

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

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

FOR THE YEAR ENDED JUNE 30, 2022

**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 Generations Academy - #2079
KIPP Poder Public School (KPPS) - #2112
KIPP Endeavor College Preparatory Charter (KECP) - #1094**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of KIPP SoCal Public Schools (KIPP SoCal), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the KIPP SoCal as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of KIPP SoCal and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2022 on our consideration of KIPP SoCal’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on KIPP SoCal’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP SoCal’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 12, 2022

KIPP SOCAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 47,454,371	\$ 15,321,792	\$ -	\$ 62,776,163
Investments	18,630,168	-	-	18,630,168
Restricted Cash and Cash Equivalents	-	39,081,225	-	39,081,225
Accounts Receivable - Federal And State	41,488,511	-	-	41,488,511
Accounts Receivable - Other	810,429	16,122	-	826,551
Contributions Receivable, Current Portion	504,000	-	-	504,000
Intercompany Receivable	27,020,763	171,518	(27,192,281)	-
Prepaid Expenses and Other Assets	1,289,578	66,041	(48,485)	1,307,134
Total Current Assets	<u>137,197,820</u>	<u>54,656,698</u>	<u>(27,240,766)</u>	<u>164,613,752</u>
LONG-TERM ASSETS				
Restricted Cash and Cash Equivalents	-	8,765,314	-	8,765,314
Investments	4,985,114	-	-	4,985,114
Security Deposits and Other Assets	1,282,767	469,162	(1,122,528)	629,401
Deferred Rent Asset	515,090	4,186,520	(4,701,610)	-
Intercompany Notes Receivable	5,400,000	-	(5,400,000)	-
Property, Plant, and Equipment, Net	3,992,589	209,686,388	-	213,678,977
Total Long-Term Assets	<u>16,175,560</u>	<u>223,107,384</u>	<u>(11,224,138)</u>	<u>228,058,806</u>
Total Assets	<u>\$ 153,373,380</u>	<u>\$ 277,764,082</u>	<u>\$ (38,464,904)</u>	<u>\$ 392,672,558</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable - Federal and State	\$ 1,248,103	\$ -	\$ -	\$ 1,248,103
Accounts Payable - Other	6,128,011	1,446,231	-	7,574,242
Accrued Liabilities	2,706,312	4,191,558	(98,500)	6,799,370
Unearned Revenue	11,953,585	2,069,611	(1,072,512)	12,950,684
Notes Payable, Current Portion	136,666	109,864	-	246,530
Bonds Payable, Current Portion	-	2,590,000	-	2,590,000
Intercompany Payable	171,518	27,020,764	(27,192,282)	-
Total Current Liabilities	<u>22,344,195</u>	<u>37,428,028</u>	<u>(28,363,294)</u>	<u>31,408,929</u>
LONG-TERM LIABILITIES				
Intercompany Notes Payable	-	5,400,000	(5,400,000)	-
Deferred Rent Liability	4,441,161	2,570,412	(4,701,610)	2,309,963
Grant Fund Reserve Payable	-	516,000	-	516,000
Notes Payable, Net of Current Portion	14,483	35,189,976	-	35,204,459
Bonds Payable, Net Current Portion	-	181,655,364	-	181,655,364
Total Long-Term Liabilities	<u>4,455,644</u>	<u>225,331,752</u>	<u>(10,101,610)</u>	<u>219,685,786</u>
Total Liabilities	26,799,839	262,759,780	(38,464,904)	251,094,715
NET ASSETS				
Without Donor Restriction	123,379,171	15,004,302	-	138,383,473
With Donor Restriction	3,194,370	-	-	3,194,370
Total Net Assets	<u>126,573,541</u>	<u>15,004,302</u>	<u>-</u>	<u>141,577,843</u>
Total Liabilities and Net Assets	<u>\$ 153,373,380</u>	<u>\$ 277,764,082</u>	<u>\$ (38,464,904)</u>	<u>\$ 392,672,558</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
REVENUES, WITHOUT DONOR RESTRICTION				
State Revenue:				
Local Funding Formula Sources	\$ 109,453,509	\$ -	\$ -	\$ 109,453,509
Other State Revenue	27,839,018	-	-	27,839,018
Federal Revenue:				
Grants and Entitlements	42,519,449	-	-	42,519,449
Local Revenue:				
Contributions	10,837,045	25,000	-	10,862,045
Other Revenue	1,824,938	14,847,033	(14,830,211)	1,841,760
Interest and Investment Income	(660,911)	4,637	(54,000)	(710,274)
Total Revenues, Without Donor Restriction	<u>191,813,048</u>	<u>14,876,670</u>	<u>(14,884,211)</u>	<u>191,805,507</u>
Net Assets Released from Restriction	<u>1,052,741</u>	<u>-</u>	<u>-</u>	<u>1,052,741</u>
Total Revenues, Without Donor Restriction and Net Assets Released from Restriction	192,865,789	14,876,670	(14,884,211)	192,858,248
EXPENSES				
Program Services Expense:				
Educational Programs	143,235,926	15,512,004	(14,884,211)	143,863,719
Support Services Expense:				
Management and General	22,287,040	184,630	-	22,471,670
Fundraising and Development	1,263,052	-	-	1,263,052
Total Expenses	<u>166,786,018</u>	<u>15,696,634</u>	<u>(14,884,211)</u>	<u>167,598,441</u>
OTHER CHANGES IN NET ASSETS				
Capital Contribution	(6,000,000)	6,000,000	-	-
Contribution From Acquisition of KECP	3,936,726	-	-	3,936,726
Contribution from Acquisition of 1241-1263 South Soto LLC	-	6,028,210	-	6,028,210
Other Changes in Net Assets	<u>(2,063,274)</u>	<u>12,028,210</u>	<u>-</u>	<u>9,964,936</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	24,016,497	11,208,246	-	35,224,743
NET ASSETS WITH DONOR RESTRICTION				
Net Assets Released from Restriction	<u>(1,052,741)</u>	<u>-</u>	<u>-</u>	<u>(1,052,741)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	<u>(1,052,741)</u>	<u>-</u>	<u>-</u>	<u>(1,052,741)</u>
CHANGE IN NET ASSETS	22,963,756	11,208,246	-	34,172,002
Net Assets, Beginning of Year	<u>103,609,785</u>	<u>3,796,056</u>	<u>-</u>	<u>107,405,841</u>
NET ASSETS, END OF YEAR	<u>\$ 126,573,541</u>	<u>\$ 15,004,302</u>	<u>\$ -</u>	<u>\$ 141,577,843</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 22,963,756	\$ 11,208,246	\$ -	\$ 34,172,002
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	1,126,223	6,271,209	-	7,397,432
Unrealized (Gains) and Losses	933,202	-	-	933,202
Bond Premium and Issue Cost Amortization	-	(629,639)	-	(629,639)
(Increase) and Decrease in Operating Assets:				
Accounts Receivable - Federal and State	(7,223,395)	-	-	(7,223,395)
Accounts Receivable - Other	(299,378)	(60,992)	-	(360,370)
Contributions Receivable	529,059	-	-	529,059
Intercompany Receivable	7,608,936	(60,306)	(7,548,630)	-
Prepaid Expenses	(2,241,171)	(17,301)	-	(2,258,472)
Security Deposits and Other Assets	1,119,824	(163,500)	-	956,324
Deferred Rent Asset	(186,880)	(1,689,050)	1,875,930	-
Increase and (Decrease) in Operating Liabilities:				
Accounts Payable - Federal and State	(258,164)	-	-	(258,164)
Accounts Payable - Other	662,209	(1,441,488)	-	(779,279)
Accrued Liabilities	(102,420)	18,151	-	(84,269)
Unearned Revenue	4,502,931	948,613	-	5,451,544
Deferred Rent Liability	1,544,641	434,567	(1,875,930)	103,278
Intercompany Payable	60,306	(7,608,936)	7,548,630	-
Net Cash Provided by Operating Activities	30,739,679	7,209,574	-	37,949,253

See accompanying Notes to Consolidating Financial Statements.

KIPP SoCAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	\$ (23,666,097)	\$ -	\$ -	\$ (23,666,097)
Sale of investments	17,360,454	3,834,955	-	21,195,409
Purchases of Property, Plant, and Equipment	(1,828,825)	(32,376,948)	-	(34,205,773)
Net Cash Used by Investing Activities	(8,134,468)	(28,541,993)	-	(36,676,461)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Notes Payable and Bonds Payable	357,197	17,108,244	-	17,465,441
Payments on Notes Payable and Bonds Payable	(506,048)	(2,032,168)	-	(2,538,216)
Net Cash Provided (Used) by Financing Activities	(148,851)	15,076,076	-	14,927,225
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	22,456,360	(6,256,343)	-	16,200,017
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	24,998,011	69,424,674	-	94,422,685
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 47,454,371</u>	<u>\$ 63,168,331</u>	<u>\$ -</u>	<u>\$ 110,622,702</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash Paid for Interest, Net of Capitalized Interest	<u>\$ 18,118</u>	<u>\$ 8,323,416</u>	<u>\$ -</u>	<u>\$ 8,341,534</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ 1,393,200</u>	<u>\$ -</u>	<u>\$ 1,393,200</u>
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION				
Cash and Cash Equivalents	\$ 47,454,371	\$ 15,321,792	\$ -	\$ 62,776,163
Restricted Cash and Cash Equivalents, Current	-	39,081,225	-	39,081,225
Restricted Cash and Cash Equivalents, Long-Term	-	8,765,314	-	8,765,314
Total Cash and Cash Equivalents	<u>\$ 47,454,371</u>	<u>\$ 63,168,331</u>	<u>\$ -</u>	<u>\$ 110,622,702</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	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	\$ 65,659,429	\$ 10,279,147	\$ 615,919	\$ 76,554,495	\$ -	\$ -	\$ -	\$ -	\$ 76,554,495
Pension Expense	2,168,615	374,222	23,557	2,566,394	-	-	-	-	2,566,394
Other Employee Benefits	8,176,234	1,932,592	135,793	10,244,619	-	-	-	-	10,244,619
Payroll Taxes	4,827,342	836,917	52,788	5,717,047	-	-	-	-	5,717,047
Management Fees	-	1,014,121	-	1,014,121	-	-	-	-	1,014,121
Legal Expenses	-	149,755	-	149,755	-	1,872	1,872	-	151,627
Accounting Expenses	-	107,709	-	107,709	-	25,305	25,305	-	133,014
Other Fees for Services	8,954,099	3,721,675	-	12,675,774	650	150,272	150,922	-	12,826,696
Advertising and Promotion	688,574	761,250	232,011	1,681,835	-	-	-	-	1,681,835
Office Expenses	2,469,533	105,637	-	2,575,170	3,334	607	3,941	-	2,579,111
Information Technology	4,345,332	593,090	33,085	4,971,507	-	-	-	-	4,971,507
Occupancy Expenses	27,077,710	1,694,468	25,940	28,798,118	1,368,050	-	1,368,050	(14,830,211)	15,335,957
Travel Expenses	188,048	-	-	188,048	-	-	-	-	188,048
Conferences and Meetings	582,802	-	-	582,802	-	-	-	-	582,802
Interest Expense	18,118	-	-	18,118	7,648,620	-	7,648,620	(54,000)	7,612,738
Depreciation	1,070,807	55,416	-	1,126,223	6,271,209	-	6,271,209	-	7,397,432
Insurance Expense	543,926	33,407	465	577,798	-	-	-	-	577,798
Instructional Materials & Services	7,721,649	-	-	7,721,649	-	-	-	-	7,721,649
Student Meals	5,515,951	-	-	5,515,951	-	-	-	-	5,515,951
Other Expenses	3,227,757	627,634	143,494	3,998,885	220,141	6,574	226,715	-	4,225,600
Subtotal	143,235,926	22,287,040	1,263,052	166,786,018	15,512,004	184,630	15,696,634	(14,884,211)	167,598,441
Eliminations	(14,830,211)	-	-	(14,830,211)	(54,000)	-	(54,000)	14,884,211	-
Total Functional Expenses	\$ 128,405,715	\$ 22,287,040	\$ 1,263,052	\$ 151,955,807	\$ 15,458,004	\$ 184,630	\$ 15,642,634	\$ -	\$ 167,598,441

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

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

Net Assets Classes

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

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

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

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets Classes (Continued)

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

Net Assets Without Donor Restrictions	
Undesignated	\$ 138,383,473
Total Net Assets Without Donor Restrictions	<u>\$ 138,383,473</u>
Net Assets With Donor Restrictions	
Time Restrictions:	
Contributions Receivable	\$ 504,000
Subject to Specific Purpose:	
Karsh Family Teacher Recognition Fund	2,690,370
Total Net Assets With Donor Restrictions	<u>\$ 3,194,370</u>

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

Release of Restrictions:	
Time Restrictions	\$ 529,059
Subject to Specific Purpose	523,682
Total Release of Restrictions	<u>\$ 1,052,741</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, 2022

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, 2022.

