

**KIPP Jacksonville K12
(A Component unit of the
School Board of Duval
County, Florida and a
Division of KIPP
Jacksonville, Inc.)**

**Basic Financial Statements
and
Supplementary Information**

June 30, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	30
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Services	31
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - ESSER Fund	32
Note to Required Supplementary Information	33

TABLE OF CONTENTS (continued)

	Page
SINGLE AUDIT AND COMPLIANCE INFORMATION	
Schedule of Expenditures of Federal Awards	35
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 <i>Government Auditing Standards</i>	36
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	38
Schedule of Findings and Questioned Costs	41
Management Letter	42
Corrective Action Plan	45



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KIPP Jacksonville K12
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Jacksonville K12 (the "School"), a Component unit of the School Board of Duval County, Florida (the "District"), and a Division of KIPP Jacksonville, Inc. (the "Charterholder") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 information of the School, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities 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 auditor's report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 School'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 School'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.

Emphasis of Matter

As discussed in Note A-1, the financial statements of the School, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the Charterholder and the District that is attributable to the transactions of the School. They do not purport to, and do not present fairly the financial position of the Charterholder or the District as of June 30, 2022, the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022, on our consideration of the School'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 of the School'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 School's internal control over financial reporting and compliance.

October 3, 2022
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of KIPP Jacksonville K12 (the "School"), a component unit of the School Board of Duval County, Florida, and a Division of KIPP Jacksonville, Inc., we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements found as listed on the table of contents of this report.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$5,865,816.
- The net position of the School increased by \$758,985 during the year.
- The unassigned general fund balance was \$(2,007,108).
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$2,179,663.
- The School recognized revenue related to the Elementary and Secondary School Emergency Relief funds ("ESSER II") in the amount of \$322,641.
- The KIPP Jacksonville K12 School separated from KIPP Voice to be reported and presented separately.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic 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 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 School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Overview of the Financial Statements (continued)

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a Component unit of the School Board of Duval County, Florida. The School Board of Duval County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found as listed on the table of contents of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Both the governmental fund balance sheet and the School's statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains various individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The School reports the general fund, ESSER fund and the debt service fund as their major funds.

The governmental fund financial statements can be found as listed on the table of contents of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules with required notes have been provided to demonstrate compliance with this budget and can be found as listed on the table of contents of this report.

Notes to the financial statements. The notes 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 as listed on the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$5,865,816 and by \$5,106,831 as of June 30, 2022 and 2021, respectively.

The largest portion of the School's net position reflects its restricted portion. Another significant portion of net position is the net investment in capital assets (e.g., land, furniture, fixtures and equipment and software). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below.

KIPP Jacksonville K12 Statement of Net Position

	Governmental Activities		
	2022	2021	Variance
ASSETS			
Current assets	\$ 6,327,969	\$ 7,921,154	\$ (1,593,185)
Capital assets, net of accumulated depreciation	3,690,367	1,917,954	1,772,413
Total assets	10,018,336	9,839,108	179,228
LIABILITIES			
Current liabilities	4,151,616	2,653,305	1,498,311
Noncurrent liabilities	904	2,078,972	(2,078,068)
Total liabilities	4,152,520	4,732,277	(579,757)
NET POSITION			
Net investment in capital assets	3,690,367	877,786	2,812,581
Restricted	4,084,655	3,472,025	612,630
Unrestricted	(1,909,206)	757,020	(2,666,226)
Total net position	\$ 5,865,816	\$ 5,106,831	\$ 758,985

The decrease in current assets and increase in current liabilities is primarily driven by increases in funds due from/to related parties. With the division of the School and KIPP Voice into separate schools this year, Impact holds some of the resources and makes payments on behalf of KIPP Voice. The increase in capital assets, net of accumulated depreciation and amortization, is due to current year additions consisting mainly of new roofs, adding the music and arts center, and new vehicles which were greater than current year depreciation and amortization expenses. The decrease in noncurrent liabilities is due to the School paying off the bus loan in the current year.

