

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

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

**FOR THE YEAR ENDED JUNE 30, 2021**

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

**CHARTER SCHOOLS:**

KIPP Academy of Opportunity (KAO) - #530  
KIPP Los Angeles College Preparatory School (KLAP) - #531 KIPP Raices Academy  
(KRA) - #1010  
KIPP Comienza Community Prep (KCCP) - #1196  
KIPP Empower Academy (KEA) - #1195  
KIPP Scholar Academy (KSA) - #1377  
KIPP Philosophers Academy (KPA) - #1378  
KIPP Sol Academy (KSOL) - #1379  
KIPP Iluminar Academy (KIA) - #1508  
KIPP Academy of Innovation (KAI) - #1586  
KIPP Vida Preparatory Academy (KVPA) - #1587  
KIPP Promesa Preparatory (KPP) - #1721  
KIPP Ignite Academy (KIG) - #1720  
KIPP Corazon Academy (KCA) - #1855  
KIPP Compton Community School (KCOM) - #1996  
KIPP Pueblo Unido (KPU) - #2041  
KIPP Adelante Preparatory Academy (KAPA) - #0550  
KIPP SoCal LEA 17 (LEA 17) - #2079  
KIPP Poder Public School (KPPS) - #2112



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

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

We have audited the accompanying consolidating financial statements of KIPP SoCal Public Schools (KIPP SoCal), a California nonprofit public benefit corporation, which comprise the consolidating statement of financial position as of June 30, 2021, and the related consolidating statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidating financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the consolidating financial statements referred to on page one present fairly, in all material respects, the financial position of as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2021 on our consideration of KIPP SoCal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on KIPP SoCal's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP SoCal's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
December 1, 2021