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

Unrealized Losses	\$ (933,202)
Interest and Dividends	272,940
Management Fees	<u>(51,339)</u>
Total Investment Return	<u><u>\$ (711,601)</u></u>

Use of Estimates

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

Basis of Accounting

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

Functional Allocation of Expenses

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

Contributions

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

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

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

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when KIPP SoCal has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenues in the statement of financial position. As of June 30, 2022, KIPP SoCal has conditional grants of \$56,826,879 that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2022, KIPP SoCal has received conditional grants of \$11,953,585 that are recognized as unearned revenue in the consolidating statement of financial position because conditions have not yet been met.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of 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, 2022. 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, 2022 was \$7,397,432.

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

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; KSD Facilities, LLC; KLARE 21, LLC, KLARE 22, LLC, KLARE 23, LLC; KLARE 24, LLC, KLARE 25, LLC and 1241-1263 South Soto LLC. All material intercompany transactions have been eliminated.

Income Taxes

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

KIPP SoCal 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.

Subsequent Events

All events subsequent to the statement of financial position date of June 30, 2022 through December 12, 2022, which is the date these financial statements were available to be issued, have been evaluated in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and Cash Equivalents	\$ 62,776,163
Investments	18,630,168
Accounts Receivable - Federal And State	41,488,511
Accounts Receivable - Other	826,551
Less: Net Assets With Donor Restrictions	<u>(3,194,370)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 120,527,023</u></u>

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

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CONCENTRATION OF CREDIT RISK

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

NOTE 4 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, 2022, KIPP SoCal had contributions receivable expected to be received in the following periods:

In One Year or Less	\$ 504,000
Between One and Five Years	-
Total Gross Contributions Receivable	504,000
Less: Discount on Contributions Receivable	-
Net Contributions Receivable	\$ 504,000

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.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Fair Value Measurement 2022	
	Total	Level 1
U.S. Treasury Certificates	\$ 8,797,883	\$ 8,797,883
U.S. Government Agencies Notes and Bonds	488,251	488,251
Corporate Bonds	9,150,452	9,150,452
Municipal Bonds	192,752	192,752
Asset Backed Loan	143,255	143,255
Developed International Bonds	2,152,319	2,152,319
Total Investments Carried at Fair Value (FV)	20,924,912	\$ 20,924,912
CCF Endowment Pool:		
Karsh Family Teacher Recognition Fund - Carried at NAV	2,690,370	
Total Investments	\$ 23,615,282	

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 consisted of the following:

	KIPP SoCal		Total
	Schools	KLARE	
Construction in Progress	\$ 696,562	\$ 10,134,460	\$ 10,831,022
Land	-	55,526,258	55,526,258
Buildings	859,728	145,229,130	146,088,858
Leasehold Improvements	2,757,005	18,934,392	21,691,397
Furniture and Equipment	4,721,905	2,445,698	7,167,603
Total Property, Plant, and Equipment	9,035,200	232,269,938	241,305,138
Less: Accumulated Depreciation	(5,042,611)	(22,583,550)	(27,626,161)
Property, Plant, and Equipment, Net	\$ 3,992,589	\$ 209,686,388	\$ 213,678,977

NOTE 7 LINE OF CREDIT

KIPP SoCal has a line of credit with First Republic Bank for \$10,000,000 with an annual interest rate equal to the Index Rate minus one half percent (0.5%). The line of credit expires October 20, 2022, and there was no balance outstanding as of June 30, 2022.

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

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 was repaid in full on the maturity date of November 30, 2021.

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

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

In July 2020, KLARE obtained a revolving loan from a financial institution for up to \$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. The balance on this revolving loan as of June 30, 2022 is \$6,287,553.

Endeavor College Preparatory Charter entered into a loan agreement with Excellent Education Development. The Organization received a loan in the amount of \$1,500,000. The loan bears an annual interest rate of 1.5%, unsecured, with a maturity date in September 2023. The loan was repaid in full in September 2022.

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

**KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 NOTES PAYABLE (CONTINUED)

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

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 235,062
2024	6,439,984
2025	11,851,097
2026	127,224
2027	9,315,037
Thereafter	<u>7,960,749</u>
Total Future Maturities	35,929,153
Unamortized Issue Costs	<u>(478,164)</u>
Total Notes Payable	<u><u>\$ 35,450,989</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.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 BONDS PAYABLE (CONTINUED)

Series 2014 A&B (Continued)

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

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% per year.

Series 2017 A

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

Series 2019 A

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

Series 2020 A

In December 2020, KLARE obtained financing through the CSFA. The amount loaned to KLARE was \$33,410,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on facilities leased by KLARE 18, LLC and owned by KLARE 16, LLC. The loan agreement requires KLARE to comply with various covenants, conditions, and restrictions, including maintaining certain financial ratios. The bonds bear an interest rates ranging from 4% to 5% per year.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 BONDS PAYABLE (CONTINUED)

All Bond Series Issues

For the 2014, 2015, and 2017 bonds, KLARE is required to maintain in a bond reserve cash account an amount equal to the bond reserve requirement which is calculated as the least of (a) 10% of the proceeds from the bonds, (b) maximum annual debt service with respect to the bonds outstanding, (c) 125% of average annual debt service with respect to the bonds, or (d) the last bond year only, the total debt service with respect to the bonds outstanding. For the 2019 and 2020 bond, KLARE is required to maintain in a bond reserve cash account an amount equal to .50 times the maximum combined amount of principal and interest payable on the bond during the current or future bond year. The total reserve requirement as of June 30, 2022 is \$8,718,816.

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 \$17,098,243. The premium is being amortized over the life of the bonds. \$934,856 of amortization of the bond premium was recorded against interest expense for the year ended June 30, 2022.

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, 2022 and unamortized issue costs as of June 30, 2022 were \$478,165 and \$3,167,879, respectively.

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

Grant Fund Reserve Payable

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

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 BONDS PAYABLE (CONTINUED)

Future maturities of bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,590,000
2024	2,695,000
2025	3,300,000
2026	3,450,000
2027	3,635,000
Thereafter	<u>154,645,000</u>
Total Future Maturities	170,315,000
Bond Premium	17,098,243
Unamortized Issue Costs	<u>(3,167,879)</u>
Total Bonds Payable	<u><u>\$ 184,245,364</u></u>

NOTE 10 RESTRICTED CASH AND CASH EQUIVALENTS

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

Restricted Bond Accounts:

Facility Projects	\$ 29,690,827
Reserve	8,765,314
Interest	4,662,539
Repair and Replacement Reserve	1,574,847
Revenue Fund	46,883
Sinking Account	1,220,000
Principal Account	1,370,000
CSFA Restricted Grant for Debt Service Fund	<u>516,129</u>
Total Restricted Cash and Cash Equivalents	<u><u>\$ 47,846,539</u></u>

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, 2022 totaled \$1,679,021.

STRS and PERS

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

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)

STRS and PERS (Continued)

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

State Teachers' Retirement System (STRS)

Plan Description

KIPP SoCal contributes to the California State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by State Statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2021, total STRS plan net position is \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled \$5.744 billion, and the plan is 73% funded.. KIPP SoCal did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 100 Waterfront Pl, West Sacramento, CA 95605, and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% 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. The required employer contribution rate for year ended June 30, 2022 was 16.92% 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.

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

KIPP SoCal contributes to the School Employer Pool under the California Public Employees' Retirement System (PERS), a cost-sharing multiemployer 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, 2020, the School Employer Pool total plan net position is \$86.5 billion, the present value of accumulated plan benefits is \$106.8 billion, contributions from all employers totaled \$2.97 billion, and the plan is 81% 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, California 95811, and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary. The school 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, 2022 was 22.91%. The contribution requirements of the plan members are established and may be amended by state statute.

Contribution to STRS and PERS

<u>Year Ended June 30.</u>	<u>STRS Required Contribution</u>	<u>STRS Percent Contributed</u>	<u>PERS Required Contribution</u>	<u>PERS Percent Contributed</u>
2020	\$ 931,843	100 %	\$ 38,347	100 %
2021	\$ 773,329	100 %	\$ 51,077	100 %
2022	\$ 826,360	100 %	\$ 57,967	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, 2022 were \$3,687,782 and \$3,299,712, respectively.

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 OPERATING LEASES (CONTINUED)

The future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 2,449,368
2024	2,036,777
2025	1,398,512
2026	1,241,199
2027	1,256,472
Thereafter	12,476,961
Total	<u><u>\$ 20,859,289</u></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.

NOTE 14 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.

In the prior 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 2022 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 15 BUSINESS COMBINATION

KIPP SoCal acquired Endeavor College Preparatory Charter School and its related 1241-1263 South Soto LLC facility holding company with an economic effective date of July 1, 2021.

KIPP SOCIAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 BUSINESS COMBINATION (CONTINUED)

Control was acquired via an executed agreement of merger filed with the Secretary of State on August 2, 2022. There was no consideration transferred as a result of the acquisition or goodwill recognized and all assets, liabilities and net assets of KIPP Endeavor College Preparatory Charter School were recorded at estimated fair value on the acquisition date as follows:

Assets	
Cash and Cash Equivalents	\$ 1,908,342
Accounts Receivable - Federal and State	2,058,953
Accounts Receivable - Other	22,851
Prepaid Expenses and Other Assets	65,087
Security Deposits	13,000
Property, Plant and Equipment	962,690
Total Assets	<u><u>\$ 5,030,923</u></u>

Liabilities and Net Assets	
Accounts Payable and Accrued Liabilities	\$ 182,158
Deferred Revenue	438,342
Notes Payable	357,197
Related Party Note Payable	116,500
Net Assets Without Donor Restrictions	3,936,726
Total Liabilities and Net Assets	<u><u>\$ 5,030,923</u></u>

KLARE acquired 1241-1263 South Soto LLC, which was created to support KIPP Endeavor College Preparatory Charter School by acquiring property and subsequently leasing the property to KIPP Endeavor College Preparatory Charter School with an economic effective date of July 1, 2021. Control was acquired via executed agreement of merger filed with the Secretary of State on June 30, 2022. There was no consideration transferred as a result of the acquisition or goodwill recognized and all assets, liabilities and net assets of 1241-1263 South Soto LLC were recorded at estimated fair value on the acquisition date as follows:

Assets	
Cash and Cash Equivalents	\$ 398,491
Prepaid Expenses and Other Assets	650
Related Party Note Receivable	116,500
Property, Plant and Equipment	22,818,109
Total Assets	<u><u>\$ 23,333,750</u></u>

Liabilities and Net Assets	
Accounts Payable and Accrued Liabilities	\$ 147,796
Deferred Revenue	49,500
Notes Payable	17,108,244
Net Assets Without Donor Restrictions	6,028,210
Total Liabilities and Net Assets	<u><u>\$ 23,333,750</u></u>

KIPP SOCAL PUBLIC SCHOOLS
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 SUBSEQUENT EVENT

On October 6, 2022, a Request for Dismissal of Appeal was filed by KIPP SoCal Public Schools, effectively ending the efforts to develop a school facility at the property owned by KLARE 16, LLC. As a result, it is estimated that approximately \$3,900,000 will be written off from the work-in-progress long-term assets at KLARE 16, LLC during the 2022-23 fiscal year.