Government-Wide Financial Analysis (continued)

**KIPP Jacksonville K12
Statement of Activities**

	Governmental Activities		
	2022	2021	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 2,333,223	\$ 2,367,702	\$ (34,479)
Capital grants and contributions	695,065	1,052,048	(356,983)
General revenues:			
State passed through school district	9,653,766	12,226,320	(2,572,554)
Gifts, grants and bequests	5,137,767	910,993	4,226,774
Paycheck protection program loan forgiveness	-	1,805,259	(1,805,259)
Other revenues	3,658,653	1,156,221	2,502,432
Total revenues	<u>21,478,474</u>	<u>19,518,543</u>	<u>1,959,931</u>
Expenses:			
Instruction	9,095,833	8,989,595	106,238
Pupil personnel services	793,160	1,112,161	(319,001)
Staff development	11,866	58,154	(46,288)
School administration	3,163,882	3,076,575	87,307
Fiscal services	204,092	151,022	53,070
Food services	1,427,065	707,049	720,016
Transportation	576,636	359,435	217,201
Operation of plant	5,259,525	3,624,161	1,635,364
Maintenance of plant	131,079	139,999	(8,920)
Community services	7,066	-	7,066
Interest on long-term debt	49,285	40,840	8,445
Total expenses	<u>20,719,489</u>	<u>18,258,991</u>	<u>2,460,498</u>
Change in net position	758,985	1,259,552	(500,567)
Net position - beginning	<u>5,106,831</u>	<u>3,847,279</u>	<u>1,259,552</u>
Net position - ending	<u>\$ 5,865,816</u>	<u>\$ 5,106,831</u>	<u>\$ 758,985</u>

The increase in operating grants and contributions is due to Elementary and Secondary School Emergency Relief (“ESSER”) funds awarded to the School to compensate for the hardships encountered due to Covid-19. The decrease in state passed through school district revenue is primarily due to the school split, as now KIPP Voice receives a portion of these funds directly. The increase in gifts, grants and bequests is due to a gift from Jacksonville Alliance to the School for \$3,050,000. The increase in other revenues is due to the write-off for accrued rent due to the cancellation of a related party lease.

Government-Wide Financial Analysis (continued)

The increase in instructional and school administration expenses is primarily due to purchasing more supplies and other services. The increase in operation of plant is primarily due to an increase in rent as well as other support personnel required for the virtual classroom.

Financial Analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was (\$2,007,108).

General Fund Budgetary Highlights

Actual general fund revenues and expenditures were the same as the final budget. The budgetary information can be found as listed on the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's capital assets for its governmental activities as of June 30, 2022, amounts to \$3,690,367 (net of accumulated depreciation and amortization). These capital assets include land, furniture, fixtures and equipment, and software. The school obtained new roofs, added a music and arts center, and new vehicles, which made up the majority of the capital asset additions. Additional information on the School's capital assets can be found in Note C of this report.

Debt Administration. The School's long-term liabilities as of June 30, 2022 totaled \$904, and its current portion totaled \$3,310. This is a decrease of \$1,035,954 from the prior fiscal year's long-term liabilities balance and is primarily attributable to school paying off the bus loan.

Additional information about the School's long-term obligations can be found in Note D.

Economic Factors and Events Affecting Operations. A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to increase from 1,350 students in the current year to 1,775 students for the 2022/2023 School year.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director's office at 1440 North McDuff Avenue, Jacksonville, FL 32254.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash - unrestricted	\$ 141,398
Cash - restricted	3,762,014
Grants receivable	608,701
Due from other agencies - unrestricted	42,375
Due from related parties	1,699,512
Prepaid expenses	73,969
Total current assets	6,327,969
CAPITAL ASSETS, NET	
Capital assets not being depreciated	
Land	10,290
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	3,555,236
Software	124,841
Total capital assets, net	3,690,367
Total assets	10,018,336
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	212,984
Accrued expenses	470,072
Lease payable	3,465,250
Other current portion of noncurrent liabilities	3,310
Total current liabilities	4,151,616
NONCURRENT LIABILITIES	
Long-term debt	904
Total noncurrent liabilities	904
Total liabilities	4,152,520
NET POSITION	
Net investment in capital assets	3,690,367
Restricted	4,084,655
Unrestricted	(1,909,206)
Total net position	\$ 5,865,816

