

KIPP MIAMI, INC.
MIAMI, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MIAMI-DADE COUNTY, FL)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2021

KIPP MIAMI, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2021

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KIPP MIAMI, INC.
(A Component Unit of the School Board of Miami-Dade County)

3400 NW 87th Street
Miami, Florida 33147.
(305) 694-4204

2020-2021

BOARD OF DIRECTORS

Mr. Dan Adan
Mr. Jeb Bush, Jr.
Mrs. Deborah Dauman
Mr. Bill Diggs
Mr. Billy Krauss
Mr. Larry Quinlan
Ms. Sherelle Harden

SCHOOL ADMINISTRATION

Ms. Taylor Buck, School Leader
Ms. Jodimae A. Lyttle, School Leader
Mr. Luis Nobriga, School Leader



INDEPENDENT AUDITOR'S REPORT

Board of Directors
KIPP Miami, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Miami, Inc. (the "Organization"), a nonprofit organization and a component unit of the District School Board of Miami-Dade County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund balance of KIPP Miami, Inc., as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2021

Management’s Discussion and Analysis
KIPP Miami, Inc.
June 30, 2021

The corporate officers of KIPP Miami, Inc. (the “Organization”) have prepared this narrative overview and analysis of the Organization’s financial activities for the fiscal year ended June 30, 2021, the third full year of operations.

FINANCIAL HIGHLIGHTS

1. The Organization served a total of approximately 680 students in 2020-2021 at three charter school campuses. In the prior school year, the Organization served a total of approximately 440 students at two charter school campuses.
2. During the year ended June 30, 2021, net position increased by \$4,364,204.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the basic financial statements. The Organization’s financial statements for the year ended June 30, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Organization’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Organization’s assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether their financial position is improving or deteriorating.

The *Statement of Activities* presents information on how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The Organization, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of its funds are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the Organization's fiscal year, the Board adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15 - 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the Organization's net position as of June 30, 2021 follows:

	Assets	<u>2021</u>
	Cash and cash equivalents	\$ 2,100,864
	Restricted cash	904,023
	Due from other agencies	4,420,005
	Accounts receivable	381,570
	Prepaid expenses and other current assets	43,976
	Deposits	<u>184,200</u>
	Total Assets	<u><u>\$ 8,034,638</u></u>
	Liabilities and Net Position	
	Accounts payable and accrued liabilities	\$ 592,396
	Due to management organization	700,010
	Advanced revenue- grants	<u>220,077</u>
	Total Liabilities	1,512,483
	Restricted - capital projects	904,023
	Unrestricted	<u>5,618,132</u>
	Total Net Position	<u><u>6,522,155</u></u>
	Total Liabilities and Net Position	<u><u>\$ 8,034,638</u></u>

At June 30, 2021, the Organization's total assets were \$8,034,638 and total liabilities were \$1,512,483. At June 30, 2021, the Organization reported total net position of \$6,522,155.

A summary and analysis of the Organization’s revenues and expenses for the year ended June 30, 2021 follows:

REVENUES	<u>2021</u>
Program Revenues	
Federal, state, local sources- grants	\$ 8,519,161
General Revenues	
FEFP nonspecific revenues	4,527,431
Gifts, grants, and other revenues	1,568,687
Capital project revenues	904,023
Total Revenues	<u>\$ 15,519,302</u>
EXPENSES	
Instruction	\$ 4,721,439
Student and instructional support	374,836
General administration	34,062
School administration	3,369,444
Facilities acquisition & construction	564,741
Fiscal services	541,213
Central services	323,120
Pupil transportation services	228,020
Operation of plant	968,222
Maintenance of plant	30,001
Total Expenses	<u>\$ 11,155,098</u>
Change in Net Position	4,364,204
Net Position at Beginning of Year	<u>2,157,951</u>
Net Position at End of Year	<u>\$ 6,522,155</u>

The Organization’s total revenues for the year ended June 30, 2021 were \$15,519,302 while its total expenses were \$11,155,098 for a net increase of \$4,364,204. This was the Organization’s third full year of operations. The Organization operated two charter school campuses during the 2019-2020 year and opened its third campus for the 2020-2021 year.