SUPPLEMENTARY INFORMATION

**KIPP SOCAL PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE - UNAUDITED
YEAR ENDED JUNE 30, 2022**

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

Approved by the Los Angeles Unified School District:

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

Approved by the Los Angeles County Office of Education

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

Approved by the Compton Unified School District:

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

Approved by the San Diego Unified School District:

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

**KIPP SOCAL PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE – UNAUDITED (CONTINUED)
YEAR ENDED JUNE 30, 2022**

The Board of Directors and the Administrators as of June 30, 2022 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 Year Term)</u>
Julie Miller	Chair	June 2024
Luis Rodriguez	Vice Chair	June 2022
Heather Lord	Secretary	June 2024
Jon Berg	Member	June 2022
Norma Parraz	Member	June 2024
Randy Bishop	Member	June 2024
Mel Carlisle	Member	June 2023
Nancy Maldonado	Member	June 2024
Philip Feder	Member	June 2024
E.J. Kavounas	Member	June 2023
Carlos Bermudez	Member	June 2024
Courtney Criswell	Member	June 2023
Frank Reddick	Member	Deceased February 2022

ADMINISTRATORS

Angella Martinez	CEO
Kyle Salyer	Chief Financial Officer
César Bocanegra	Chief Operating Officer, resigned February 1, 2022

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
KIPP Academy of Opportunity				
Grade 5	54,000	59,770	178	In compliance
Grade 6	54,000	60,295	178	In compliance
Grade 7	54,000	60,395	178	In compliance
Grade 8	54,000	59,875	178	In compliance
KIPP LA Prep				
Grade 5	54,000	61,055	178	In compliance
Grade 6	54,000	61,055	178	In compliance
Grade 7	54,000	60,896	178	In compliance
Grade 8	54,000	60,896	178	In compliance
KIPP Raíces Academy				
Kindergarten	36,000	63,025	177	In compliance
Grade 1	50,400	67,085	177	In compliance
Grade 2	50,400	67,085	177	In compliance
Grade 3	50,400	67,085	177	In compliance
Grade 4	54,000	67,885	177	In compliance
KIPP Comienza Community Prep				
Kindergarten	36,000	57,190	178	In compliance
Grade 1	50,400	57,350	178	In compliance
Grade 2	50,400	57,350	178	In compliance
Grade 3	50,400	57,350	178	In compliance
Grade 4	54,000	59,470	178	In compliance
Grade 5	54,000	59,470	178	In compliance
Grade 6	54,000	59,470	178	In compliance
Grade 7	54,000	68,732	178	In compliance
Grade 8	54,000	68,732	178	In compliance
KIPP Empower Academy				
Kindergarten	36,000	65,850	178	In compliance
Grade 1	50,400	64,160	178	In compliance
Grade 2	50,400	64,160	178	In compliance
Grade 3	50,400	64,160	178	In compliance
Grade 4	54,000	60,860	178	In compliance
KIPP Scholar Academy				
Grade 5	54,000	70,430	178	In compliance
Grade 6	54,000	70,430	178	In compliance
Grade 7	54,000	70,430	178	In compliance
Grade 8	54,000	70,430	178	In compliance
KIPP Philosophers Academy				
Grade 5	54,000	67,490	178	In compliance
Grade 6	54,000	67,490	178	In compliance
Grade 7	54,000	68,290	178	In compliance
Grade 8	54,000	68,290	178	In compliance
KIPP Poder Public				
Kindergarten	36,000	63,440	178	In compliance
KIPP Sol Academy				
Grade 5	54,000	65,090	178	In compliance
Grade 6	54,000	65,090	178	In compliance
Grade 7	54,000	65,090	178	In compliance
Grade 8	54,000	65,090	178	In compliance
KIPP Iluminar Academy				
Kindergarten	36,000	60,185	178	In compliance
Grade 1	50,400	64,465	178	In compliance
Grade 2	50,400	64,465	178	In compliance
Grade 3	50,400	64,465	178	In compliance
Grade 4	54,000	59,060	178	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
KIPP Academy of Innovation				
Grade 5	54,000	55,480	178	In compliance
Grade 6	54,000	55,480	178	In compliance
Grade 7	54,000	55,480	178	In compliance
Grade 8	54,000	55,480	178	In compliance
KIPP Vida Preparatory Academy				
Kindergarten	36,000	58,700	178	In compliance
Grade 1	50,400	62,570	178	In compliance
Grade 2	50,400	62,570	178	In compliance
Grade 3	50,400	62,570	178	In compliance
Grade 4	54,000	64,050	178	In compliance
KIPP Ignite Academy				
Kindergarten	36,000	62,615	178	In compliance
Grade 1	50,400	65,355	178	In compliance
Grade 2	50,400	65,355	178	In compliance
Grade 3	50,400	65,355	178	In compliance
Grade 4	54,000	64,650	178	In compliance
KIPP Promesa Preparatory				
Kindergarten	36,000	63,510	176	In compliance
Grade 1	50,400	60,835	176	In compliance
Grade 2	50,400	60,835	176	In compliance
Grade 3	50,400	60,835	176	In compliance
Grade 4	54,000	63,670	176	In compliance
KIPP Corazon Academy				
Kindergarten	36,000	53,900	178	In compliance
Grade 1	50,400	57,195	178	In compliance
Grade 2	50,400	57,195	178	In compliance
Grade 3	50,400	57,195	178	In compliance
Grade 4	54,000	58,315	178	In compliance
Grade 5	54,000	64,441	178	In compliance
Grade 6	54,000	64,550	178	In compliance
Grade 7	54,000	65,196	178	In compliance
Grade 8	54,000	65,196	178	In compliance
KIPP Compton Community School				
Kindergarten	36,000	58,515	181	In compliance
Grade 1	50,400	62,735	181	In compliance
Grade 2	50,400	62,735	181	In compliance
Grade 3	50,400	62,735	181	In compliance
KIPP Pueblo Unido School				
Kindergarten	36,000	63,710	178	In compliance
Grade 1	50,400	62,075	178	In compliance
Grade 2	50,400	62,075	178	In compliance
Grade 6	54,000	62,865	178	In compliance
Grade 7	54,000	61,745	178	In compliance
KIPP Adelante Preparatory Academy				
Grade 5	54,000	59,550	178	In compliance
Grade 6	54,000	59,435	178	In compliance
Grade 7	54,000	61,030	178	In compliance
Grade 8	54,000	59,695	178	In compliance
KIPP Endeavor College Preparatory Charter				
Kindergarten	36,000	57,340	177	In compliance
Grade 1	50,400	56,390	177	In compliance
Grade 2	50,400	56,390	177	In compliance
Grade 3	50,400	56,390	177	In compliance
Grade 4	54,000	58,175	177	In compliance
Grade 5	54,000	58,175	177	In compliance
Grade 6	54,000	58,175	177	In compliance
Grade 7	54,000	64,567	177	In compliance
Grade 8	54,000	64,567	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, 2022**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Academy of Opportunity				
Grades 4 - 6	202.69	203.29	202.69	203.37
Grades 7 - 8	189.38	191.31	188.61	190.52
Total	392.07	394.60	391.30	393.89
KIPP LA Prep				
Grades 4 - 6	237.69	245.47	238.83	245.21
Grades 7 - 8	229.76	235.32	230.59	235.41
Total	467.45	480.79	469.42	480.62
KIPP Raíces Academy				
TK/K - 3	399.40	403.63	401.19	404.49
Grades 4 - 6	99.00	100.22	99.54	100.49
Total	498.40	503.85	500.73	504.98
KIPP Comienza Community Prep				
TK/K - 3	386.22	396.21	388.90	397.30
Grades 4 - 6	309.41	312.02	310.87	312.95
Grades 7 - 8	200.02	201.91	200.33	202.03
Total	895.65	910.14	900.10	912.28
KIPP Empower Academy				
TK/K - 3	367.96	373.34	366.92	371.56
Grades 4 - 6	97.70	98.95	98.85	99.83
Total	465.66	472.29	465.77	471.39
KIPP Scholar Academy				
Grades 4 - 6	157.62	170.77	158.24	170.78
Grades 7 - 8	158.84	172.65	159.39	172.34
Total	316.46	343.42	317.63	343.12
KIPP Philosophers Academy				
Grades 4 - 6	137.98	143.30	137.42	142.18
Grades 7 - 8	101.77	104.27	101.31	104.16
Total	239.75	247.57	238.73	246.34
KIPP Sol Academy				
Grades 4 - 6	227.18	229.90	228.04	230.79
Grades 7 - 8	216.35	218.96	216.76	219.22
Total	443.53	448.86	444.80	450.01
KIPP Endeavor College Prep				
TK/K - 3	193.63	196.46	195.13	198.08
Grades 4 - 6	172.03	172.07	173.12	173.21
Grades 7 - 8	117.37	117.82	117.92	118.58
Total	483.03	486.35	486.17	489.87

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2022**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
KIPP Illuminar Academy				
TK/K - 3	386.12	391.51	389.24	394.04
Grades 4 - 6	97.28	98.47	98.10	99.22
Total	483.40	489.98	487.34	493.26
KIPP Vida Preparatory Academy				
TK/K - 3	355.56	366.09	356.81	367.28
Grades 4 - 6	83.41	87.96	83.41	88.17
Total	438.97	454.05	440.22	455.45
KIPP Academy of Innovation				
Grades 4 - 6	226.74	232.70	226.94	232.71
Grades 7 - 8	211.23	214.68	210.44	213.83
Total	437.97	447.38	437.38	446.54
KIPP Corazon Academy				
TK/K - 3	372.99	380.34	374.63	380.38
Grades 4 - 6	315.99	323.51	316.82	322.84
Grades 7 - 8	208.21	212.54	207.74	211.21
Total	897.19	916.39	899.19	914.43
KIPP Ignite Academy				
TK/K - 3	259.72	266.11	259.52	266.09
Grades 4 - 6	69.83	70.47	69.57	70.29
Total	329.55	336.58	329.09	336.38
KIPP Promesa Preparatory				
TK/K - 3	345.35	352.18	341.98	349.27
Grades 4 - 6	93.61	96.32	93.70	96.01
Total	438.96	448.50	435.68	445.28
KIPP Compton Community Charter				
TK/K - 3	354.44	361.12	353.29	359.86
Total	354.44	361.12	353.29	359.86
KIPP Adelante Preparatory Charter				
Grades 4 - 6	124.05	124.91	124.97	125.62
Grades 7 - 8	185.08	185.54	185.19	185.72
Total	309.13	310.45	310.16	311.34
KIPP Poder Public				
TK/K - 3	87.48	91.82	88.50	92.28
Total	87.48	91.82	88.50	92.28
KIPP Pueblo Unido				
TK/K - 3	248.33	259.90	248.27	259.76
Grades 4 - 6	32.56	32.60	32.67	32.70
Grades 7 - 8	60.98	61.55	60.47	60.95
Total	341.87	354.05	341.41	353.41
ADA Total	8,320.96	8,498.19	8,336.91	8,500.73