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

Functions/Programs	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	\$ 9,095,833	\$ -	\$ 834,035	\$ -	\$ (8,261,798)
Pupil personnel services	793,160	-	-	-	(793,160)
Staff development	11,866	-	-	-	(11,866)
School administration	3,163,882	-	-	-	(3,163,882)
Fiscal services	204,092	-	-	-	(204,092)
Food services	1,427,065	-	1,499,188	-	72,123
Transportation	576,636	-	-	-	(576,636)
Operation of plant	5,259,525	-	-	695,065	(4,564,460)
Maintenance of plant	131,079	-	-	-	(131,079)
Community services	7,066	-	-	-	(7,066)
Interest on long-term debt	49,285	-	-	-	(49,285)
Total governmental activities	\$ 20,719,489	\$ -	\$ 2,333,223	\$ 695,065	(17,691,201)
General revenues:					
					9,653,766
					5,137,767
					<u>3,658,653</u>
					<u>18,450,186</u>
					758,985
					<u>5,106,831</u>
					<u>\$ 5,865,816</u>

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Debt Service Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 141,398	\$ -	\$ -	\$ -	\$ 141,398
Cash restricted	-	3,762,014	-	-	3,762,014
Due from other agencies	42,375	-	-	-	42,375
Due from related parties	1,699,512	-	-	-	1,699,512
Prepaid expenses	73,969	-	-	-	73,969
Grants receivable	257,899	-	322,641	28,161	608,701
Due from other funds	14	-	-	-	14
Total assets	\$ 2,215,167	\$ 3,762,014	\$ 322,641	\$ 28,161	\$ 6,327,983
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 212,984	\$ -	\$ -	\$ -	\$ 212,984
Accrued expenses	470,072	-	-	-	470,072
Lease payable	3,465,250	-	-	-	3,465,250
Due to other funds	-	-	-	14	14
Total liabilities	4,148,306	-	-	14	4,148,320
FUND BALANCES					
Restricted	-	3,762,014	322,641	-	4,084,655
Nonspendable					
Prepaid expenses	73,969	-	-	-	73,969
Unassigned	(2,007,108)	-	-	28,147	(1,978,961)
Total fund balances	(1,933,139)	3,762,014	322,641	28,147	2,179,663
Total liabilities and fund balances	\$ 2,215,167	\$ 3,762,014	\$ 322,641	\$ 28,161	\$ 6,327,983

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

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2022

Fund balances - total governmental funds		\$ 2,179,663
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land	\$ 10,290	
Furniture, fixtures and equipment, net	3,555,236	
Software, net	<u>124,841</u>	
Total capital assets		3,690,367
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Lease payable - long term		<u>(4,214)</u>
Total net position of governmental activities		<u><u>\$ 5,865,816</u></u>