SCHOOL LOCATIONS

The Organization operates charter schools in the Miami area at the following locations:

- KIPP Liberty Academy at 3400 NW 87th Street, Miami, FL, 33147
- KIPP Sunrise Academy at 6745 NW 23rd Avenue, Miami, FL 33147
- KIPP Courage Academy at 3190-B NW 116 Street, Miami, FL 33167

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

As noted earlier, the Organization uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements

GOVERNMENTAL FUNDS

The focus of the Organization's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Organization's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Organization's governmental funds reported a combined fund balance of \$6,522,155 and increase in fund balance of \$4,042,989 for the year ended June 30, 2021.

CAPITAL ASSETS

The Organization had no amounts invested in capital assets as of June 30, 2021.

BUDGETARY HIGHLIGHTS

Prior to the start of the Organization's fiscal year, the Board of the Organization adopted an annual budget. Over the course of the year, the Board of the Organization revised its budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the Organization's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 4,094,643	\$ 4,094,643	\$ 4,527,431
Federal and state sources	6,933,770	6,934,797	7,903,267
Gifts, grants, and other revenues	1,824,768	1,998,627	2,372,012
TOTAL REVENUES	<u>\$ 12,853,181</u>	<u>\$ 13,028,067</u>	<u>\$ 14,802,710</u>
EXPENDITURES			
Instruction	\$ 4,527,068	\$ 4,449,782	\$ 4,721,439
Instructional support services	1,410,028	980,137	374,836
General administration	-	-	34,062
School administration	3,771,621	4,010,713	3,369,444
Facilities acquisition & construction	349,955	658,019	564,741
Fiscal services	491,356	491,356	541,213
Central services	271,802	359,920	323,120
Pupil transportation services	200,000	264,000	228,020
Operation of plant	1,214,006	1,183,888	968,222
Maintenance of plant	23,000	35,914	30,001
TOTAL EXPENDITURES	<u>\$ 12,258,836</u>	<u>\$ 12,433,729</u>	<u>\$ 11,155,098</u>
Excess of revenues over expenditures	\$ 594,345	\$ 594,338	\$ 3,647,612
OTHER FINANCING SOURCES			
Allocated proceeds from paycheck protection program	-	395,377	395,377
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>395,377</u>	<u>395,377</u>
Net change in fund balance	<u>\$ 594,345</u>	<u>\$ 989,715</u>	<u>\$ 4,042,989</u>

BUDGETARY HIGHLIGHTS (Continued)

The net increase in fund balance resulted from a number of factors, including but not limited to the enrollment of more kids than anticipated, recognition of revenue resulting from a forgiven Paycheck Protection Program loan, the receipt of grants and contributions to support future capital projects, and expense savings relative to budget in a number of areas.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the School. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Roopa Gottimukkala of KIPP TEAM and Family located at 60 Park Place, Suite 802, Newark, New Jersey, 07102.

KIPP MIAMI, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	2,100,864
Restricted cash	904,023
Due from other agencies	4,420,005
Due from KSF	381,570
Prepaid expenses and other current assets	43,976
TOTAL CURRENT ASSETS	<u>7,850,438</u>
 Deposit receivable	 184,200
TOTAL ASSETS	<u><u>\$ 8,034,638</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	592,396
Due to management organization	700,010
Advanced revenue - grants	220,077
TOTAL CURRENT LIABILITIES	<u>1,512,483</u>
TOTAL LIABILITIES	<u>1,512,483</u>
NET POSITION	
Restricted - capital projects	904,023
Unrestricted	5,618,132
TOTAL NET POSITION	<u>6,522,155</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 8,034,638</u></u>

The accompanying notes are an integral part of this financial statement.

KIPP MIAMI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 4,721,439	\$ -	\$ 3,999,812	\$ -	\$ (721,627)
Student and instructional support	374,836	-	323,421	-	(51,415)
General administration	34,062	-	-	-	(34,062)
School administration	3,369,444	-	2,823,990	-	(545,454)
Facilities acquisition & construction	564,741	-	564,741	904,023	904,023
Fiscal services	541,213	-	139,773	-	(401,440)
Central services	323,120	-	42,210	-	(280,910)
Pupil transportation services	228,020	-	122,962	-	(105,058)
Operation of plant	968,222	-	502,252	-	(465,970)
Maintenance of plant	30,001	-	-	-	(30,001)
Total Governmental Activities	\$11,155,098	\$ -	\$ 8,519,161	\$ 904,023	\$ (1,731,914)
GENERAL REVENUES:					
Government grants not restricted to specific programs					4,527,431
Gifts, grants, and other revenues					1,568,687
Total general revenues					<u>6,096,118</u>
Change in Net Position					4,364,204
NET POSITION - BEGINNING					2,157,951
NET POSITION - ENDING					<u>\$ 6,522,155</u>

The accompanying notes are an integral part of this financial statement.