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, 2022

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA
June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 647,020	\$ 6,608,506	\$ 3,917,564	\$ 6,449,510	\$ 4,058,624	\$ 735,696	\$ 724,633	\$ 5,806,843	\$ 4,952,467
Adjustments and Reclassifications:									
Increasing (Decreasing) the Fund Balance (Net Assets):									
Cash and Cash Equivalents	-	(794,529)	(838,909)	(1,672,209)	(10,000)	-	(44,001)	(40,001)	(893,840)
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable - Federal and State	581,131	253,239	543,182	1,125,104	640,118	277,019	254,151	467,843	711,824
Accounts receivable - Other	(504)	(515,091)	-	-	-	-	-	-	-
Deferred Rent Asset	-	515,091	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	-	-	-	-	-	-	-	-	-
Accounts Payable - Federal and State	-	-	-	-	-	-	-	70	-
Accounts Payable - other	805,416	751,710	826,504	1,598,533	846,894	651,869	634,866	758,216	876,361
Due to KIPP SoCal Public Schools	(698,567)	-	-	-	(878,841)	(655,529)	(562,407)	(765,564)	(34,675)
Unearned Revenue	(102,661)	(187,653)	(514,420)	(615,231)	(406,043)	(132,925)	34,387	(145,922)	(411,375)
Intercompany Notes Payable	(175,000)	-	-	-	-	-	(500,000)	-	-
Deferred Rent Liability	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-
Net Adjustments and Reclassifications	<u>409,815</u>	<u>22,767</u>	<u>16,357</u>	<u>436,197</u>	<u>192,128</u>	<u>140,434</u>	<u>(183,004)</u>	<u>274,642</u>	<u>248,295</u>
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 1,056,835</u>	<u>\$ 6,631,273</u>	<u>\$ 3,933,921</u>	<u>\$ 6,885,707</u>	<u>\$ 4,250,752</u>	<u>\$ 876,130</u>	<u>\$ 541,629</u>	<u>\$ 6,081,485</u>	<u>\$ 5,200,762</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	KAI	KVPA	KPP	KIG	KCA	KCOM	KPU	KAPA	KPPS	KECP
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 2,408,028	\$ 2,737,882	\$ 3,114,035	\$ 606,346	\$ 2,913,508	\$ 207,514	\$ 281,518	\$ 1,866,149	\$ 119,938	\$ 7,374,043
Adjustments and Reclassifications:										
Increasing (Decreasing) the Fund Balance (Net Assets):										
Cash and Cash Equivalents	(1,500)	(9,999)	(24,763)	(6,000)	(886,501)	(10,046)	(20,001)	-	(50,000)	(10,000)
Investments	-	-	-	-	-	-	-	-	-	(3,135,000)
Accounts Receivable - Federal and State	380,388	738,297	453,967	508,542	892,037	578,529	435,307	-	-	2,333,011
Accounts receivable - Other	-	-	(594)	-	-	-	-	-	287,353	(1,842,041)
Deferred Rent Asset	-	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	-	-	-	(13,544)	-	-	-	-	-	(130,931)
Accounts Payable - Federal and State	-	-	-	(2,960)	-	-	-	-	-	-
Accounts Payable - other	726,858	828,255	875,796	1,253,014	2,453,621	2,322,728	1,547,028	-	1,059,536	1,295,781
Due to KIPP SoCal Public Schools	(761,694)	(872,929)	(866,609)	(693,561)	(1,620,861)	(715,138)	(769,303)	-	(1,296,889)	(1,094,400)
Unearned Revenue	(134,457)	(429,137)	(351,438)	(297,125)	(551,651)	(189,038)	(177,471)	-	-	(331,998)
Intercompany Notes Payable	-	-	-	-	-	(1,675,000)	(975,000)	-	-	-
Deferred Rent Liability	-	-	-	-	-	-	-	-	-	31,775
Notes Payable	-	-	-	(600,000)	-	-	-	-	-	(151,149)
Net Adjustments and Reclassifications	<u>209,595</u>	<u>254,487</u>	<u>86,359</u>	<u>148,366</u>	<u>286,645</u>	<u>312,035</u>	<u>40,560</u>	<u>-</u>	<u>-</u>	<u>(3,034,952)</u>
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,617,623</u>	<u>\$ 2,992,369</u>	<u>\$ 3,200,394</u>	<u>\$ 754,712</u>	<u>\$ 3,200,153</u>	<u>\$ 519,549</u>	<u>\$ 322,078</u>	<u>\$ 1,866,149</u>	<u>\$ 119,938</u>	<u>\$ 4,339,091</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, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	Subtotal
U.S. Department of Education												
Pass-Through Programs From California												
Department of Education:												
Every Child Succeeds Act:												
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 199,308	\$ 209,579	\$ 196,462	\$ 432,401	\$ 230,393	\$ 164,993	\$ 116,197	\$ 185,415	\$ 208,727	\$ 1,943,475
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	10,186	-	-	-	-	-	-	-	-	10,186
Title II, Part A, Improving Teacher Quality	84.367	14341	25,669	27,385	24,333	55,797	29,982	21,381	13,143	24,968	27,899	250,557
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	12,579	15,983	16,228	28,939	16,606	12,602	10,179	14,682	16,380	144,178
Title IV 21st Century Grant Community Learning Center	84.287	14349	-	121,074	-	171,999	-	192,043	112,596	-	-	597,712
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	68,967	144,215	80,695	150,360	141,679	57,240	74,316	71,620	79,857	868,949
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):												
Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	-	-	-	-	-	-	-	-	-	-
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	58,803	106,507	25,710	87,017	80,139	25,868	48,831	81,102	71,934	585,911
Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act):												
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	557,967	708,974	719,821	1,283,676	736,625	559,016	451,501	651,277	726,589	6,395,446
American Rescue Plan Act (ARC Act):												
Elementary and Secondary School Emergency Relief Fund	84.425U	15536	424,526	486,155	800,631	1,180,243	823,571	761,782	1,014,653	607,355	671,283	6,770,199
Subtotal: Pass-Through Programs			<u>1,358,005</u>	<u>1,819,872</u>	<u>1,863,880</u>	<u>3,390,432</u>	<u>2,058,995</u>	<u>1,794,925</u>	<u>1,841,416</u>	<u>1,636,419</u>	<u>1,802,669</u>	<u>17,566,613</u>
Total U.S. Department of Education			1,358,005	1,819,872	1,863,880	3,390,432	2,058,995	1,794,925	1,841,416	1,636,419	1,802,669	17,566,613
U.S. Department of Agriculture												
Pass-Through Program From California												
Department of Education:												
Child Nutrition Cluster:												
Especially Needy Breakfast Program	10.553	13526	20,808	13,196	103,814	67,752	62,271	47,325	21,301	19,861	62,022	418,350
National School Lunch Program	10.555	23165	94,373	144,017	168,989	265,457	126,459	111,329	63,566	108,059	172,761	1,255,010
Meal Supplements	10.555	13396	-	-	29,226	56,802	-	-	-	-	49,537	135,565
Summer Food Service Program	10.559	13004	43,740	48,852	96,846	151,736	80,845	59,685	19,325	42,164	101,342	644,535
Total Child Nutrition Cluster			<u>158,921</u>	<u>206,065</u>	<u>398,875</u>	<u>541,747</u>	<u>269,575</u>	<u>218,339</u>	<u>104,192</u>	<u>170,084</u>	<u>385,662</u>	<u>2,453,460</u>
Pandemic Electronic Benefit Transfer (PEBT)												
Administrative Costs Grants	10.649	15644	614	614	614	3,063	614	614	614	614	614	7,975
Total U.S. Department of Agriculture			<u>159,535</u>	<u>206,679</u>	<u>399,489</u>	<u>544,810</u>	<u>270,189</u>	<u>218,953</u>	<u>104,806</u>	<u>170,698</u>	<u>386,276</u>	<u>2,461,435</u>
U.S. Department of Health and Human Services												
Pass-Through Program From California												
Department of Education:												
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)												
Infectious Diseases (ELC)	93.323	N/A	105,665	59,693	108,531	224,963	88,275	72,799	52,373	81,753	117,612	911,664
Total U.S. Department of Health and Human Services			<u>105,665</u>	<u>59,693</u>	<u>108,531</u>	<u>224,963</u>	<u>88,275</u>	<u>72,799</u>	<u>52,373</u>	<u>81,753</u>	<u>117,612</u>	<u>911,664</u>
Total Expenditures of Federal Awards			<u>\$ 1,623,205</u>	<u>\$ 2,086,244</u>	<u>\$ 2,371,900</u>	<u>\$ 4,160,205</u>	<u>\$ 2,417,459</u>	<u>\$ 2,086,677</u>	<u>\$ 1,998,595</u>	<u>\$ 1,888,870</u>	<u>\$ 2,306,557</u>	<u>\$ 20,939,712</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, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCOM	KPU	KAPA	KPPS	KECP	Federal Expenditures Total
U.S. Department of Education														
Pass-Through Programs From California														
Department of Education:														
Every Child Succeeds Act:														
Title I, Part A, Basic Grants Low-Income														
and Neglected	84.010	14329	\$ 1,943,475	\$ 184,736	\$ 245,441	\$ 196,162	\$ 162,442	\$ 343,797	\$ 137,241	\$ 137,862	\$ 130,596	-	\$ 244,912	\$ 3,726,664
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	10,186	-	-	-	170,039	-	-	-	-	-	-	180,225
Title II, Part A, Improving Teacher Quality	84.367	14341	250,557	24,038	31,311	26,508	21,235	46,440	19,651	19,151	16,934	-	32,051	487,876
Title IV, Part A, Student Support & Academic Enrichment	84.282	14531	144,178	14,628	18,194	13,381	12,619	23,053	10,000	10,000	10,341	-	18,852	275,246
Title IV 21st Century Grant Community Learning Center	84.287	14349	597,712	122,745	-	-	-	-	-	-	-	-	-	720,457
Special Education Cluster: IDEA Basic Local														
Assistance Entitlement, Part B, Section 611	84.027	13379	868,949	134,220	136,222	78,182	100,982	135,422	48,026	106,326	45,652	-	145,747	1,799,728
Coronavirus Aid, Relief, and Economic														
Security Act (CARES Act):														
Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	-	-	-	-	-	-	-	-	-	-	33,121	33,121
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	585,911	79,519	31,135	23,056	68,932	64,394	-	20,799	61,539	-	139,061	1,074,346
Coronavirus Response and Relief Supplemental														
Appropriations (CRRSA Act):														
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	6,395,446	648,887	807,048	593,535	559,754	1,022,593	471,403	472,334	458,725	89,330	836,236	12,355,291
American Rescue Plan A:c (ARC Act):														
Elementary and Secondary School Emergency Relief Fund	84.425U	15536	6,770,199	428,336	553,135	1,145,575	785,305	1,624,613	908,962	1,149,451	569,861	278,177	718,837	14,932,451
Subtotal: Pass-Through Programs			<u>17,566,613</u>	<u>1,637,109</u>	<u>1,822,486</u>	<u>2,076,399</u>	<u>1,881,308</u>	<u>3,260,312</u>	<u>1,595,283</u>	<u>1,915,923</u>	<u>1,293,648</u>	<u>367,507</u>	<u>2,168,817</u>	<u>35,585,405</u>
Total U.S. Department of Education			<u>17,566,613</u>	<u>1,637,109</u>	<u>1,822,486</u>	<u>2,076,399</u>	<u>1,881,308</u>	<u>3,260,312</u>	<u>1,595,283</u>	<u>1,915,923</u>	<u>1,293,648</u>	<u>367,507</u>	<u>2,168,817</u>	<u>35,585,405</u>
U.S. Department of Agriculture														
Pass-Through Program From California														
Department of Education:														
Child Nutrition Cluster:														
Especially Needy Breakfast Program	10.553	13526	418,350	17,167	52,493	27,736	63,081	67,561	48,937	25,424	-	-	72,413	793,162
National School Lunch Program	10.555	23165	1,255,010	144,682	150,939	153,821	145,713	234,224	107,560	135,669	-	70	270,716	2,598,404
Meal Supplements	10.555	13396	135,565	-	34,792	33,776	23,433	62,924	32,727	35,269	-	10,093	-	368,579
Summer Food Service Program	10.559	13004	644,535	59,312	82,768	73,166	73,596	132,433	76,196	69,205	-	77,891	124,437	1,413,539
Total Child Nutrition Cluster			<u>2,453,460</u>	<u>221,161</u>	<u>320,992</u>	<u>288,499</u>	<u>305,823</u>	<u>497,142</u>	<u>265,420</u>	<u>265,567</u>	<u>-</u>	<u>88,054</u>	<u>467,566</u>	<u>5,173,684</u>
Pandemic Electronic Benefit Transfer (PEBT)														
Administrative Costs Grants	10.649	15644	7,975	614	614	614	614	614	614	614	614	-	614	13,501
Total U.S. Department of Agriculture			<u>2,461,435</u>	<u>221,775</u>	<u>321,606</u>	<u>289,113</u>	<u>306,437</u>	<u>497,756</u>	<u>266,034</u>	<u>266,181</u>	<u>614</u>	<u>88,054</u>	<u>468,180</u>	<u>5,187,185</u>
U.S. Department of Health and Human Services														
Pass-Through Program From California														
Department of Education:														
Epidemiology and Laboratory Capacity for														
Infectious Diseases (ELC)	93.323	N/A	911,664	68,042	100,829	105,774	89,484	198,574	67,690	67,482	-	21,569	115,751	1,746,859
Total U.S. Department of Health and Human Services			<u>911,664</u>	<u>68,042</u>	<u>100,829</u>	<u>105,774</u>	<u>89,484</u>	<u>198,574</u>	<u>67,690</u>	<u>67,482</u>	<u>-</u>	<u>21,569</u>	<u>115,751</u>	<u>1,746,859</u>
Total Expenditures of Federal Awards			<u>\$ 20,939,712</u>	<u>\$ 1,926,926</u>	<u>\$ 2,244,921</u>	<u>\$ 2,471,286</u>	<u>\$ 2,277,229</u>	<u>\$ 3,956,642</u>	<u>\$ 1,929,007</u>	<u>\$ 2,249,586</u>	<u>\$ 1,294,262</u>	<u>\$ 477,130</u>	<u>\$ 2,752,748</u>	<u>\$ 42,519,449</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, 2022