**KIPP SoCal PUBLIC SCHOOLS**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 24,998,011	\$ 13,389,752	\$ -	\$ 38,387,763
Investments	16,852,952	-	-	16,852,952
Restricted Cash and Cash Equivalents	-	50,499,660	-	50,499,660
Accounts Receivable - Federal And State	34,265,116	-	-	34,265,116
Accounts Receivable - Other	511,050	4,753	-	515,803
Intercompany Receivable	34,629,700	152,992	(34,782,692)	-
Prepaid Expenses and Other Assets	72,435	6,961	(48,485)	30,911
Total Current Assets	111,329,264	64,054,118	(34,831,177)	140,552,205
<b>LONG-TERM ASSETS</b>				
Restricted Cash and Cash Equivalents	-	5,535,262	-	5,535,262
Restricted Investments	-	3,834,955	-	3,834,955
Investments	1,389,889	-	-	1,389,889
Net Contributions Receivable	1,033,059	-	-	1,033,059
Security Deposits and Other Assets	1,378,563	305,662	(1,072,513)	611,712
Deferred Rent Asset	328,210	2,447,847	(2,776,057)	-
Intercompany Notes Receivable	5,400,000	-	(5,400,000)	-
Property, Plant, and Equipment, Net	3,289,987	183,580,648	-	186,870,635
Total Long-Term Assets	12,819,708	195,704,374	(9,248,570)	199,275,512
Total Assets	<u>\$ 124,148,972</u>	<u>\$ 259,758,492</u>	<u>\$ (44,079,747)</u>	<u>\$ 339,827,717</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable - Federal and State	\$ 1,506,267	\$ -	\$ -	\$ 1,506,267
Accounts Payable - Other	5,465,802	2,887,719	-	8,353,521
Accrued Liabilities	2,766,952	4,173,407	-	6,940,359
Unearned Revenue	7,450,654	1,120,998	(1,120,998)	7,450,654
Notes Payable, Current Portion	300,000	-	-	300,000
Bonds Payable, Current Portion	-	1,910,000	-	1,910,000
Intercompany Payable	152,992	34,629,700	(34,782,692)	-
Total Current Liabilities	17,642,667	44,721,824	(35,903,690)	26,460,801
<b>LONG-TERM LIABILITIES</b>				
Intercompany Notes Payable	-	5,400,000	(5,400,000)	-
Deferred Rent Liability	2,896,520	2,135,845	(2,776,057)	2,256,308
Grant Fund Reserve Payable	-	516,000	-	516,000
Notes Payable, Net of Current Portion	-	18,202,237	-	18,202,237
Bonds Payable, Net Current Portion	-	184,986,530	-	184,986,530
Total Long-Term Liabilities	2,896,520	211,240,612	(8,176,057)	205,961,075
Total Liabilities	20,539,187	255,962,436	(44,079,747)	232,421,876
<b>NET ASSETS</b>				
Without Donor Restriction	99,362,674	3,796,056	-	103,158,730
With Donor Restriction	4,247,111	-	-	4,247,111
Total Net Assets	103,609,785	3,796,056	-	107,405,841
Total Liabilities and Net Assets	<u>\$ 124,148,972</u>	<u>\$ 259,758,492</u>	<u>\$ (44,079,747)</u>	<u>\$ 339,827,717</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>REVENUES, WITHOUT DONOR RESTRICTION</b>				
State Revenue:				
Local Funding Formula Sources	\$ 91,796,527	\$ -	\$ -	\$ 91,796,527
Other State Revenue	19,587,148	-	-	19,587,148
Federal Revenue:				
Grants and Entitlements	20,298,374	-	-	20,298,374
Local Revenue:				
Contributions	7,796,295	4,075,000	(4,000,000)	7,871,295
Other Revenue	972,733	11,170,309	(11,074,941)	1,068,101
Interest and Investment Income	78,235	2,744	(54,000)	26,979
Total Revenues, Without Donor Restriction	140,529,312	15,248,053	(15,128,941)	140,648,424
Net Assets Released from Restriction	159,515	-	-	159,515
Total Revenues, Without Donor Restriction and Net Assets Released from Restriction	140,688,827	15,248,053	(15,128,941)	140,807,939
<b>EXPENSES</b>				
Program Services Expense:				
Educational Programs	112,029,661	11,397,295	(11,128,941)	112,298,015
Support Services Expense:				
Management and General	18,823,249	624,305	(4,000,000)	15,447,554
Fundraising and Development	1,523,678	-	-	1,523,678
Total Expenses	132,376,588	12,021,600	(15,128,941)	129,269,247
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	8,312,239	3,226,453	-	11,538,692
<b>NET ASSETS WITH DONOR RESTRICTION</b>				
Contributions	1,219	-	-	1,219
Investment Return	690,335	-	-	690,335
Net Assets Released from Restriction	(159,515)	-	-	(159,515)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>	532,039	-	-	532,039
<b>CHANGE IN NET ASSETS</b>	8,844,278	3,226,453	-	12,070,731
Net Assets, Beginning of Year	94,765,507	569,603	-	95,335,110
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 103,609,785</u>	<u>\$ 3,796,056</u>	<u>\$ -</u>	<u>\$ 107,405,841</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SoCal PUBLIC SCHOOLS**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 8,844,278	\$ 3,226,453	\$ -	\$ 12,070,731
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	921,464	3,739,811	-	4,661,275
Realized and Unrealized (Gains) and Losses	(179,354)	16,226	-	(163,128)
Bond Premium and Issue Cost Amortization	-	(679,052)	-	(679,052)
(Increase) and Decrease in Operating Assets:				
Accounts Receivable - Federal and State	(16,522,209)	-	-	(16,522,209)
Accounts Receivable - Other	1,021,664	27,011	-	1,048,675
Contributions Receivable	23,781	-	-	23,781
Intercompany Receivable	(5,925,580)	(109,589)	6,035,169	-
Prepaid Expenses	1,205,572	-	-	1,205,572
Security Deposits and Other Assets	(1,100,559)	(219,181)	-	(1,319,740)
Deferred Rent Asset	(171,169)	(908,828)	1,079,997	-
Increase and (Decrease) in Operating Liabilities:				
Accounts Payable - Federal and State	(5,937,243)	-	-	(5,937,243)
Accounts Payable - Other	1,445,604	(3,851,502)	-	(2,405,898)
Accrued Liabilities	1,089,380	645,562	-	1,734,942
Unearned Revenue	7,134,966	(48,484)	-	7,086,482
Deferred Rent Liability	1,254,534	301,805	(1,079,997)	476,342
Intercompany Payable	109,589	5,925,580	(6,035,169)	-
Net Cash Provided (Used) by Operating Activities	(6,785,282)	8,065,812	-	1,280,530