KIPP MIAMI, INC.
BALANCE SHEET- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,100,864	\$ -	\$ -	\$ 2,100,864
Restricted cash	-	-	904,023	904,023
Due from other agencies	-	4,420,005	-	4,420,005
Due from related party	381,570	-	-	381,570
Due from fund	4,420,005	-	-	4,420,005
Deposits receivable and other assets	228,176	-	-	228,176
TOTAL ASSETS	\$ 7,130,615	\$ 4,420,005	\$ 904,023	\$ 12,454,643
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 592,396	\$ -	\$ -	\$ 592,396
Due to management organization	700,010	-	-	700,010
Advanced revenue - grants	220,077	-	-	220,077
Due to fund	-	4,420,005	-	4,420,005
TOTAL LIABILITIES	1,512,483	4,420,005	-	5,932,488
FUND BALANCE				
Nonspendable				
Deposit receivable and other assets	228,176	-	-	228,176
Restricted for capital projects	-	-	904,023	904,023
Unassigned	5,389,956	-	-	5,389,956
TOTAL FUND BALANCE	\$ 5,618,132	\$ -	\$ 904,023	\$ 6,522,155
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,130,615	\$ 4,420,005	\$ 904,023	\$ 12,454,643

The accompanying notes are an integral part of this financial statement.

KIPP MIAMI, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Total Fund Balance - Governmental Funds \$ 6,522,155

Amounts reported for governmental activities in the statement of net position are the same.

Total Net Position - Governmental Activities \$ 6,522,155

The accompanying notes are an integral part of this financial statement.

KIPP MIAMI, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 4,527,431	\$ -	\$ -	\$ 4,527,431
Federal and state sources	-	7,903,267	-	7,903,267
Gifts, grants, and other revenues	852,095	615,894	904,023	2,372,012
TOTAL REVENUES	\$ 5,379,526	\$ 8,519,161	\$ 904,023	\$ 14,802,710
EXPENDITURES				
Current:				
Instruction	\$ 251,196	\$ 4,470,243	\$ -	\$ 4,721,439
Student and instructional support	51,415	323,421	-	374,836
General administration	34,062	-	-	34,062
School administration	545,454	2,823,990	-	3,369,444
Facilities acquisition & construction	-	564,741	-	564,741
Fiscal services	401,440	139,773	-	541,213
Central services	280,910	42,210	-	323,120
Pupil transportation services	105,058	122,962	-	228,020
Operation of plant	465,970	502,252	-	968,222
Maintenance of plant	30,001	-	-	30,001
TOTAL EXPENDITURES	\$ 2,165,506	8,989,592	-	\$ 11,155,098
Excess of revenues over expenditures	3,214,020	(470,431)	904,023	3,647,612
OTHER FINANCING SOURCES				
Transfer (to) from funds	(75,054)	75,054	-	-
Proceeds from long-term financing	-	395,377	-	395,377
TOTAL OTHER FINANCING SOURCES	(75,054)	470,431	-	395,377
NET CHANGE IN FUND BALANCE	3,138,966	-	904,023	4,042,989
Fund balance at beginning of year	2,479,166	-	-	2,479,166
Fund balance at end of year	\$ 5,618,132	\$ -	\$ 904,023	\$ 6,522,155

The accompanying notes are an integral part of this financial statement.

KIPP MIAMI, INC.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Change in Fund Balance - Governmental Funds \$ 4,042,989

Proceeds from issuance of long-term liabilities are reported as an other financing source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in notes payable and forgiveness of long-term liabilities is reported as an increase in revenues.