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	KPP	Subtotal
ASSETS													
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 1,235,836	\$ 4,719,242	\$ 3,434,767	\$ 4,604,779	\$ 4,414,389	\$ 404,474	\$ 155,814	\$ 5,586,044	\$ 4,200,725	\$ 2,494,559	\$ 3,255,154	\$ 1,787,563	\$ 36,293,346
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Federal and State	1,882,661	1,786,244	2,318,571	4,356,345	2,293,315	1,850,196	1,725,172	1,893,626	2,336,461	1,658,131	2,207,628	2,259,161	26,567,511
Accounts Receivable - Other	(504)	(871)	2,685	44	2,604	1,528	2,278	8,241	591	522	2,843	(593)	19,368
Net Contributions Receivable, Current Portion	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	44,516	-	30,316	-	15,000	-	-	-	947,598	1,037,430
Total Current Assets	<u>3,117,993</u>	<u>6,504,615</u>	<u>5,756,023</u>	<u>9,005,684</u>	<u>6,710,308</u>	<u>2,286,514</u>	<u>1,883,264</u>	<u>7,502,911</u>	<u>6,537,777</u>	<u>4,153,212</u>	<u>5,465,625</u>	<u>4,993,729</u>	<u>63,917,655</u>
LONG-TERM ASSETS													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits and Other Assets	1,400	40,000	-	74,726	-	20,500	-	-	-	4,330	-	10,000	150,956
Deferred Rent Asset	-	515,090	-	-	-	-	-	-	-	-	-	-	515,090
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	62,748	565,116	81,999	293,151	134,461	-	167,804	143,293	504,293	77,547	22,894	222,645	2,275,951
Total Long-Term Assets	<u>64,148</u>	<u>1,120,206</u>	<u>81,999</u>	<u>367,877</u>	<u>134,461</u>	<u>20,500</u>	<u>167,804</u>	<u>143,293</u>	<u>504,293</u>	<u>81,877</u>	<u>22,894</u>	<u>232,645</u>	<u>2,941,997</u>
Total Assets	<u>\$ 3,182,141</u>	<u>\$ 7,624,821</u>	<u>\$ 5,838,022</u>	<u>\$ 9,373,561</u>	<u>\$ 6,844,769</u>	<u>\$ 2,307,014</u>	<u>\$ 2,051,068</u>	<u>\$ 7,646,204</u>	<u>\$ 7,042,070</u>	<u>\$ 4,235,089</u>	<u>\$ 5,488,519</u>	<u>\$ 5,226,374</u>	<u>\$ 66,859,652</u>
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts Payable - Federal and State	\$ 55,531	\$ 10,717	\$ 6,125	\$ 1,477	\$ 418,573	\$ 89,911	\$ 3,577	\$ (70)	\$ 377,944	\$ 4,978	\$ 6,669	\$ 2	\$ 975,434
Accounts Payable - Other	180,424	395,667	191,683	625,193	228,980	151,840	135,553	204,690	360,362	207,861	504,610	216,872	3,403,735
Accrued Liabilities	85,171	72,775	70,760	179,790	58,806	99,156	55,137	51,540	67,290	53,016	80,082	80,826	954,349
Unearned Revenue	403,992	514,389	985,726	1,343,118	876,001	377,423	183,870	427,855	865,705	408,338	887,571	812,048	8,086,036
Notes Payable, Current Portion	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	698,567	-	-	-	878,841	655,529	562,407	765,564	34,675	761,694	872,929	866,609	6,096,815
Total Current Liabilities	<u>1,423,685</u>	<u>993,548</u>	<u>1,254,294</u>	<u>2,149,578</u>	<u>2,461,201</u>	<u>1,373,859</u>	<u>940,544</u>	<u>1,449,579</u>	<u>1,705,976</u>	<u>1,435,887</u>	<u>2,351,861</u>	<u>1,976,357</u>	<u>19,516,369</u>
LONG-TERM LIABILITIES													
Intercompany Notes Payable	175,000	-	-	-	-	-	500,000	-	-	-	-	-	675,000
Deferred Rent Liability	526,621	-	649,807	338,276	132,816	57,025	68,895	115,140	135,332	181,579	144,289	49,623	2,399,403
Notes Payable, Net of Current Portion	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Long-Term Liabilities	<u>701,621</u>	<u>-</u>	<u>649,807</u>	<u>338,276</u>	<u>132,816</u>	<u>57,025</u>	<u>568,895</u>	<u>115,140</u>	<u>135,332</u>	<u>181,579</u>	<u>144,289</u>	<u>49,623</u>	<u>3,074,403</u>
Total Liabilities	<u>2,125,306</u>	<u>993,548</u>	<u>1,904,101</u>	<u>2,487,854</u>	<u>2,594,017</u>	<u>1,430,884</u>	<u>1,509,439</u>	<u>1,564,719</u>	<u>1,841,308</u>	<u>1,617,466</u>	<u>2,496,150</u>	<u>2,025,980</u>	<u>22,590,772</u>
NET ASSETS													
Without Donor Restrictions	1,056,835	6,631,273	3,933,921	6,885,707	4,250,752	876,130	541,629	6,081,485	5,200,762	2,617,623	2,992,369	3,200,394	44,268,880
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>1,056,835</u>	<u>6,631,273</u>	<u>3,933,921</u>	<u>6,885,707</u>	<u>4,250,752</u>	<u>876,130</u>	<u>541,629</u>	<u>6,081,485</u>	<u>5,200,762</u>	<u>2,617,623</u>	<u>2,992,369</u>	<u>3,200,394</u>	<u>44,268,880</u>
Total Liabilities and Net Assets	<u>\$ 3,182,141</u>	<u>\$ 7,624,821</u>	<u>\$ 5,838,022</u>	<u>\$ 9,373,561</u>	<u>\$ 6,844,769</u>	<u>\$ 2,307,014</u>	<u>\$ 2,051,068</u>	<u>\$ 7,646,204</u>	<u>\$ 7,042,070</u>	<u>\$ 4,235,089</u>	<u>\$ 5,488,519</u>	<u>\$ 5,226,374</u>	<u>\$ 66,859,652</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)
JUNE 30, 2022

	Subtotal	KIG	KCA	KCOM	KPU	KAPA	KGA	KPPS	KECP	SST	Eliminations	KIPP SoCal
ASSETS												
CURRENT ASSETS												
Cash and Cash Equivalents	\$ 36,293,346	\$ 1,450,527	\$ 2,648,932	\$ 793,877	\$ 829,213	\$ 348,202	\$ 117,429	\$ 649,814	\$ 4,240,569	\$ 82,462	\$ -	\$ 47,454,371
Investments	-	-	-	-	-	-	-	-	-	18,630,168	-	18,630,168
Accounts Receivable - Federal and State	26,567,511	1,697,050	4,183,194	2,851,929	2,023,808	1,158,997	-	414,721	2,591,301	-	-	41,488,511
Accounts Receivable - Other	19,368	2,976	3,620	158	158,703	6,579	-	202,389	258,290	158,346	-	810,429
Net Contributions Receivable, Current Portion	-	-	-	-	-	-	-	-	-	504,000	-	504,000
Due from Klare Holdings	-	-	-	-	-	-	-	-	-	27,020,763	-	27,020,763
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	287,353	-	12,286,967	(12,574,320)	-
Prepaid Expenses and Other Assets	1,037,430	38,414	-	-	15,609	48,485	1,200	-	796	147,644	-	1,289,578
Total Current Assets	63,917,655	3,188,967	6,835,746	3,645,964	3,027,333	1,562,263	118,629	1,554,277	7,090,956	58,830,350	(12,574,320)	137,197,820
LONG-TERM ASSETS												
Investments	-	-	-	-	-	-	-	-	-	4,985,114	-	4,985,114
Security Deposits and Other Assets	150,956	44,573	7,800	-	6,250	1,025,028	1,200	-	13,000	33,960	-	1,282,767
Deferred Rent Asset	515,090	-	-	-	-	-	-	-	-	-	-	515,090
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	9,325,000	(3,925,000)	5,400,000
Property, Plant, and Equipment, Net	2,275,951	-	190,318	260,846	48,778	210,697	-	4,522	915,800	85,677	-	3,992,589
Total Long-Term Assets	2,941,997	44,573	198,118	260,846	55,028	1,235,725	1,200	4,522	928,800	14,429,751	(3,925,000)	16,175,560
Total Assets	\$ 66,859,652	\$ 3,233,540	\$ 7,033,864	\$ 3,906,810	\$ 3,082,361	\$ 2,797,988	\$ 119,829	\$ 1,558,799	\$ 8,019,756	\$ 73,260,101	\$ (16,499,320)	\$ 153,373,380
LIABILITIES AND NET ASSETS												
CURRENT LIABILITIES												
Accounts Payable - Federal and State	\$ 975,434	\$ 114,650	\$ 5,471	\$ 109,388	\$ 4,037	\$ 2,523	\$ -	\$ 4	\$ 36,596	\$ -	\$ -	\$ 1,248,103
Accounts Payable - Other	3,403,735	238,031	476,917	184,744	316,973	128,537	34,457	104,033	659,911	580,673	-	6,128,011
Accrued Liabilities	954,349	60,039	133,048	30,667	253,416	51,944	8,621	27,287	159,307	1,027,634	-	2,706,312
Unearned Revenue	8,086,036	625,820	1,208,071	529,915	372,603	226,768	-	10,648	807,041	86,683	-	11,953,585
Notes Payable, Current Portion	-	-	-	-	-	-	-	-	136,666	-	-	136,666
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	171,518	-	171,518
Due to KIPP SoCal Public Schools	6,096,815	693,561	1,620,861	715,138	769,303	-	-	1,296,889	1,094,400	287,353	(12,574,320)	-
Total Current Liabilities	19,516,369	1,732,101	3,444,368	1,569,852	1,716,332	409,772	43,078	1,438,861	2,893,921	2,153,861	(12,574,320)	22,344,195
LONG-TERM LIABILITIES												
Intercompany Notes Payable	675,000	600,000	-	1,675,000	975,000	-	-	-	-	-	(3,925,000)	-
Deferred Rent Liability	2,399,403	146,727	389,343	142,409	68,951	522,067	-	-	772,261	-	-	4,441,161
Notes Payable, Net of Current Portion	-	-	-	-	-	-	-	-	14,483	-	-	14,483
Total Long-Term Liabilities	3,074,403	746,727	389,343	1,817,409	1,043,951	522,067	-	-	786,744	-	(3,925,000)	4,455,644
Total Liabilities	22,590,772	2,478,828	3,833,711	3,387,261	2,760,283	931,839	43,078	1,438,861	3,680,665	2,153,861	(16,499,320)	26,799,839
NET ASSETS												
Without Donor Restrictions	44,268,880	754,712	3,200,153	519,549	322,078	1,866,149	76,751	119,938	4,339,091	67,911,870	-	123,379,171
With Donor Restrictions	-	-	-	-	-	-	-	-	-	3,194,370	-	3,194,370
Total Net Assets	44,268,880	754,712	3,200,153	519,549	322,078	1,866,149	76,751	119,938	4,339,091	71,106,240	-	126,573,541
Total Liabilities and Net Assets	\$ 66,859,652	\$ 3,233,540	\$ 7,033,864	\$ 3,906,810	\$ 3,082,361	\$ 2,797,988	\$ 119,829	\$ 1,558,799	\$ 8,019,756	\$ 73,260,101	\$ (16,499,320)	\$ 153,373,380

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, 2022

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
REVENUE, WITHOUT DONOR RESTRICTION												
State Revenue:												
Local Control Funding Formula Sources	\$ 5,103,913	\$ 5,774,196	\$ 6,525,705	\$ 11,891,887	\$ 6,348,793	\$ 4,223,423	\$ 3,109,888	\$ 5,575,247	\$ 6,596,322	\$ 5,478,205	\$ 6,266,522	\$ 66,894,101
Other State Revenue	1,333,343	1,418,387	1,203,689	2,889,717	1,671,077	1,075,528	917,065	1,586,063	1,672,897	1,561,437	1,607,919	16,937,122
Federal Revenue:												
Grants and Entitlements	1,623,205	2,086,244	2,371,900	4,160,205	2,417,459	2,086,677	1,998,595	1,888,870	2,306,557	1,926,926	2,244,921	25,111,559
Local Revenue:												
Contributions	22,997	39,166	26,531	109,800	66,130	36,925	685,431	47,337	43,629	51,476	29,155	1,158,577
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	18,356	19,313	58,594	77,422	33,753	34,259	23,238	40,067	34,557	24,398	19,907	383,864
Total Unrestricted Revenues	<u>8,101,814</u>	<u>9,337,306</u>	<u>10,186,419</u>	<u>19,129,031</u>	<u>10,537,212</u>	<u>7,456,812</u>	<u>6,734,217</u>	<u>9,137,584</u>	<u>10,653,962</u>	<u>9,042,442</u>	<u>10,168,424</u>	<u>110,485,223</u>
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	8,101,814	9,337,306	10,186,419	19,129,031	10,537,212	7,456,812	6,734,217	9,137,584	10,653,962	9,042,442	10,168,424	110,485,223
EXPENSES												
Program Services:												
Educational Programs	7,060,650	7,402,445	8,841,102	15,941,448	9,134,583	6,839,221	6,077,681	7,102,781	8,830,013	7,239,357	8,657,226	93,126,507
Support Services:												
General and Administrative	424,219	402,345	552,883	1,006,793	562,323	423,826	373,949	449,439	545,053	406,970	573,305	5,721,105
Fundraising	1,341	13,954	2,228	12,873	6,300	5,175	8,202	6,471	7,440	1,612	1,976	67,572
Total Expenses	<u>7,486,210</u>	<u>7,818,744</u>	<u>9,396,213</u>	<u>16,961,114</u>	<u>9,703,206</u>	<u>7,268,222</u>	<u>6,459,832</u>	<u>7,558,691</u>	<u>9,382,506</u>	<u>7,647,939</u>	<u>9,232,507</u>	<u>98,915,184</u>
OTHER CHANGES IN NET ASSETS												
Capital Contribution to KLARE	-	-	-	-	-	-	-	-	-	-	-	-
Forgiveness of Intercompany Debt	-	-	-	-	-	-	-	-	-	-	-	-
Contribution From Acquisition of KECP	-	-	-	-	-	-	-	-	-	-	-	-
Other Changes in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	615,604	1,518,562	790,206	2,167,917	834,006	188,590	274,385	1,578,893	1,271,456	1,394,503	935,917	11,570,039
NET ASSETS WITH DONOR RESTRICTION												
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	615,604	1,518,562	790,206	2,167,917	834,006	188,590	274,385	1,578,893	1,271,456	1,394,503	935,917	11,570,039
Net Assets - Beginning of Year	441,231	5,112,711	3,143,715	4,717,790	3,416,746	687,540	267,244	4,502,592	3,929,306	1,223,120	2,056,452	29,498,447
NET ASSETS - END OF YEAR	<u>\$ 1,056,835</u>	<u>\$ 6,631,273</u>	<u>\$ 3,933,921</u>	<u>\$ 6,885,707</u>	<u>\$ 4,250,752</u>	<u>\$ 876,130</u>	<u>\$ 541,629</u>	<u>\$ 6,081,485</u>	<u>\$ 5,200,762</u>	<u>\$ 2,617,623</u>	<u>\$ 2,992,369</u>	<u>\$ 41,068,486</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, 2022