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2022

	General Fund	Debt Service Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal passed through state	\$ -	\$ -	\$ 322,641	\$ 2,006,163	\$ 2,328,804
State passed through school district	9,653,766	-	-	695,065	10,348,831
Gifts, grants and bequests	5,137,767	-	-	-	5,137,767
Other revenues	1,104,040	-	-	860,888	1,964,928
Total revenues	<u>15,895,573</u>	<u>-</u>	<u>322,641</u>	<u>3,566,535</u>	<u>19,784,749</u>
Expenditures					
Current:					
Instruction	8,155,704	-	445,916	424,079	9,025,699
Pupil personnel services	498,574	-	49,312	245,274	793,160
Staff development	11,866	-	-	-	11,866
School administration	3,088,270	-	25,362	26,199	3,139,831
Fiscal services	204,092	-	-	-	204,092
Food services	102,558	-	-	1,300,760	1,403,318
Transportation	274,252	-	-	-	274,252
Operation of plant	5,123,518	-	-	88,854	5,212,372
Maintenance of plant	131,079	-	-	-	131,079
Community services	7,066	-	-	-	7,066
Debt service:					
Principal	1,035,954	-	-	-	1,035,954
Interest	-	49,285	-	-	49,285
Capital outlay	2,239,882	-	-	-	2,239,882
Total expenditures	<u>20,872,815</u>	<u>49,285</u>	<u>520,590</u>	<u>2,085,166</u>	<u>23,527,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,977,242)</u>	<u>(49,285)</u>	<u>(197,949)</u>	<u>1,481,369</u>	<u>(3,743,107)</u>
Other financing sources (uses):					
Transfers in	851,335	604,299	520,590	-	1,976,224
Transfers out	-	-	-	(1,976,224)	(1,976,224)
Total other financing sources (uses)	<u>851,335</u>	<u>604,299</u>	<u>520,590</u>	<u>(1,976,224)</u>	<u>-</u>
Net change in fund balances	(4,125,907)	555,014	322,641	(494,855)	(3,743,107)
Fund balances - beginning of the year	<u>2,192,768</u>	<u>3,207,000</u>	<u>-</u>	<u>523,002</u>	<u>5,922,770</u>
Fund balances - end of the year	<u>\$ (1,933,139)</u>	<u>\$ 3,762,014</u>	<u>\$ 322,641</u>	<u>\$ 28,147</u>	<u>\$ 2,179,663</u>

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

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2022

Net change in fund balances - total government funds		\$ (3,743,107)
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 2,239,882	
Depreciation and amortization expense	<u>(468,389)</u>	
		1,771,493
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Forgiveness of accrued rent on refinancing	\$ 1,694,645	
Principal payments on long-term debt	<u>1,035,954</u>	
		<u>2,730,599</u>
Change in net position of governmental activities		<u><u>\$ 758,985</u></u>

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

KIPP Jacksonville K12 (the "School") is a Division of KIPP Jacksonville, Inc. (the "Charterholder") which is a Florida non-profit corporation. The School provides education services to students in kindergarten through eighth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of ten members. Effective July 1, 2021, KIPP Impact K-8 School was separated from KIPP Voice/KIPP Impact School. Both Schools are separately reported.

The financial information presented is that of the School only and is not intended to be a complete presentation of the Charterholder or the School Board of Duval County, Florida (the "District"). Additionally, there are consolidated financial statements issued for the Charterholder.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the District. The current charter was renewed by mutual agreement between the School and the District for an additional five years to June 30, 2025 and shall be automatically extended on a month-to-month basis until the charter has been renewed, non-renewed, or terminated by the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a Component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the non-fiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the sum of assets and deferred outflows less liabilities and deferred inflows, as presented in the statement of net position, is subdivided into three categories: amounts invested in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining net position that does not meet the definition of the other two categories.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund, ESSER fund and debt service fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Debt Service Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the School's outstanding debts.

ESSER Fund - to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. This fund accounts for resources accumulated and payments made to sustain the safe operation of schools and equitably expand opportunity for students who need it most, particularly those most impacted by the COVID-19 pandemic.

4. Cash

For financial statement purposes cash and cash equivalents are considered to be cash in banks, bond fund reserves in U.S. treasuries, certificates of deposits and money market funds with original maturities of three months or less. Cash is made up of cash on hand at the School and checking accounts held at financial institutions. The School has no cash equivalents.

5. Receivables

Receivables typically include amounts due from governmental agencies for grant related funding and due from related parties as indicated in Note H-2. As of June 30, 2022, the School is owed \$1,331,656 for other grants (primarily the ESSER grant). The School has determined, based on prior experience, that 100% of accounts receivable are deemed to be fully collectible. Therefore, no allowance for doubtful accounts has been provided.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Interfund activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Transfers are used to move unrestricted fund revenues to finance programs and debt service activities that the School must account for in other funds.

7. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School are depreciated and amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furnitures, fixtures and equipment	5 - 10
Software	1 - 3

8. Long-lived assets

The School evaluates its long-lived assets for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The School compares the carrying amount to estimated future net undiscounted cash flows expected to be generated by such assets. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. Management has determined that there was no impairment for 2022.

9. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Revenue sources (continued)

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. The School was awarded ESSER II funds.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

10. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

11. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fund balance classification (continued)

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are in non-spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest-level action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

13. Impact of recently issued accounting principles

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for the School's June 30, 2025 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the School's financial statements.

14. Statement No. 87, Leases ("GASB 87")

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the School's June 30, 2022 fiscal year. There was not impact of the adoption of this statement on the School's financial statements as of June 30, 2022.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE B - CASH

As of June 30, 2022 cash consists of \$141,398 of unrestricted cash and \$3,762,014 of restricted cash. The associated risk with cash is as follows:

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The deposits are insured by the FDIC up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes.

Restricted cash - At June 30, 2022, restricted cash consists of \$3,762,014 of funds for debt service.

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets not depreciated:				
Land	\$ 10,290	\$ -	\$ -	\$ 10,290
Capital assets depreciated and amortized:				
Furniture, fixtures and equipment	3,621,992	2,115,456	-	5,737,448
Software	107,354	124,426	-	231,780
Total assets depreciated	3,729,346	2,239,882	-	5,969,228
Less accumulated depreciation and amortization:				
Furniture, fixtures and equipment	(1,718,056)	(464,156)	-	(2,182,212)
Software	(102,706)	(4,233)	-	(106,939)
Total accumulated depreciation and amortization:	(1,820,762)	(468,389)	-	(2,289,151)
Total governmental activities capital assets, net	<u>\$ 1,918,874</u>	<u>\$ 1,771,493</u>	<u>\$ -</u>	<u>\$ 3,690,367</u>

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE C - CAPITAL ASSETS (continued)

Depreciation and amortization expense for the year ended June 30, 2022 was charged to functions of the School as follows:

Pupil trans services	\$	302,384
Basic instruction		67,641
Administrative		22,311
Food services		23,747
Operation of plant		48,073
Software		4,233
		468,389
	\$	468,389

NOTE D - NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities is as follows:

	Balance at July 1, 2021	Additions	Payments/ forgiveness	Balance at June 30, 2022	Due within one year
Accrued rent	\$1,693,725	\$ -	\$ (1,693,725)	\$ -	\$ -
Bus loans	1,033,083	-	(1,033,083)	-	-
Copier capital lease	7,085	-	(2,871)	4,214	3,310
Total noncurrent liabilities	\$2,733,893	\$ -	\$ (2,729,679)	\$ 4,214	\$ 3,310

1. Accrued rent

The School is in an escalating payment lease agreement with McDuff QALICB 2, a related party as another subsidiary of KIPP Jacksonville, Inc., and is used to hold, develop, maintain, and retain financing as needed for the real estate used by the School. In governmental financial statements stated on a full accrual basis of accounting, escalating leases are required to be calculated on a straight-line basis. In the current year this rent agreement was cancelled and the related liability was written off.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE D - NONCURRENT LIABILITIES (continued)

2. Bus loans

On July 27, 2016, the Charterholder entered into a loan for acquiring and maintaining school buses. The loan bears interest at a rate of 3.61% per annum for a term of seven years. The principal and interest of \$58,657 is due quarterly. On March 22, 2019, the Charterholder entered into another loan in the amount of \$210,278 for acquiring and maintaining additional school buses. The loan bears interest at a rate of 4.77% per annum for a term of five years. The principal and interest of \$11,886 are due quarterly. On July 2, 2020 the Charterholder entered into a third loan in the amount of \$456,136 for acquiring and maintaining additional busses. The loan bears interest at a rate of 4.48% per annum for a term of 6 years. The principal and interest of \$25,586 are due quarterly. In the current year, the school paid off the remaining balance of the loan.