Gain on debt extinguishment 321,215

Change in Net Position of Governmental Activities \$ 4,364,204

The accompanying notes are an integral part of this financial statement.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

KIPP Miami, Inc. (the “Organization”) is a not-for-profit corporation, organized pursuant to Chapter 617, of the Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, of the Florida Statutes. The Organization is part of the KIPP (Knowledge is Power Program) national non-profit network of college-preparatory, public charter schools educating elementary, middle and high school students.

The Organization conducts business as a charter school and holds the charter for KIPP Miami – Liberty City (the “School of Hope”) established under Section 1002.33 of the Florida Statutes. The governing body of the School of Hope is the Board of Directors of the Organization, which is comprised of seven members.

The School of Hope was established and operates under a School of Hope Performance Based Agreement (“PBA”) between the sponsoring school district, The School Board of Miami-Dade County, Florida (the “District”) and the Organization. In accordance with Florida Statutes, a charter school may be established as School of Hope under a PBA by a designated Hope Operator. The School’s designated Hope Operator is KIPP TEAM and Family Schools, Inc. (formerly known as KIPP New Jersey, Inc.), which is the Organization’s Charter Management Organization (“CMO”) per agreement with the Organization. See Note 7. The PBA is predicated on KIPP TEAM and Family Schools, Inc. continuing to serve as the CMO for the Organization. The PBA is effective until June 30, 2024 and may be renewed an additional five years in accordance with the law and agreement. The PBA may be automatically terminated if KIPP TEAM and Family Schools ceases to serve as the Organization’s CMO, unless the Organization has become approved as a Hope Operator in accordance with the law. The PBA may also be terminated before the date of expiration for reasons set forth in the agreement and Section 1002.33 of the Florida Statutes.

During the year ended June 30, 2021, the Organization operated three charter school campuses under the School of Hope PBA: KIPP Liberty Academy, KIPP Sunrise Academy and KIPP Courage Academy.

The accompanying financial statements of the Organization present the complete operations, balances, activities and disclosures of the School of Hope and its campuses for the year ended June 30, 2021, when approximately 680 students were enrolled in K through 8th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the Organization is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the Organization as a whole. Both statements report only governmental activities as the Organization does not engage in any business type activities. These statements do not include fiduciary funds.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition and construction of capital facilities and other capital assets.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Organization are prepared in accordance with generally accepted accounting principles (GAAP). The Organization applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Organization considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

Cash and Cash Equivalents

The Organization’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Due From Other Agencies

Due from other agency consists of amounts due for revenues from federal, federal through state, state, or other sources.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the component unit financial statements. Property, plant, and equipment with initial individual costs that equal or exceed \$2,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Property, plant, and equipment are depreciated using the straight-line method over the following estimated lives:

Furniture and equipment	10 years
Hardware technology	10 years
Buildings and building improvements	40 years
Leasehold improvements	Term of lease

Compensated Absences

The Organization provides employees with unlimited paid time off as long as the request is approved in accordance with the School’s policies. In the event of termination, each qualifying employee is not entitled to receive payment for accumulated unused paid time off. The Organization also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2021, was \$0.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2021 was \$904,023.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses and deposits, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2021, the Organization’s nonspendable fund balance was \$228,176.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2021, the restricted fund balance was \$904,023.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Organization’s Board of Directors. At June 30, 2021, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the Organization’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2021, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the Organization’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The Organization’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2021, there are no minimum fund balance requirements for any of the Organization’s funds.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the “School Board”) pursuant to the funding provisions included in the PBA. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the Organization will report the number of full-time equivalent (FTE) students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the Organization is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in the Florida Statutes. For the fiscal year ended June 30, 2021, the Organization reported 662.04 unweighted FTE and 715.18 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.035, Florida Statutes, and Rule SA-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until completion of an FTE audit:

- Attendance and membership documentation
- Teacher certificates and other certification documentation
- Documentation for instructors teaching out-of-field
- Procedural safeguards for weighted programs
- Evaluation and planning documents for weighted programs

The Organization is eligible to receive funds from the Schools of Hope Program, created within the Florida Department of Education, for certain eligible expenditures, as defined in Section 1002.333(10). In addition, the Organization may receive other federal, state or local awards for the enhancement of various education programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal and state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various contributions, fundraising activities and certain other programs.