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	KGA	KPPS	KECP	SST	Eliminations	KIPP SoCal Total
REVENUE, WITHOUT DONOR RESTRICTION													
State Revenue:													
Local Control Funding Formula Sources	\$ 66,894,101	\$ 5,831,223	\$ 4,582,175	\$ 11,657,678	\$ 4,982,486	\$ 4,775,306	\$ 3,380,222	\$ -	\$ 1,116,725	\$ 6,233,593	\$ -	\$ -	\$ 109,453,509
Other State Revenue	16,937,122	1,565,322	1,168,841	2,971,743	1,259,814	1,011,509	1,157,435	-	95,196	1,671,036	1,000	-	27,839,018
Federal Revenue:													
Grants and Entitlements	25,111,559	2,471,286	2,277,229	3,956,642	1,929,007	2,249,586	1,294,262	-	477,130	2,752,748	-	-	42,519,449
Local Revenue:													
Contributions	1,158,577	322,915	23,770	91,157	44,537	582,364	269,844	552,703	978,203	1,112,168	5,700,807	-	10,837,045
Interest	-	-	-	-	-	-	5,752	-	-	-	(635,538)	(31,125)	(660,911)
Other Revenue	383,864	96,141	17,111	54,069	10,745	8,708	34,214	-	200	14,732	27,790,896	(26,585,742)	1,824,938
Total Unrestricted Revenues	<u>110,485,223</u>	<u>10,286,887</u>	<u>8,069,126</u>	<u>18,731,289</u>	<u>8,226,589</u>	<u>8,627,473</u>	<u>6,141,729</u>	<u>552,703</u>	<u>2,667,454</u>	<u>11,784,277</u>	<u>32,857,165</u>	<u>(26,616,867)</u>	<u>191,813,048</u>
NET ASSETS RELEASED FROM RESTRICTION	-	-	-	-	-	-	-	-	-	-	1,052,741	-	1,052,741
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	110,485,223	10,286,887	8,069,126	18,731,289	8,226,589	8,627,473	6,141,729	552,703	2,667,454	11,784,277	33,909,906	(26,616,867)	192,865,789
EXPENSES													
Program Services:													
Educational Programs	93,126,507	9,450,475	7,261,338	15,707,098	7,741,111	7,830,388	5,170,275	438,324	2,248,645	10,762,849	10,115,783	(26,616,867)	143,235,926
Support Services:													
General and Administrative	5,721,105	609,831	523,561	1,026,563	438,843	704,904	342,104	74,970	201,220	615,217	12,028,722	-	22,287,040
Fundraising	67,572	22,183	2,932	11,180	5,749	7,867	10,227	10,799	7,946	3,846	1,112,751	-	1,263,052
Total Expenses	<u>98,915,184</u>	<u>10,082,489</u>	<u>7,787,831</u>	<u>16,744,841</u>	<u>8,185,703</u>	<u>8,543,159</u>	<u>5,522,606</u>	<u>524,093</u>	<u>2,457,811</u>	<u>11,381,912</u>	<u>23,257,256</u>	<u>(26,616,867)</u>	<u>166,786,018</u>
OTHER CHANGES IN NET ASSETS													
Capital Contribution to KLARE	-	-	-	-	-	-	-	-	-	-	(6,000,000)	-	(6,000,000)
Forgiveness of Intercompany Debt	-	-	-	-	-	-	800,000	-	-	-	(800,000)	-	-
Contribution From Acquisition of KECP	-	-	-	-	-	-	-	-	-	3,936,726	-	-	3,936,726
Other Changes in Net Assets	-	-	-	-	-	-	800,000	-	-	3,936,726	(6,800,000)	-	(2,063,274)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	11,570,039	204,398	281,295	1,986,448	40,886	84,314	1,419,123	28,610	209,643	4,339,091	3,852,650	-	24,016,497
NET ASSETS													
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-	(1,052,741)	-	(1,052,741)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	-	-	-	-	-	-	-	-	-	-	(1,052,741)	-	(1,052,741)
CHANGE IN NET ASSETS	11,570,039	204,398	281,295	1,986,448	40,886	84,314	1,419,123	28,610	209,643	4,339,091	2,799,909	-	22,963,756
Net Assets - Beginning of Year	29,498,447	2,995,996	473,417	1,213,705	478,663	237,764	447,026	48,141	(89,705)	-	68,306,331	-	103,609,785
NET ASSETS - END OF YEAR	<u>\$ 41,068,486</u>	<u>\$ 3,200,394</u>	<u>\$ 754,712</u>	<u>\$ 3,200,153</u>	<u>\$ 519,549</u>	<u>\$ 322,078</u>	<u>\$ 1,866,149</u>	<u>\$ 76,751</u>	<u>\$ 119,938</u>	<u>\$ 4,339,091</u>	<u>\$ 71,106,240</u>	<u>\$ -</u>	<u>\$ 126,573,541</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, 2022

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
CASH FLOWS FROM OPERATING ACTIVITIES												
Change in Net Assets	\$ 615,604	\$ 1,518,562	\$ 790,206	\$ 2,167,917	\$ 834,006	\$ 188,590	\$ 274,385	\$ 1,578,893	\$ 1,271,456	\$ 1,394,503	\$ 935,917	\$ 11,570,039
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	22,308	105,458	89,505	236,369	89,617	-	47,944	53,406	85,540	46,140	21,810	798,097
Unrealized (Gains) and Losses	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	(303,940)	(179,543)	(88,174)	(528,286)	(328,707)	(411,741)	(969,931)	(32,747)	(80,183)	(11,323)	(182,088)	(3,116,663)
Accounts Receivable - Other	4,259	6,279	3,171	(45)	(937)	10,621	5,857	(1,180)	(9)	6,647	(2,843)	31,820
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	(44,516)	-	(30,316)	-	(15,000)	-	-	-	(89,832)
Security Deposit	-	-	-	6,250	-	-	21,973	-	10,000	-	3,600	41,823
Deferred Rent Asset	-	(186,880)	-	-	-	-	-	-	-	-	-	(186,880)
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	51,353	4,903	(1,280)	(8,538)	(101,550)	(3,610)	2,582	(4,377)	(117,788)	4,001	5,773	(168,531)
Accounts Payable - Other	405	186,928	(124,586)	103,103	12,056	(28,162)	(204,757)	(20,656)	139,041	(30,718)	208,423	241,077
Accrued Liabilities	30,238	20,675	26,004	32,153	(107,095)	21,987	25,308	(15,255)	(34,756)	350	(19,500)	(19,891)
Unearned Revenue	52,201	168,332	598,762	656,525	478,363	113,975	645	92,308	495,955	89,462	499,986	3,246,514
Deferred Rent Liability	214,729	-	8,794	(13,652)	27,672	57,025	68,895	23,980	28,144	34,419	31,496	481,502
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	515,494	(195,029)	(245,265)	(429,644)	662,365	462,529	457,548	567,134	(190,407)	568,155	650,956	2,823,836
Net Cash Provided (Used) by Operating Activities	1,202,651	1,449,685	1,057,137	2,177,636	1,565,790	380,898	(269,551)	2,226,506	1,606,993	2,101,636	2,153,530	15,652,911
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Property, Plant, and Equipment	-	(381,141)	(6,531)	(5,218)	(23,665)	-	(12,796)	(6,209)	(6,313)	-	(19,835)	(461,708)
Net Cash Provided (Used) by Investing Activities	-	(381,141)	(6,531)	(5,218)	(23,665)	-	(12,796)	(6,209)	(6,313)	-	(19,835)	(461,708)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Intercompany Notes Payable	-	-	-	-	-	-	400,000	-	-	-	-	400,000
Payments on Intercompany Notes Payable	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)
Proceeds from Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided (Used) by Financing Activities	-	-	-	-	-	-	400,000	-	-	(150,000)	-	250,000
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,202,651	1,068,544	1,050,606	2,172,418	1,542,125	380,898	117,653	2,220,297	1,600,680	1,951,636	2,133,695	15,441,203
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	33,185	3,650,698	2,384,161	2,432,361	2,872,264	23,576	38,161	3,365,747	2,600,045	542,923	1,121,459	19,064,580
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,235,836</u>	<u>\$ 4,719,242</u>	<u>\$ 3,434,767</u>	<u>\$ 4,604,779</u>	<u>\$ 4,414,389</u>	<u>\$ 404,474</u>	<u>\$ 155,814</u>	<u>\$ 5,586,044</u>	<u>\$ 4,200,725</u>	<u>\$ 2,494,559</u>	<u>\$ 3,255,154</u>	<u>\$ 34,505,783</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION												
Cash Paid for Interest, Net of Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,625	\$ -	\$ 2,625
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION												
Cash and Cash Equivalents	\$ 1,235,836	\$ 4,719,242	\$ 3,434,767	\$ 4,604,779	\$ 4,414,389	\$ 404,474	\$ 155,814	\$ 5,586,044	\$ 4,200,725	\$ 2,494,559	\$ 3,255,154	\$ 34,505,783
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash and Cash Equivalents	<u>\$ 1,235,836</u>	<u>\$ 4,719,242</u>	<u>\$ 3,434,767</u>	<u>\$ 4,604,779</u>	<u>\$ 4,414,389</u>	<u>\$ 404,474</u>	<u>\$ 155,814</u>	<u>\$ 5,586,044</u>	<u>\$ 4,200,725</u>	<u>\$ 2,494,559</u>	<u>\$ 3,255,154</u>	<u>\$ 34,505,783</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 (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	KGA	KPPS	KECP	SST	Eliminations	KIPP SoCal Total
CASH FLOWS FROM OPERATING ACTIVITIES													
Change in Net Assets	\$ 11,570,039	\$ 204,398	\$ 281,295	\$ 1,986,448	\$ 40,886	\$ 84,314	\$ 1,419,123	\$ 28,610	\$ 209,643	\$ 4,339,091	\$ 2,799,909	\$ -	\$ 22,963,756
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:													
Depreciation	798,097	52,033	-	130,521	9,736	20,625	63,748	-	696	46,890	3,877	-	1,126,223
Unrealized (Gains) and Losses	-	-	-	-	-	-	-	-	-	-	933,202	-	933,202
(Increase) and Decrease in Operating Assets:													
Accounts Receivable - Federal and State	(3,116,663)	(83,304)	(256,079)	242,080	(242,553)	(338,317)	(422,537)	-	(414,721)	(2,591,301)	-	-	(7,223,395)
Accounts Receivable - Other	31,820	9,447	(1,538)	(1,657)	(141)	(409)	1,604	100,387	(96,117)	(258,290)	(84,484)	-	(299,378)
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	529,059	-	529,059
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	7,608,936	-	7,608,936
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	(221,111)	-	(8,445,222)	8,666,333	-
Prepaid Expenses	(89,832)	(947,598)	(38,414)	-	-	(15,609)	(1,024,028)	(1,200)	-	(796)	(123,694)	-	(2,241,171)
Security Deposit	41,823	(10,000)	13,098	-	-	1,750	1,112,513	(1,200)	-	(13,000)	(25,160)	-	1,119,824
Deferred Rent Asset	(186,880)	-	-	-	-	-	-	-	-	-	-	-	(186,880)
Increase and (Decrease) in Operating Liabilities:													
Accounts Payable - Federal and State	(168,531)	(4,833)	(78,886)	(5,545)	27,885	(8,497)	(56,357)	-	4	36,596	-	-	(258,164)
Accounts Payable - Other	241,077	(140,654)	(61,593)	80,116	23,700	107,630	(19,317)	(9,207)	43,543	659,911	(262,997)	-	662,209
Accrued Liabilities	(19,891)	41,093	20,516	(42,038)	(31,321)	168,598	(28,057)	39	12,208	159,307	(382,874)	-	(102,420)
Unearned Revenue	3,246,514	447,420	329,495	599,328	305,002	173,284	34,741	-	10,648	807,041	(1,450,542)	-	4,502,931
Deferred Rent Liability	481,502	49,623	60,649	88,817	89,239	(7,820)	141,116	-	-	772,261	(130,746)	-	1,544,641
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	60,306	-	60,306
Due to KIPP SoCal Public Schools	2,823,836	636,117	526,861	1,214,975	537,568	625,658	(116,063)	-	1,101,870	1,094,400	221,111	(8,666,333)	-
Net Cash Provided (Used) by Operating Activities	15,652,911	253,742	795,404	4,293,045	760,001	811,207	1,106,486	117,429	646,663	5,052,110	1,250,681	-	30,739,679
CASH FLOWS FROM INVESTING ACTIVITIES													
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	(23,666,097)	-	(23,666,097)
Sale of Investments	-	-	-	-	-	-	-	-	-	-	17,360,454	-	17,360,454
Purchases of Property, Plant, and Equipment	(461,708)	(260,508)	13,544	(30,674)	(7,012)	(18,505)	(8,638)	-	(5,218)	(962,690)	(87,416)	-	(1,828,825)
Net Cash Provided (Used) by Investing Activities	(461,708)	(260,508)	13,544	(30,674)	(7,012)	(18,505)	(8,638)	-	(5,218)	(962,690)	(4,193,059)	(2,200,000)	(8,134,468)
CASH FLOWS FROM FINANCING ACTIVITIES													
Proceeds from Intercompany Notes Payable	400,000	-	-	-	-	-	-	-	-	-	-	(400,000)	-
Payments on Intercompany Notes Payable	(150,000)	-	-	(1,650,000)	-	-	(800,000)	-	-	-	-	2,600,000	-
Proceeds from Notes Payable	-	-	-	-	-	-	-	-	-	357,197	-	-	357,197
Payments on Notes Payable	-	-	-	-	-	-	-	-	-	(206,048)	(300,000)	-	(506,048)
Net Cash Provided (Used) by Financing Activities	250,000	-	-	(1,650,000)	-	-	(800,000)	-	-	151,149	(300,000)	2,200,000	(148,851)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	15,441,203	(6,766)	808,948	2,612,371	752,989	792,702	297,848	117,429	641,445	4,240,569	(3,242,378)	-	22,456,360
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	19,064,580	1,794,329	641,579	36,561	40,888	36,511	50,354	-	8,369	-	3,324,840	-	24,998,011
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>34,505,783</u>	<u>1,787,563</u>	<u>1,450,527</u>	<u>2,648,932</u>	<u>793,877</u>	<u>829,213</u>	<u>348,202</u>	<u>117,429</u>	<u>649,814</u>	<u>4,240,569</u>	<u>82,462</u>	<u>-</u>	<u>47,454,371</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION													
Cash Paid for Interest, Net of Capitalized Interest	\$ 2,625	\$ -	\$ 6,000	\$ 22,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,951	\$ 14,167	\$ (31,125)	\$ 18,118
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION													
Cash and Cash Equivalents	\$ 34,505,783	\$ 1,787,563	\$ 1,450,527	\$ 2,648,932	\$ 793,877	\$ 829,213	\$ 348,202	\$ 117,429	\$ 649,814	\$ 4,240,569	\$ 82,462	\$ -	\$ 47,454,371
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash and Cash Equivalents	<u>\$ 34,505,783</u>	<u>\$ 1,787,563</u>	<u>\$ 1,450,527</u>	<u>\$ 2,648,932</u>	<u>\$ 793,877</u>	<u>\$ 829,213</u>	<u>\$ 348,202</u>	<u>\$ 117,429</u>	<u>\$ 649,814</u>	<u>\$ 4,240,569</u>	<u>\$ 82,462</u>	<u>\$ -</u>	<u>\$ 47,454,371</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION — RELATED SCHOOLS
YEAR ENDED JUNE 30, 2022**