See accompanying Notes to Consolidating Financial Statements.



**KIPP SoCal PUBLIC SCHOOLS**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	KIPP SoCal Public Schools	KLARE	Eliminations	Consolidated Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	\$ (29,059,727)	\$ (3,834,955)	\$ -	\$ (32,894,682)
Sale of investments	36,634,275	3,793,720	-	40,427,995
Purchases of Property, Plant, and Equipment	(914,862)	(26,891,604)	-	(27,806,466)
Net Cash Used by Investing Activities	6,659,686	(26,932,839)	-	(20,273,153)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Debt Issuance Costs	-	(789,751)	-	(789,751)
Proceeds from Notes Payable	-	6,287,553	-	6,287,553
Proceeds from Bonds Payable	-	39,108,606	-	39,108,606
Payments on Bonds Payable	-	(1,840,000)	-	(1,840,000)
Net Cash Provided by Financing Activities	-	42,766,408	-	42,766,408
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	(125,596)	23,899,381	-	23,773,785
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	25,123,607	45,525,293	-	70,648,900
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 24,998,011</u>	<u>\$ 69,424,674</u>	<u>\$ -</u>	<u>\$ 94,422,685</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>				
Cash Paid for Interest, Net of Capitalized Interest	<u>\$ -</u>	<u>\$ 6,605,918</u>	<u>\$ -</u>	<u>\$ 6,605,918</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ 882,728</u>	<u>\$ -</u>	<u>\$ 882,728</u>
<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</b>				
Cash and Cash Equivalents	\$ 24,998,011	\$ 13,389,752	\$ -	\$ 38,387,763
Restricted Cash and Cash Equivalents, Current	-	50,499,660	-	50,499,660
Restricted Cash and Cash Equivalents, Long-Term	-	5,535,262	-	5,535,262
Total Cash and Cash Equivalents	<u>\$ 24,998,011</u>	<u>\$ 69,424,674</u>	<u>\$ -</u>	<u>\$ 94,422,685</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	KIPP SoCal Public Schools				KLARE				Total
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Total Expenses	Eliminations	Expenses
Salaries and Wages	\$ 58,925,651	\$ 7,617,357	\$ 802,720	\$ 67,345,728	\$ -	\$ -	\$ -	\$ -	\$ 67,345,728
Pension Expense	1,474,186	332,014	42,174	1,848,374	-	-	-	-	1,848,374
Other Employee Benefits	6,026,705	1,452,552	187,279	7,666,536	-	-	-	-	7,666,536
Payroll Taxes	4,172,465	879,557	109,966	5,161,988	-	-	-	-	5,161,988
Management Fees	-	917,965	-	917,965	-	-	-	-	917,965
Legal Expenses	-	132,377	-	132,377	-	16,260	16,260	-	148,637
Accounting Expenses	-	70,718	-	70,718	-	22,575	22,575	-	93,293
Other Fees for Services	2,865,516	1,264,191	-	4,129,707	-	190,252	190,252	-	4,319,959
Advertising and Promotion	273,761	350,103	154,296	778,160	-	-	-	-	778,160
Office Expenses	1,421,128	87,352	-	1,508,480	33,426	35	33,461	-	1,541,941
Information Technology	4,819,919	532,363	78,330	5,430,612	-	-	-	-	5,430,612
Occupancy Expenses	18,389,839	259,729	38,216	18,687,784	994,337	-	994,337	(11,074,941)	8,607,180
Travel Expenses	46,090	-	-	46,090	-	-	-	-	46,090
Conferences and Meetings	459,169	-	-	459,169	-	-	-	-	459,169
Interest Expense	-	-	-	-	6,613,237	-	6,613,237	(54,000)	6,559,237
Depreciation	884,285	37,179	-	921,464	3,739,811	-	3,739,811	-	4,661,275
Insurance Expense	314,405	59,925	7,294	381,624	-	-	-	-	381,624
Instructional Materials & Services	7,960,419	-	-	7,960,419	16,484	-	16,484	-	7,976,903
Student Meals	2,813,391	-	-	2,813,391	-	-	-	-	2,813,391
Other Expenses	1,182,732	4,829,867	103,403	6,116,002	-	395,183	395,183	(4,000,000)	2,511,185
Subtotal	112,029,661	18,823,249	1,523,678	132,376,588	11,397,295	624,305	12,021,600	(15,128,941)	129,269,247
Eliminations	(11,074,941)	(4,000,000)	-	(15,074,941)	(54,000)	-	(54,000)	15,128,941	-
Total Functional Expenses	<u>\$ 100,954,720</u>	<u>\$ 14,823,249</u>	<u>\$ 1,523,678</u>	<u>\$ 117,301,647</u>	<u>\$ 11,343,295</u>	<u>\$ 624,305</u>	<u>\$ 11,967,600</u>	<u>\$ -</u>	<u>\$ 129,269,247</u>