3. Capital lease

In September 2019, the School signed a lease agreement for a copier with an ending date of September 2023, and a nominal annual interest rate of 14.302%. As of June 30, 2022, the capitalized cost of the asset was \$10,960 and the related accumulated depreciation was \$1,979.

As of June 30, 2022, the future principal and interest maturities are as follows for the years ending June 30:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,310	\$ 391
2024	904	22
	<u>\$ 4,214</u>	<u>\$ 413</u>

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE E - CONCENTRATIONS

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Duval County, Florida:	
Base student allocation	\$ 6,029,763
Class size reduction	1,289,738
ESE	1,142,180
Supplemental academic instruction	323,951
Teacher Salary increase Allocation	249,617
Student transportation	319,226
Instructional materials allocation	102,399
Safe schools	91,089
Mental health assistance allocation	51,569
Digital classroom allocation	1,307
Reading allocation	52,927
State passed through school district	9,653,766
Operating grants and contributions:	
Title I funds	506,975
National School Lunch Program	1,499,188
ESSER	322,641
Operating Grants Subtotal	2,333,223
Capital outlay	695,065
Gifts, grants and bequests	5,137,767
Other revenues	3,658,653
Total revenues	\$ 21,478,474

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE F - ESSER

The Elementary and Secondary School Emergency Relief (ESSER) Fund was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. The CARES Act provided direct funding to state education agencies (SEA) and local education agencies (LEA) to address the impact COVID-19 has had, and in certain contexts continues to have, on elementary and secondary schools. Of the ESSER funding each state received, 90% was allocated directly to LEAs through formula grants with up to 10% reserved at the SEA level for statewide activities.

In December 2020, ESSER funding was expanded through the enactment of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. As with the initial ESSER I Fund established by the CARES Act, the central purpose of the later second round of funding along with the American Relief Program funding (“ESSER II” and “ESSER ARP”) was to provide direct funding to states and LEAs to address the areas most impacted by the disruption and closure of schools due to COVID-19. As of June 30, 2022, the School submitted reimbursement requests for \$322,641 and recorded a grant receivable for this amount.

NOTE G - COMMITMENTS AND CONTINGENCIES

1. Accounting services

The Charterholder entered into an agreement with the operating company on July 1, 2019 which is still in effect on a month-by-month basis. This agreement calls for an ongoing fee for accounting services to be paid in monthly installments of approximately \$6,000.

The amount charged to operations for the year ended June 30, 2022 was \$77,203.

2. Facilities expense

Jacksonville Alliance for KIPP Schools, Inc. (“JAKS”) has a lease agreement with the Charterholder that is renewed on an annual basis, the expense related to this lease was \$2,256,893 in the current year. The full amount of the lease expenses is recorded as a payable as of June 30, 2022.

For this agreement the School pays on behalf of the Charterholder as it utilizes the facilities.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE G - COMMITMENTS AND CONTINGENCIES (continued)

3. Federal and State grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. The School is subject to periodic audits and inquiries by various regulatory agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. The School has determined that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

4. Legal

The School may be involved in legal actions arising from the normal course of activities. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School's financial statements.

NOTE H - RELATED PARTIES

1. Due to McDuff QALICB 2

McDuff QALICB 2 holds, develops and maintains, and retains financing as needed for the real estate used by the Charterholder. As of June 30, 2022 the School has \$370,802 due to McDuff QALICB 2.

2. Due from KIPP JAKS

JAKS primarily holds, develops and maintains, and retains financing as needed for the real estate used by the Charterholder and to a lesser extent, JAKS receives certain grant funding on behalf of the School. As of June 30, 2022 the School has \$2,720,976 due from JAKS.

3. Due from/to KIPP Voice

The School holds the liquid resources of KIPP Voice School ("Voice") and pays on their behalf. As of June 30, 2022 the School has \$6,929,103 due from Voice and \$7,579,765 due to Voice.