ASSETS	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	KPP	KPU	KSA	KIG	Total
CURRENT ASSETS																	
Cash and Cash Equivalents	\$ 4,719,242	\$ 4,414,389	\$ 5,586,044	\$ 4,200,725	\$ 155,814	\$ 1,235,836	\$ 3,255,154	\$ 3,434,767	\$ 4,604,779	\$ 2,648,932	\$ 2,494,559	\$ 793,877	\$ 1,787,563	\$ 829,213	\$ 404,474	\$ 1,450,527	\$ 42,015,895
Accounts Receivable - Federal and State	1,786,244	2,293,315	1,893,626	2,336,461	1,725,172	1,882,661	2,207,628	2,318,571	4,356,345	4,183,194	1,658,131	2,851,929	2,259,161	2,023,808	1,850,196	1,697,050	37,323,492
Accounts Receivable - Other	(871)	2,604	8,241	591	2,278	(504)	2,843	2,685	44	3,620	522	158	(593)	158,703	1,528	2,976	184,825
Prepaid Expenses and Other Assets	-	-	15,000	-	-	-	-	-	44,516	-	-	-	947,598	15,609	30,316	38,414	1,091,453
Total Current Assets	6,504,615	6,710,308	7,502,911	6,537,777	1,883,264	3,117,993	5,465,625	5,756,023	9,005,684	6,835,746	4,153,212	3,645,964	4,993,729	3,027,333	2,286,514	3,188,967	80,615,665
LONG-TERM ASSETS																	
Security Deposits and Other Assets	40,000	-	-	-	-	1,400	-	-	74,726	7,800	4,330	-	10,000	6,250	20,500	44,573	209,579
Deferred Rent Asset	515,090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	515,090
Property, Plant, and Equipment, Net	565,116	134,461	143,293	504,293	167,804	62,748	22,894	81,999	293,151	190,318	77,547	260,846	222,645	48,778	-	-	2,775,893
Total Long-Term Assets	1,120,206	134,461	143,293	504,293	167,804	64,148	22,894	81,999	367,877	198,118	81,877	260,846	232,645	55,028	20,500	44,573	3,500,562
Total Assets	<u>\$ 7,624,821</u>	<u>\$ 6,844,769</u>	<u>\$ 7,646,204</u>	<u>\$ 7,042,070</u>	<u>\$ 2,051,068</u>	<u>\$ 3,182,141</u>	<u>\$ 5,488,519</u>	<u>\$ 5,838,022</u>	<u>\$ 9,373,561</u>	<u>\$ 7,033,864</u>	<u>\$ 4,235,089</u>	<u>\$ 3,906,810</u>	<u>\$ 5,226,374</u>	<u>\$ 3,082,361</u>	<u>\$ 2,307,014</u>	<u>\$ 3,233,540</u>	<u>\$ 84,116,227</u>
LIABILITIES AND NET ASSETS																	
CURRENT LIABILITIES																	
Accounts Payable - Federal and State	\$ 10,717	\$ 418,573	\$ (70)	\$ 377,944	\$ 3,577	\$ 55,531	\$ 6,669	\$ 6,125	\$ 1,477	\$ 5,471	\$ 4,978	\$ 109,388	\$ 2	\$ 4,037	\$ 89,911	\$ 114,650	\$ 1,208,980
Accounts Payable - Other	395,667	228,980	204,690	360,362	135,553	180,424	504,610	191,683	625,193	476,917	207,861	184,744	216,872	316,973	151,840	238,031	4,620,400
Accrued Liabilities	72,775	58,806	51,540	67,290	55,137	85,171	80,082	70,760	179,790	133,048	53,016	30,667	80,826	253,416	99,156	60,039	1,431,519
Unearned Revenue	514,389	876,001	427,855	865,705	183,870	403,992	887,571	985,726	1,343,118	1,208,071	408,338	529,915	812,048	372,603	377,423	625,820	10,822,445
Due to KIPP SoCal Public Schools	-	878,841	765,564	34,675	562,407	698,567	872,929	-	1,620,861	761,694	715,138	866,609	769,303	655,529	693,561	9,895,678	
Total Current Liabilities	993,548	2,461,201	1,449,579	1,705,976	940,544	1,423,685	2,351,861	1,254,294	2,149,578	3,444,368	1,435,887	1,569,852	1,976,357	1,716,332	1,373,859	1,732,101	27,979,022
LONG-TERM LIABILITIES																	
Intercompany Notes Payable	-	-	-	-	500,000	175,000	-	-	-	-	-	1,675,000	-	975,000	-	600,000	3,925,000
Deferred Rent Liabilities	-	132,816	115,140	135,332	68,895	526,621	144,289	649,807	338,276	389,343	181,579	142,409	49,623	68,951	57,025	146,727	3,146,833
Total Long-Term Liabilities	-	132,816	115,140	135,332	568,895	701,621	144,289	649,807	338,276	389,343	181,579	1,817,409	49,623	1,043,951	57,025	746,727	7,071,833
Total Liabilities	993,548	2,594,017	1,564,719	1,841,308	1,509,439	2,125,306	2,496,150	1,904,101	2,487,854	3,833,711	1,617,466	3,387,261	2,025,980	2,760,283	1,430,884	2,478,828	35,050,855
NET ASSETS																	
Without Donor Restriction	6,631,273	4,250,752	6,081,485	5,200,762	541,629	1,056,835	2,992,369	3,933,921	6,885,707	3,200,153	2,617,623	519,549	3,200,394	322,078	876,130	754,712	49,065,372
Total Net Assets	6,631,273	4,250,752	6,081,485	5,200,762	541,629	1,056,835	2,992,369	3,933,921	6,885,707	3,200,153	2,617,623	519,549	3,200,394	322,078	876,130	754,712	49,065,372
Total Liabilities and Net Assets	<u>\$ 7,624,821</u>	<u>\$ 6,844,769</u>	<u>\$ 7,646,204</u>	<u>\$ 7,042,070</u>	<u>\$ 2,051,068</u>	<u>\$ 3,182,141</u>	<u>\$ 5,488,519</u>	<u>\$ 5,838,022</u>	<u>\$ 9,373,561</u>	<u>\$ 7,033,864</u>	<u>\$ 4,235,089</u>	<u>\$ 3,906,810</u>	<u>\$ 5,226,374</u>	<u>\$ 3,082,361</u>	<u>\$ 2,307,014</u>	<u>\$ 3,233,540</u>	<u>\$ 84,116,227</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES — RELATED SCHOOLS
YEAR ENDED JUNE 30, 2022**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	KPP	KPU	KSA	KIG	Total
REVENUES, WITHOUT DONOR RESTRICTION																	
State Revenue:																	
Local Control Funding Formula Sources	\$ 5,774,196	\$ 6,348,793	\$ 5,575,247	\$ 6,596,322	\$ 3,109,888	\$ 5,103,913	\$ 6,266,522	\$ 6,525,705	\$ 11,991,887	\$ 11,657,678	\$ 5,478,205	\$ 4,982,486	\$ 5,831,223	\$ 4,775,306	\$ 4,223,423	\$ 4,582,175	\$ 98,722,969
Other State Revenue	1,418,387	1,671,077	1,586,063	1,672,897	917,065	1,333,343	1,607,919	1,203,689	2,889,717	2,971,743	1,561,437	1,259,814	1,565,322	1,011,509	1,075,528	1,168,841	24,914,351
Federal Revenue:																	
Grants and Entitlements	2,086,244	2,417,459	1,888,870	2,306,557	1,998,595	1,623,205	2,244,921	2,371,900	4,160,205	3,956,642	1,926,926	1,929,007	2,471,286	2,249,586	2,086,677	2,277,229	37,995,309
Local Revenue:																	
Contributions	39,166	66,130	47,337	43,629	685,431	22,997	29,155	26,531	109,800	91,157	51,476	44,537	322,915	582,364	36,925	23,770	2,223,320
Other Revenue	19,313	33,753	40,067	34,557	23,238	18,356	19,907	58,594	77,422	54,069	24,398	10,745	96,141	8,708	34,259	17,111	570,638
Total Revenues, Without Donor Restriction	<u>9,337,306</u>	<u>10,537,212</u>	<u>9,137,584</u>	<u>10,653,962</u>	<u>6,734,217</u>	<u>8,101,814</u>	<u>10,168,424</u>	<u>10,186,419</u>	<u>19,129,031</u>	<u>18,731,289</u>	<u>9,042,442</u>	<u>8,226,589</u>	<u>10,286,887</u>	<u>8,627,473</u>	<u>7,456,812</u>	<u>8,069,126</u>	<u>164,426,587</u>
EXPENSES																	
Program Services:																	
Educational Programs	7,402,445	9,134,583	7,102,781	8,830,013	6,077,681	7,060,650	8,657,226	8,841,102	15,941,448	15,707,098	7,239,357	7,741,111	9,450,475	7,830,388	6,839,221	7,261,338	141,116,917
Support Services:																	
General and Administrative	402,345	562,323	449,439	545,053	373,949	424,219	573,305	552,883	1,006,793	1,026,563	406,970	438,843	609,831	704,904	423,826	523,561	9,024,807
Fundraising	13,954	6,300	6,471	7,440	8,202	1,341	1,976	2,228	12,873	11,180	1,612	5,749	22,183	7,867	5,175	2,932	117,483
Total Expenses	<u>7,818,744</u>	<u>9,703,206</u>	<u>7,558,691</u>	<u>9,382,506</u>	<u>6,459,832</u>	<u>7,486,210</u>	<u>9,232,507</u>	<u>9,396,213</u>	<u>16,961,114</u>	<u>16,744,841</u>	<u>7,647,939</u>	<u>8,185,703</u>	<u>10,082,489</u>	<u>8,543,159</u>	<u>7,268,222</u>	<u>7,787,831</u>	<u>150,259,207</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	1,518,562	834,006	1,578,893	1,271,456	274,385	615,604	935,917	790,206	2,167,917	1,986,448	1,394,503	40,886	204,398	84,314	188,590	281,295	14,167,380
Net Assets - Beginning of Year	5,112,711	3,416,746	4,502,592	3,929,306	267,244	441,231	2,056,452	3,143,715	4,717,790	1,213,705	1,223,120	478,663	2,995,996	237,764	687,540	473,417	34,897,992
NET ASSETS - END OF YEAR	<u>\$ 6,631,273</u>	<u>\$ 4,250,752</u>	<u>\$ 6,081,485</u>	<u>\$ 5,200,762</u>	<u>\$ 541,629</u>	<u>\$ 1,056,835</u>	<u>\$ 2,992,369</u>	<u>\$ 3,933,921</u>	<u>\$ 6,885,707</u>	<u>\$ 3,200,153</u>	<u>\$ 2,617,623</u>	<u>\$ 519,549</u>	<u>\$ 3,200,394</u>	<u>\$ 322,078</u>	<u>\$ 876,130</u>	<u>\$ 754,712</u>	<u>\$ 49,065,372</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, 2022**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	KPP	KPU	KSA	KIG	Total
CASH FLOWS FROM OPERATING ACTIVITIES																	
Change in Net Assets	\$ 1,518,562	\$ 834,006	\$ 1,578,893	\$ 1,271,456	\$ 274,385	\$ 615,604	\$ 935,917	\$ 790,206	\$ 2,167,917	\$ 1,986,448	\$ 1,394,503	\$ 40,886	\$ 204,398	\$ 84,314	\$ 188,590	\$ 281,295	\$ 14,167,380
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:																	
Depreciation	105,458	89,617	53,406	85,540	47,944	22,308	21,810	89,505	236,369	130,521	46,140	9,736	52,033	20,625	-	-	1,011,012
(Increase) and Decrease in Operating Assets:																	
Accounts Receivable - Federal and State	(179,543)	(328,707)	(32,747)	(80,183)	(969,931)	(303,940)	(182,088)	(88,174)	(528,286)	242,080	(11,323)	(242,553)	(83,304)	(338,317)	(411,741)	(256,079)	(3,794,836)
Accounts Receivable - Other	6,279	(937)	(1,180)	(9)	5,857	4,259	(2,843)	3,171	(45)	(1,657)	6,647	(141)	9,447	(409)	10,621	(1,538)	37,522
Prepaid Expenses	-	-	(15,000)	-	-	-	-	-	(44,516)	-	-	-	(947,598)	(15,609)	(30,316)	(38,414)	(1,091,453)
Security Deposit	-	-	-	10,000	21,973	-	3,600	-	6,250	-	-	-	(10,000)	1,750	-	13,098	46,671
Deferred Rent Asset	(186,880)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(186,880)
Increase and (Decrease) in Operating Liabilities:																	
Accounts Payable - Federal and State	4,903	(101,550)	(4,377)	(117,788)	2,582	51,353	5,773	(1,280)	(8,538)	(5,545)	4,001	27,885	(4,833)	(8,497)	(3,610)	(78,886)	(238,407)
Accounts Payable - Other	186,928	12,056	(20,656)	139,041	(204,757)	405	208,423	(124,586)	103,103	80,116	(30,718)	23,700	(140,654)	107,630	(28,162)	(61,593)	250,276
Accrued Liabilities	20,675	(107,095)	(15,255)	(34,756)	25,308	30,238	(19,500)	26,004	32,153	(42,038)	350	(31,321)	41,093	168,598	21,987	20,516	136,957
Unearned Revenue	168,332	478,363	92,308	495,955	645	52,201	499,986	598,762	656,525	599,328	89,462	305,002	447,420	173,284	113,975	329,495	5,101,043
Deferred Rent Liability	-	27,672	23,980	28,144	68,895	214,729	31,496	8,794	(13,652)	88,817	34,419	89,239	49,623	(7,820)	57,025	60,649	762,010
Due to KIPP SoCal Public Schools	(195,029)	662,365	567,134	(190,407)	457,548	515,494	650,956	(245,265)	(429,644)	1,214,975	568,155	537,568	636,117	625,658	462,529	526,861	6,365,015
Net Cash Provided (Used) by Operating Activities	1,449,685	1,565,790	2,226,506	1,606,993	(269,551)	1,202,651	2,153,530	1,057,137	2,177,636	4,293,045	2,101,636	760,001	253,742	811,207	380,898	795,404	22,566,310
CASH FLOWS FROM INVESTING ACTIVITIES																	
Purchases of Property, Plant, and Equipment	(381,141)	(23,665)	(6,209)	(6,313)	(12,796)	-	(19,835)	(6,531)	(5,218)	(30,674)	-	(7,012)	(260,508)	(18,505)	-	13,544	(764,863)
Net Cash Used by Investing Activities	(381,141)	(23,665)	(6,209)	(6,313)	(12,796)	-	(19,835)	(6,531)	(5,218)	(30,674)	-	(7,012)	(260,508)	(18,505)	-	13,544	(764,863)
CASH FLOWS FROM FINANCING ACTIVITIES																	
Proceeds on Intercompany Notes Payable	-	-	-	400,000	-	-	-	-	-	-	-	-	-	-	-	-	400,000
Payments on Intercompany Notes Payable	-	-	-	-	-	-	-	-	-	(1,650,000)	(150,000)	-	-	-	-	-	(1,800,000)
Net Cash Provided by Financing Activities	-	-	-	400,000	-	-	-	-	-	(1,650,000)	(150,000)	-	-	-	-	-	(1,400,000)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,068,544	1,542,125	2,220,297	1,600,680	117,653	1,202,651	2,133,695	1,050,606	2,172,418	2,612,371	1,951,636	752,989	(6,766)	792,702	380,898	808,948	20,401,447
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	3,650,698	2,872,264	3,365,747	2,600,045	38,161	33,185	1,121,459	2,384,161	2,432,361	36,561	542,923	40,888	1,794,329	36,511	23,576	641,579	21,614,448
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 4,719,242</u>	<u>\$ 4,414,389</u>	<u>\$ 5,586,044</u>	<u>\$ 4,200,725</u>	<u>\$ 155,814</u>	<u>\$ 1,235,836</u>	<u>\$ 3,255,154</u>	<u>\$ 3,434,767</u>	<u>\$ 4,604,779</u>	<u>\$ 2,648,932</u>	<u>\$ 2,494,559</u>	<u>\$ 793,877</u>	<u>\$ 1,787,563</u>	<u>\$ 829,213</u>	<u>\$ 404,474</u>	<u>\$ 1,450,527</u>	<u>\$ 42,015,895</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION																	
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ 2,625	\$ -	\$ -	\$ -	\$ 14,167	\$ -	\$ 39,292