Income Taxes

The Organization qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 10, 2021, which is the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS POLICY AND CREDIT RISK

It is the Organization's policy to maintain its cash and cash equivalents in major banks. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2021, balances held in financial institutions in excess of the Federal Depository Insurance Corporation (FDIC) limit totaled \$2,591,323.

NOTE 4 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consists of amounts due from the Florida Department of Education for funding under the State of Florida's Schools of Hope program in the amount of \$3,412,062 and under the Governor's Emergency Education Relief (GEER) fund in the amount of \$748,856. Remaining amounts totaling \$259,087 are due from agencies under various other federal award programs. The total amounts due from other agencies of \$4,420,005 at June 30, 2021 are included in the special revenue fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is accrued.

NOTE 5 – INTER-FUND RECEIVABLES AND PAYABLES

At June 30, 2021, the School's special revenue fund owed the general fund \$4,420,005 for expenditures awaiting reimbursement from other agencies. These amounts of inter-fund receivables and payables are netted together and not reported in the statement of net position.

NOTE 6 – NOTE PAYABLE

In April 2020, the Organization entered into a note payable agreement and received loan proceeds of \$716,592 through the Paycheck Protection Program ("PPP"), a portion of which were allocated under the same terms to KIPP Miami – Liberty City and KIPP Miami Sunrise Academy, whose financial statements were reported to the District separately for the prior year ending June 30, 2020. The loan proceeds not allocated in prior year of \$395,377 are reflected as other financing sources in the statement of revenues, expenditures and changes in fund balance during the year ended June 30, 2021. The loan proceeds are to be used for qualifying payroll, rent, and utility expenses and are forgivable in whole or in part if used for the qualifying purposes as noted above. The loan was forgiven in its entirety as of June 30, 2021 and accordingly, a gain of \$716,592 is included in gifts, grants, and other revenues in the statement of activities.

NOTE 7 – CHARTER MANAGEMENT ORGANIZATION

The Organization entered into an education services agreement with KIPP TEAM and Family Schools, Inc. ("KTAF"), formerly known as KIPP New Jersey, to provide educational and professional support services to the Organization. In its capacity as the Organization's CMO, KTAF manages the finances and operations of the Organization and makes recommendations to the Organization's independent board of directors, which make the final determinations regarding, policies and contracts. In providing these services to the Organization, officers of KTAF may not serve as members of the Board of Directors of the Organization.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – CHARTER MANAGEMENT ORGANIZATION (Continued)

The agreement is in effect through June 30, 2023 with an option to renew. Either party can terminate the contract with 90 days’ notice. The agreement calls for a monthly fee of 12% of full time equivalent (FTE) revenues received during the prior month. The Organization reported fees of \$541,213 for the year ended June 30, 2021. Amounts owed to KTAF totaled \$49,856 at June 30, 2021, which is included in accounts payable and accrued liabilities.

The agreement contains a provision for healthcare benefits. With respect to healthcare benefits, KTAF shall annually obtain quotes for benefit plans for all of the Organization’s employees and shall endeavor to determine the most cost-effective means of providing health care benefits. KTAF shall provide a summary to the Organization of the quotations received, recommend a provider to be selected by the Organization and the reasons for selection of the provider as well as a copy of the final plan details. Each of the Organization’s employees shall contribute his/her applicable share of the costs of such benefits as provided by the laws of the State of Florida. The Organization shall be responsible for funding the costs incurred by KTAF to provide health care benefits to the Organization’s employees. During the year ended June 30, 2021, health care benefit expenses totaled \$835,471, of which \$651,247 are due to KTAF as of June 30, 2021 and are included in accounts payable and accrued expenses on the accompanying statement of financial position and balance sheet – governmental funds.