These transactions are reported as a net \$1,699,512 on the balance sheet.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022

NOTE I - RISK MANAGEMENT

The School 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 School carries commercial insurance. Under the plan for property insurance, the School has no liability per occurrence. There have been no significant reductions in insurance coverage during the fiscal year. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

NOTE J - SUBSEQUENT EVENTS

The School has evaluated subsequent events and transactions for potential recognition or disclosure through October 3, 2022, the date at which the financial statements were available to be issued and has determined that no material events have occurred that would warrant additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue				
Federal grant	\$ 3,970,197	\$ -	\$ -	\$ -
State passed through school district	9,742,452	9,653,766	9,653,766	-
Gifts, grants and bequests	-	5,137,767	5,137,767	-
Other revenues	2,257,000	1,104,040	1,104,040	-
Total revenues	15,969,649	15,895,573	15,895,573	-
Expenditures				
Instruction	8,887,735	8,155,704	8,155,704	-
Pupil personnel services	225,752	498,574	498,574	-
Staff development	141,065	11,866	11,866	-
School administration	3,905,741	3,088,270	3,088,270	-
Fiscal services	125,385	204,092	204,092	-
Food service	1,091,639	102,558	102,558	-
Transportation	1,001,335	274,252	274,252	-
Operation of plant	3,309,712	5,123,518	5,123,518	-
Maintenance of plant	-	131,079	131,079	-
Community services	-	7,066	7,066	-
Debt service	-	1,035,954	1,035,954	-
Total expenditures	18,688,364	18,632,933	18,632,933	-
Change in net position	\$ (2,718,715)	\$ (2,737,360)	(2,737,360)	\$ -
Adjustments to conform to GAAP:				
Capital outlay expenditures			(2,239,882)	
Excess (deficiency) of revenues over (under) expenditures			(4,977,242)	
Other financing sources (uses)			851,335	
Fund balances - beginning of the year			(4,125,907)	
Fund balances - beginning of the year			2,192,768	
Fund balances - end of the year			\$ (1,933,139)	

See accompanying note to required supplementary information.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICES**

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt service	\$ 543,158	\$ 49,285	\$ 49,285	\$ -
Excess (deficiency) of revenues over (under) expenditures			(49,285)	
Other financing sources (uses)			604,299	
Net change in fund balances			555,014	
Fund balances - beginning of the year			3,207,000	
Fund balances - end of the year			\$ 3,762,014	

See accompanying note to required supplementary information.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - ESSER FUND**

For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Federal passed through state	\$ 1,646,341	322,641	322,641	-
Total revenues	<u>1,646,341</u>	<u>322,641</u>	<u>322,641</u>	<u>-</u>
Expenditures				
Instruction	1,311,200	445,916	445,916	-
Pupil personnel services	57,600	49,312	49,312	-
School administration	-	25,362	25,362	-
Total expenditures	<u>1,368,800</u>	<u>520,590</u>	<u>520,590</u>	<u>-</u>
Change in net position	<u>\$ 277,541</u>	<u>\$ (197,949)</u>	<u>(197,949)</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures			(197,949)	
Other financing sources (uses)			520,590	
Fund balances - beginning of the year			<u>-</u>	
Fund balances - end of the year			<u>\$ 322,641</u>	

See accompanying note to required supplementary information.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2022

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board. Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation to excess of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

SINGLE AUDIT AND COMPLIANCE INFORMATION

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF EDUCATION/PASS THROUGH DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA		
Title I Grants to Local Educational Agencies	84.010	\$ 695,552
Elementary and Secondary School Emergency Relief Fund	84.425D	520,590
Total Department of Education		1,216,142
U.S. FEDERAL COMMUNICATIONS COMMISSION/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION		
Universal Service Fund Schools and Libraries Program	32.004	246,572
U.S. DEPARTMENT OF AGRICULTURE/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION		
Pass through from KIPP Jacksonville, Inc.:		
National School Lunch Program (NSLP)	10.555	1,300,760
Total federal funds		\$ 2,763,474

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the School during its fiscal year June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. INDIRECT COST RATE

The School did not elect to use the 10-percent de minimis indirect cost rate.

