 7th grade English teacher for the entire instructional year.

**Status:** Implemented.

**KIPP SOCAL PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**2019-002 – Instructional Minutes**

**40000**

**KIPP Empower Academy (KEA) #1195  
KIPP Ignite Academy (KIG) #1720  
KIPP Illuminar Academy (KIA) #1508**

**Criteria:** Pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, the minimum instructional minutes offered for grades K, 1-3, and 4-6 should be 36,000, 50,400, and 54,000, respectively.

**Condition:** Due to finding 2019-001, some instructional minutes were disallowed that led to three sites listed at the beginning of this section offering insufficient instructional time.

**Status:** Implemented.