See accompanying Notes to Consolidating Financial Statements.

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

KIPP SoCal Public Schools (KIPP SoCal), formerly KIPP LA Schools, was organized in July 2008 as a nonprofit corporation under the laws of the state of California for the purpose of operating public charter schools. KIPP SoCal currently manages 19 charter schools: KIPP Academy of Opportunity, KIPP Los Angeles College Preparatory, KIPP Raíces Academy, KIPP Comienza Community Prep, KIPP Empower Academy, KIPP Scholar Academy, KIPP Philosophers Academy, KIPP Sol Academy, KIPP Iluminar Academy, KIPP Academy of Innovation, KIPP Vida Preparatory Academy, KIPP Promesa Preparatory, KIPP Ignite Academy, KIPP Corazon Academy, KIPP Compton Community School, KIPP Pueblo Unido, KIPP Adelante Preparatory Academy, KIPP SoCal LEA 17, and KIPP Poder Public School. Of the charter schools listed above, 18 charter schools have charters approved by the state of California Department of Education through the Los Angeles Unified School District, the Compton Unified School District, and the San Diego Unified School District. KIPP Poder Public School has been approved by the California Department of Education through the Los Angeles County Office of Education. KIPP SoCal is a participant in the “Knowledge is Power Program” (KIPP). KIPP SoCal charter schools are economically dependent on state and federal funding.

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

**Net Assets Classes**

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

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

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

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Net Assets Classes (Continued)**

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

Net Assets Without Donor Restrictions	
Undesignated	\$ 103,158,730
Total Net Assets Without Donor Restrictions	<u>\$ 103,158,730</u>
Net Assets With Donor Restrictions	
Time Restrictions:	
Contributions Receivable	\$ 1,033,059
Subject to Specific Purpose:	
Karsh Family Teacher Recognition Fund	3,214,052
Total Net Assets With Donor Restrictions	<u>\$ 4,247,111</u>

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

Release of Restrictions:	
Time Restrictions	\$ 25,000
Subject to Specific Purpose	134,515
Total Release of Restrictions	<u>\$ 159,515</u>

**Revenue Recognition**

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

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

**Cash and Cash Equivalents**

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

**KIPP SOCIAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Investments**

In accordance with FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, KIPP SoCal reports its investments in marketable securities and other investments at fair value. In addition, ASC 820 affects how KIPP SoCal measures the fair value of investments in certain entities that do not have a quoted market price but calculate net assets value (NAV) per share or its equivalent. As a practical expedient, the guidance permits, but does not require, KIPP SoCal to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of KIPP SoCal's investments with California Community Foundation (CCF) was determined based on the NAV. See Note 5 for the fair market value of KIPP SoCal's investments as of June 30, 2021.