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of KIPP SoCal, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP SoCal.

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

NOTE 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.

**KIPP SOCAL PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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 Iluminar Academy, KIPP Philosophers Academy, KIPP Academy of Opportunity, KIPP Vida Preparatory Academy, KIPP Raices Academy, KIPP Comienza Community Prep, KIPP Corazon Academy, KIPP Academy of Innovation, and KIPP Compton Community School, KIPP Promesa Prep, KIPP Pueblo Unido, KIPP Scholar Academy, and KIPP Ignite Academy defined as “Related Schools” to the “Obligated Group” in the Master Indenture of Trust that applies to the Series 2014 A&B, 2015A&B, 2017A, 2019A, and 2020A bond issues and the Line of Credit issued by PNC (formerly BBVA).

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; Grit RE, LLC; KLARE 18, LLC; KLARE 16, LLC; KLARE 15, LLC; and KLARE 17, LLC. Each Related School has a lease with a member of the Obligated Group.



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

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of KIPP SoCal Public Schools (KIPP SoCal), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 12, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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.

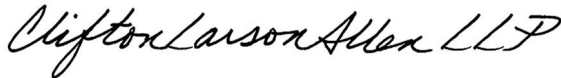
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 12, 2022



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

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP SoCal Public Schools' (KIPP SoCal), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of KIPP SoCal's major federal programs for the year ended June 30, 2022. KIPP SoCal's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, KIPP SoCal complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to KIPP SoCal's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on KIPP SoCal's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about KIPP SoCal's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding KIPP SoCal's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of KIPP SoCal's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of KIPP SoCal's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



CliftonLarsonAllen LLP

Glendora, California
December 12, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
KIPP SoCal Public Schools
Los Angeles, California

Opinion on State Compliance

We have audited KIPP SoCal Public Schools' (KIPP SoCal) compliance with the types of compliance requirements described in the *2021-2022 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, 2022. The KIPP SoCal's State compliance requirements are identified in the table below.

In our opinion, the 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, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on the KIPP SoCal's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit

Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the KIPP SoCal's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the KIPP SoCal's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the KIPP SoCal's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the KIPP SoCal's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes

<u>Description</u>	<u>Procedures Performed</u>
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

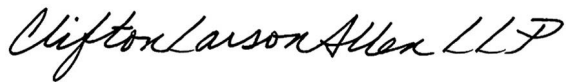
Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each state program is not modified with respect to these matters.

KIPP SoCal’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. KIPP SoCal’s response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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 *2021-2022 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
December 12, 2022

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
84.425C	Governor’s Emergency Education Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
93,323	Epidemiology and Laboratory Capacity (ELC)

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, 2022**

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

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

Section II – Financial Statement Findings

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

Section III – Major Federal Program Findings

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

Section IV – State Compliance Findings

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

**KIPP SOCIAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-001 **Independent Study Program (Continued)** **40000**

Criteria: Written agreements were obtained and contained all the elements required by Education Code section 51747(c)

Condition: We noted that of the 29 samples that were required to be tested, we noted exceptions in 14 of the independent study agreements for one or more of the following reasons:

- Written agreement exists for each pupil
- Every written agreement contained all the elements required by Education Code section 51747(c)
- Signatures of student, parent (unless student is 18 or over), and certificated employee no later than 30 days after the first day of independent study instruction or October 15, whichever comes later

Effect: ADA generated by the exceptions is disallowed.

Questioned Costs: ADA generated by these exception amounts was 8.32 ADA. Estimated questioned costs as follows:

<u>School:</u>	<u>ADA</u>	<u>Funding Rate</u>	<u>Questioned Cost</u>
KIPP Academy of Opportunity	0.60	\$ 11,371	\$ 6,823
KIPP Compton Community S	0.28	12,228	3,424
KIPP Empower Academy	0.80	12,346	9,877
KIPP Illuminar Academy	0.78	12,279	9,578
KIPP Ignite Academy	0.81	12,365	10,015
KIPP Poder Public School	1.00	12,162	12,162
KIPP Promesa Prep	0.01	12,249	122
KIPP Pueblo Unido ES	0.36	12,320	4,435
KIPP Pueblo Unido ES	0.73	12,320	8,993
KIPP Scholar Academy	0.68	12,367	8,410
KIPP Sol Academy	0.84	12,253	10,293
KIPP Vida Prep	0.55	12,422	6,832
KIPP Vida Prep	0.27	12,422	3,354
KIPP Vida Prep	<u>0.61</u>	<u>12,422</u>	<u>7,578</u>
Total	<u>8.32</u>	<u>\$ 171,526</u>	<u>\$ 101,895</u>

Cause: The charter school implemented an independent study program pursuant to a requirement that schools offer independent study for the 2021–22 school year only (EC Section 51745). This requirement expired on June 30, 2022.

Recommendation: We recommend that the charter schools develop procedures to ensure program compliance.

**KIPP SOCAL PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-001 Independent Study Program (Continued) **40000**

**Management
Response:**

Less than three percent of KIPP SoCal Public Schools students participated in the independent study program offered in response to COVID-19. KIPP SoCal created procedures and trained staff to ensure compliance with the new Independent Study Program requirements. Procedures were followed in all areas with some exceptions for obtaining written agreements with all the elements required by Education Code section 51747(c). Effective July 2022 KIPP SoCal established procedures to ensure multiple reviews of the agreements including a final review by the Resident In-House Counsel before and after the execution of the agreements. We established filing procedures to securely store both electronic and hard files. We also established internal controls for periodic audits to ensure all documentation is in place and is in line with established procedures and governing laws.

**KIPP SOCAL PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

KIPP SoCal Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30 2021.

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

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



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