NOTE 8 – SPECIAL REVENUE FUND REVENUES

Revenues reported in the special revenue fund consist of federal, state and local funds awarded to the Organization that are restricted or committed to expenditures for specific purposes other than debt service and capital projects. During the year ended June 30, 2021, these revenues consisted of the following:

Florida Department of Education:

State funding:

Schools of Hope Program	\$ 5,958,021
Classroom Teacher Supply	34,944

Federal funding:

Governor's Emergency Education Relief Fund (GEER)	778,147
Elementary and Secondary School Emergency Relief Fund (ESSER)	136,703
IDEA Part B K-12 Entitlement	144,288
Elementary and Secondary Education Act Title I, Part A	358,294
Teacher and Principal Training and Recruiting Title II, Part A	30,359
Twenty-First Century Schools Title IV	28,772
CARES Act K-12 Civic Literacy Reading List	1,023

Total Florida Department of Education	<u>7,470,551</u>
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Federal Funds passed through the KIPP Foundation, Inc.:

Charter Schools Program Grants for Replication and Expansion of High Quality Charter Schools - passed through KIPP Foundation	432,716
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Private Grants	<u>615,894</u>
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Total Revenues - Special Revenue Fund	<u><u>\$ 8,519,161</u></u>
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KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – DEVELOPMENT SERVICES AGREEMENT

In June 2021, the Organization entered into a development services agreement with KIPP South Florida Educational Facilities, Inc. (“KSF”), a nonprofit corporation whose mission is to partner with public charter schools to undertake the development, design, financing, construction, improvement, and equipping of school facilities for lease to its public school partners. This partnership will assist the Organization in leasing build-to-suit facilities to house its planned expansion of operations of public charter schools in the City of Miami and the City of North Miami, Florida.

Under the terms of the agreement, KSF will be responsible for certain activities related to school facilities to be leased to and occupied by the Organization, including, (i) undertaking certain pre-development and pre-construction activities necessary to enable KSF to obtain rights and interests in land or other property, (ii) obtaining entitlements and/or approvals necessary to develop the school facilities, (iii) obtaining and/or facilitating the obtaining of financing for the facilities projects and (iv) undertaking the development and construction of the school facilities projects. Each school facilities project will be approved by the Organization prior to the commencement of development services for the applicable project. It is expected and intended that for each approved school facilities project, the Organization shall obtain loans from the Revolving Loan Program of the State of Florida and shall contribute loan proceeds to KSF to fund a portion of the costs of each school facilities project. KSF shall obtain all other construction and/or permanent sources of financing to finance the balance of the costs of each school facilities project, including through the issuance of bonds and/or obtaining of loans.

The agreement acknowledges that, in anticipation of the acquisition of properties approved by the Organization and obtaining financing, KSF will be required to expend certain funds prior to closing in connection with predevelopment activities defined in the agreement. The Organization will provide funds to KSF for these predevelopment activities provided that unless otherwise agreed to in writing, such funds are either (i) credited against any amounts required to be contributed by the Organization to any school facilities project from financing obtained by the Organization, (ii) reimbursed to the Organization by KSF from the proceeds of any Financing obtained by KSF and/or (iii) credited to the Organization in the form of a lower lease payment for a project.

The agreement calls for the Organization to pay a development fee to KSF equal to 5% of the total cost of each completed project. The development fee will be deemed earned and shall be paid to KSF in one lump sum upon the provision of temporary certificate of occupancy for each school building.

In June 2021, the Organization approved the first school facilities project in which KSF will be engaged. The total project budget is estimated at \$28,000,000. The project was in the preliminary predevelopment stage as of June 30, 2021. Financing has not been obtained by KSF and the Organization has not entered into the State of Florida’s Revolving Loan Program as of the date of these financial statements.

During the year ended June 30, 2021, the Organization paid for predevelopment expenses in connection with the approved project totaling \$381,570 that will be either credited or reimbursed to the Organization by KSF in accordance with the agreement. The amount is recorded as due from KSF in the accompanying statement of financial position and balance sheet – governmental funds.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – CAPITAL PROJECT FUND CONTRIBUTIONS

The Organization has received contributions from private donors that are restricted for construction costs related to the school facilities project. During the year ended June 30, 2021, the contribution revenue amount recognized totaled \$904,023 and is included in the capital projects fund on the accompanying statement of changes in revenues, expenditures and fund balance. Amounts that are unspent related to these contributions are reported as restricted fund balance and restricted net position in the accompanying balance sheet – governmental funds and statement of financial position, respectively.