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

Realized and Unrealized Gain	\$ 163,128
Interest and Dividends	612,979
Management Fees	<u>(49,711)</u>
Total Investment Return	<u><u>\$ 726,396</u></u>

**Use of Estimates**

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

**Basis of Accounting**

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

**Functional Allocation of Expenses**

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

**Contributions**

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

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Contributions Receivable**

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

**Conditional Grants**

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when KIPP SoCal has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenues in the statement of financial position. As of June 30, 2021, KIPP SoCal has conditional grants of \$47,400,556 that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2021, KIPP SoCal has received conditional grants of \$7,450,654 that are recognized as unearned revenue in the consolidating statement of financial position because conditions have not yet been met.

**Property Taxes**

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

**Accounts Receivables**

Accounts receivable represent amounts due from organizations and the state and federal government based on contractual agreements or amounts billed but not received as of June 30, 2021. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. KIPP SoCal capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2021 was \$4,661,275.

**KIPP SOCIAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidation**

The consolidating financial statements include the accounts of KIPP SoCal and its wholly owned subsidiary, KLARE Holdings, a California nonprofit public benefit corporation formed exclusively to support KIPP SoCal, and its single member limited liability company subsidiaries: KLA 2810 Whittier, LLC; 668 Atlantic, LLC; SOLA School 1, LLC; ChaMed, LLC; West51, LLC; Budnon, LLC; SOLA 2, LLC; SeLA, LLC; BH Soto, LLC; Curiosity RE, LLC; Gratitude RE, LLC; Optimism RE, LLC; Zest RE, LLC; Grit RE, LLC; KLARE 15, LLC; KLARE 16, LLC; KLARE 17, LLC; KLARE 18, LLC; KLARE 19, LLC; KLARE 20, LLC; KSD Facilities, LLC; KLARE 21, LLC, KLARE 22, LLC, KLARE 23, LLC; KLARE 24, LLC; and KLARE 25, LLC. All material intercompany transactions have been eliminated.

**Income Taxes**

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

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

**Subsequent Events**

All events subsequent to the statement of financial position date of June 30, 2021 through December 1, 2021, which is the date these financial statements were available to be issued, have been evaluated in accordance with accounting principles generally accepted in the United States of America.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

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

Cash and Cash Equivalents	\$ 38,387,763
Investments	16,852,952
Accounts Receivable - Federal and State	34,265,116
Accounts Receivable - Other	515,803
Less: Net Assets With Donor Restrictions	<u>(4,247,111)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 85,774,523</u></u>

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

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

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

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give expected to be received in one year or less are recorded as contributions receivable at net realizable value, which approximates fair market value. Unconditional promises to give expected to be received after one year are recorded as contributions receivable at fair value using estimated future cash flows discounted by rates ranging from 1.45% to 2.53%. At June 30, 2021, KIPP SoCal had contributions receivable expected to be received in the following periods:

In One Year or Less	\$ -
Between One and Five Years	1,075,000
Total Gross Contributions Receivable	<u>1,075,000</u>
Less: Discount on Contributions Receivable	<u>(41,941)</u>
Net Contributions Receivable	<u><u>\$ 1,033,059</u></u>

**NOTE 5 FAIR VALUE MEASUREMENTS**

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

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

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

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

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.