NOTE 3. SUB-RECIPIENTS

During the year ended June 30, 2022, the School had no sub-recipients.

NOTE 4. NONCASH ASSISTANCE AND OTHER

The School did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended June 30, 2022.



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

To the Board of Directors
KIPP Jacksonville K12
Jacksonville, 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 information of KIPP Jacksonville K12 (the "School"), a Component unit of the School Board of Duval County, Florida, and a Division of KIPP Jacksonville, Inc. (the "Charterholder"), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 3, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 or significant deficiencies may exist that were not identified.

MELBOURNE

8035 Spyglass Hill Road
Melbourne, FL 32940
321-757-2020

ORLANDO

255 South Orange Avenue, #1200
Orlando, FL 32801
407-841-8841

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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.

October 3, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
KIPP Jacksonville K12
Jacksonville, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP Jacksonville K12's (the "School"), a Component unit of the School Board of Duval County, Florida, and a Division of KIPP Jacksonville, Inc. (the "Charterholder"), 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 the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 the School'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 the School's federal programs.

Auditor's 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 the School'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 generally accepted auditing standards, *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 the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the School'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 the School'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 the School'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 Auditor's 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.

October 3, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major program:

Material weakness identified? **No**

Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major program: **Unmodified**

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

The program tested as the major program is as follows:

<u>Assistance Listing Number</u>	<u>Name of Program</u>
10.555	National School Lunch Program

The threshold for distinguishing type A and B programs was **\$750,000**

Did the auditee qualify as a low-risk auditee? **Yes**

B. FINDINGS - FINANCIAL STATEMENTS

None in the current year.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

None in the current year.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None in the prior year.



MANAGEMENT LETTER

To the Board of Directors
KIPP Jacksonville K12
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of KIPP Jacksonville K12 (the “School”), a Component unit of the School Board of Duval County, Florida (the “District”), and a Division of KIPP Jacksonville, Inc. (the “Charterholder”), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 3, 2022.

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; the audit requirements of Title 2U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (uniform Guidance); 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in this report, which is dated October 3, 2022, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report (2021-01) but it remains a finding in the current year (2022-01).

MELBOURNE

8035 Spyglass Hill Road
Melbourne, FL 32940
321-757-2020

ORLANDO

255 South Orange Avenue, #1200
Orlando, FL 32801
407-841-8841

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 of the entity is KIPP Jacksonville K12, a Component unit of the School Board of Duval County, Florida, and a Division of KIPP Jacksonville, Inc. and the School code is 3590.

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 School 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 Viera Charter School 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 financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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 School 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 School 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 except the one listed below.

After reviewing the payroll controls it is our recommendation that the School implement improved documentation procedures to keep the employee files up to date (**Finding 2022-01**). Due to staff turnover it appears some documentation may have been misfiled or not maintained in the employee file. We recommend that the School put in place consistent documentation policies that will prevent these oversights in the future. Payroll testing was completed through alternative procedures without exception.

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 District, the Board of Directors, other regulatory agencies and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

October 3, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



CORRECTIVE ACTION PLAN

October 3, 2022

Auditor General State of Florida
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Sections 10.856(3)(f) and 10.856(3)(g) Rules of the Auditor General

KIPP Jacksonville K12 respectfully submits the following response to the auditor's findings included in the management letter for the year ended June 30, 2022.

2022-01 Payroll Controls

Auditor's Recommendations: The School put in place consistent documentation policies that will prevent these oversights in the future.

Response:

We are in agreement with the auditor's recommendation to improve our documentation policies as it relates to our employee payroll files, as a result of this recommendation we have. Effective July 1, 2022, implemented the sole use of our electronic payroll system, Paycor. Also, all pay adjustments of any type have an approval flow that can be evidenced by documentation. This documentation can be accessed from the employee's files.

If the Auditor General has questions regarding this plan, please contact me directly.

Sincerely yours,

Dr. Archie L. Bouie, II
Chief Operating Officer