NOTE 11 – TRANSACTIONS WITH THE FOUNDATION

During the startup of the Organization, the KIPP Foundation, Inc. (the “Foundation”), a not-for-profit organization, served as a fiscal agent for the Organization. The fiscal agency ended on June 30, 2017. The Foundation licenses the “KIPP” name to the Organization and provides national support to all “KIPP” regions and schools, including development opportunities and pass through of gifts that are designated for schools under the Organization. During the year ended June 30, 2021, the Organization reported a total of approximately \$747,184 of revenue provided either directly from or through the Foundation, consisting of federal grants of \$432,716 and other gifts, grants, and bequests of \$314,468. In addition, amounts due to the Foundation for licensing fees of totaled \$33,271 as of June 30, 2021, and are included in accounts payable and accrued liabilities.

NOTE 12 – FACILITY LEASE COMMITMENTS

The Organization entered into two agreements with the District to lease the facilities in which its school campuses operate. The terms of the agreement for each campus location are as follows

KIPP Sunrise Academy

The prior year agreement called for monthly lease payments of \$7,624, which was paid through October 31, 2020. On November 1, 2020, a new lease agreement was signed which was effective through June 30, 2021. Under this agreement, the monthly lease payment will be the equivalent of \$600 per student per year on a monthly basis, which was equal to \$21,650 per month through June 30, 2021 based on the student enrollment at November 1, 2020. In the event the school’s enrollment increases or decreases from the established amount in the previous FTE reporting period, there will be a corresponding adjustment in the amount of rent to be paid effective with the effective date of the FTE reporting period. The term of the agreement may be extended at the sole option of the District for four additional periods of one year each under the same terms, except that rent may be adjusted to comport with the maximum per student amount allowed under the then current School of Hope legislation. The lease was extended under the same terms through June 30, 2022.

KIPP Liberty Academy and KIPP Courage Academy (shared location)

The prior year agreement called for monthly lease payments of \$7,333, which was paid through October 31, 2020. On November 1, 2020, a new lease agreement was signed which was effective through June 30, 2021. Under this agreement, the monthly lease payment will be the equivalent of \$600 per student per year on a monthly basis, which was equal to \$12,250 per month through June 30, 2021 based on the student enrollment at November 1, 2020. In the event the school’s enrollment increases or decreases from the established amount in the previous FTE reporting period, there will be a corresponding adjustment in the amount of rent to be paid effective with the effective date of the FTE reporting period. The term of the agreement may be extended at the sole option of the District for four additional periods of one year each under the same terms, except that rent may be adjusted to comport with the maximum per student amount allowed under the then current School of Hope legislation. The lease was extended under the same terms through June 30, 2022.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 – FACILITY LEASE COMMITMENTS (Continued)

Co-Location Service agreement

The Organization also entered into a Co-Location Service agreement with the District applicable to the fiscal year end June 30, 2021. Under the terms of the agreement, the District provided localized support and solutions to include facilities coordination, food services, and IT support services for the school locations. The agreement called for monthly payments to the District of \$1,000 for each month (July 2020 through June 2021) for up to 400 K-8 FTE and \$70 for each K-8 FTE over 400 students. Because all schools were operated under W/L 2008, the FTE was based on the enrollment calculated during the October 2020 FTE survey period. The fees for co-location services for the year-ended June 30, 2021 totaled \$30,620. The agreement was not been extended as of the date of these financial statements.

Modular lease agreement

In May 2021, the Organization entered into agreements to lease modular trailers. The lease terms begin July 1, 2021 and terminate on June 30, 2022. Monthly lease payments of \$43,976 are required, with the first payment being made in advance of the start of the term. The modular equipment is to be returned to the lessor at the termination date. The Organization may extend the lease term on a month to month basis as necessary until the equipment is returned. The Organization was required to pay a security deposit of \$184,200 and prepay first month's rent of \$43,976 as of June 30, 2021. The Organization also incurred one time installation charges during the year ending June 30, 2021 totaling \$392,966, which are recorded as facilities expenditures in the accompanying financial statements.

Future minimum lease payments are as follows:

	<u>Year ended June 30,</u>	
	2022	<u>\$ 406,800</u>
		<u>\$ 406,800</u>

NOTE 13 – RELATED PARTY TRANSACTIONS

The Organization leases its facilities from the District. See Note 12.

The Organization received a contribution of \$250,000 from one of its board members during the year ended June 30, 2021.

NOTE 14 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Organization carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 15 – GRANT CONTINGENCIES

In the normal course of operations, the Organization receives grant funds from various federal, state and local agencies. See Note 8. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. In management's opinion, there will be no adjustments resulting from future audits on grant periods through June 30, 2021, which will have a material effect on the financial statements.

KIPP MIAMI, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 16 – RETIREMENT PLAN

The Organization has a salary reduction plan (an IRC Section 403(b) plan) (the “Plan”), whereby employees may make elective tax deferred contributions to the Plan. All full-time employees are eligible to participate in the Plan upon hiring. The Organization has the option to make discretionary matching contributions and discretionary lump-sum contributions to the Plan. The contributions vest 100% after three years of service which is computed based on 1,000 hours of service. During the year ended June 30, 2021, the Organization contributed \$227,376 to the Plan.

NOTE 17 – COVID-19 PANDEMIC

The World Health Organization (“WHO”) declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the Organization cannot reasonably estimate the extent to which this disruption may continue to impact the Organization’s financial statements and future results of operations.

REQUIRED SUPPLEMENTAL INFORMATION

KIPP MIAMI, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 4,094,643	\$ 4,094,643	\$ 4,527,431
Gifts, grants, and other revenues	322,646	322,646	852,095
TOTAL REVENUES	4,417,289	4,417,289	5,379,526
EXPENDITURES			
Instruction	\$ 1,758,056	\$ 1,168,041	\$ 251,196
Instructional support services	1,080,209	532,836	51,415
General administration	-	-	34,062
School administration	921,178	1,020,381	545,454
Fiscal services	395,400	395,400	401,440
Central services	246,802	314,920	280,910
Pupil transportation services	138,918	141,028	105,058
Operation of plant	714,006	683,888	465,970
Maintenance of plant	23,000	35,914	30,001
TOTAL EXPENDITURES	5,277,569	4,292,408	2,165,506
Excess of revenues over expenditures	<u>(860,280)</u>	<u>124,881</u>	<u>3,214,020</u>
OTHER FINANCING SOURCES			
Transfer to other funds			(75,054)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(75,054)</u>
Net change in fund balance	<u>\$ (860,280)</u>	<u>\$ 124,881</u>	<u>\$ 3,138,966</u>

See accompanying note to the required supplemental information.

KIPP MIAMI, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal and state sources	\$ 6,933,770	\$ 6,934,797	\$ 7,903,267
Gifts, grants, and other revenues	1,502,122	1,675,981	615,894
TOTAL REVENUE	\$ 8,435,892	\$ 8,610,778	\$ 8,519,161
EXPENDITURES			
Instruction	\$ 2,769,012	\$ 3,281,741	\$ 4,470,243
Student and instructional support	329,819	447,301	323,421
School administration	2,850,443	2,990,332	2,823,990
Facilities acquisition & construction	349,955	658,019	564,741
Fiscal services	95,956	95,956	139,773
Central services	25,000	45,000	42,210
Pupil transportation services	61,082	122,972	122,962
Operation of plant	500,000	500,000	502,252
TOTAL EXPENDITURES	6,981,267	8,141,321	8,989,592
Change before other financing sources	1,454,625	469,457	(470,431)
OTHER FINANCING SOURCES			
Transfer from other funds	-	-	75,054
Proceeds from long-term financing	-	395,377	395,377
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 395,377	\$ 470,431
Net change in fund balance	\$ 1,454,625	\$ 864,834	\$ -

See accompanying note to the required supplemental information.

KIPP MIAMI, INC.
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The Organization’s annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2021, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



INDEPENDENT AUDITOR’S 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 of
KIPP Miami, Inc.
Miami, Florida

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund balance of KIPP Miami, Inc. (the “Organization”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements, and have issued our report thereon dated September 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2021



MANAGEMENT LETTER

Board of Directors of
KIPP Miami, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of KIPP Miami, Inc. (the "Organization"), a nonprofit organization and a component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 10, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 10, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the Organization are KIPP Miami – Liberty City and #132332.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the Organization has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Organization did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financials condition assessment procedures for the School. It is management's responsibility to monitor the Organization's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the Organization's overall financial condition as of June 30, 2021 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Organization maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Organization maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2021