**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

	Fair Value Measurement 2021	
	Total	Level 1
U.S. Treasury Certificates Restricted for Bond Reserves	\$ 3,834,955	\$ 3,834,955
U.S. Treasury Certificates	2,967,812	2,967,812
U.S. Treasury Securities	4,620,247	4,620,247
Corporate Bonds	6,985,653	6,985,653
Developed International Bonds	455,077	455,077
Total Investments Carried at Fair Value (FV)	18,863,744	<u>\$ 18,863,744</u>
CCF Endowment Pool:		
Karsh Family Teacher Recognition Fund - Carried at NAV	3,214,052	
Total Investments	<u>\$ 22,077,796</u>	

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

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

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

	KIPP SoCal		Total
	Schools	KLARE	
Construction in Progress	\$ 930,620	\$ 47,354,937	\$ 48,285,557
Land	-	46,509,585	46,509,585
Buildings	-	92,945,038	92,945,038
Leasehold Improvements	2,736,450	11,160,679	13,897,129
Furniture and Equipment	3,539,307	1,922,750	5,462,057
Total Property, Plant, and Equipment	7,206,377	199,892,989	207,099,366
Less: Accumulated Depreciation	(3,916,390)	(16,312,341)	(20,228,731)
Property, Plant, and Equipment, Net	<u>\$ 3,289,987</u>	<u>\$ 183,580,648</u>	<u>\$ 186,870,635</u>

**NOTE 7 LINE OF CREDIT**

KIPP SoCal has a line of credit with First Republic Bank for \$10,000,000 with an annual interest rate equal to the Index Rate minus one half percent (0.5%). The line of credit expires October 20, 2021 and there was no balance outstanding as of June 30, 2021.

**KIPP SOCIAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
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**NOTE 8 NOTES PAYABLE**

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

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

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

In July 2020, KLARE obtained a revolving loan from BBVA for up to \$50,000,000 with an annual interest rate equal to the LIBOR Rate plus 98 basis points and a maturity date of July 1, 2023. The balance on this revolving loan as of June 30, 2021 is \$6,287,553.

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 300,000
2023	-
2024	6,287,553
2025	-
2026	-
Thereafter	12,504,375
Total Future Maturities	19,091,928
Unamortized Issue Costs	(589,691)
Total Notes Payable	<u>\$ 18,502,237</u>

**NOTE 9 BONDS PAYABLE**

**Series 2014 A&B**

In June 2014, KLARE obtained financing through the California School Finance Authority (CSFA). The amount loaned to KLARE was \$28,725,000 to be applied to the construction, rehabilitation, and acquisition of educational facilities. The bonds are considered unconditional general obligations of KLARE, secured by a pledge of certain gross revenues and deeds of trust on the SoLA School 1, LLC, ChaMed, LLC, and KLA 2810 Whittier, LLC properties.

**KIPP SOCIAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 BONDS PAYABLE (CONTINUED)**

**Series 2014 A&B (Continued)**

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

**Series 2015 A&B**

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

**Series 2017 A**

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

**Series 2019 A**

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

**Series 2020 A**

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

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

**All Bond Series Issues**

For the 2014, 2015, and 2017 bonds, KLARE is required to maintain in a bond reserve cash account an amount equal to the bond reserve requirement which is calculated as the least of (a) 10% of the proceeds from the bonds, (b) maximum annual debt service with respect to the bonds outstanding, (c) 125% of average annual debt service with respect to the bonds, or (d) the last bond year only, the total debt service with respect to the bonds outstanding. For the 2019 and 2020 bond, KLARE is required to maintain in a bond reserve cash account an amount equal to .50 times the maximum combined amount of principal and interest payable on the bond during the current or future bond year. The total reserve requirement as of June 30, 2021 is \$8,842,238.

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

Bonds Payable are reported on the statement of financial position at a premium of \$20,477,866. The premium is being amortized over the life of the bonds. \$941,230 of amortization of the bond premium was recorded against interest expense for the year ended June 30, 2021.

In connection with the issuance of bonds as described above, KLARE incurred certain costs which are capitalized and amortized to interest expense over the term of the related debt or written-off to expense if the bonds are redeemed. These costs are netted against the associated debt on the statement of financial position. Amortization costs for the year ended June 30, 2021 and unamortized issue costs as of June 30, 2021 were \$196,389 and \$3,361,569, respectively.

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

**Grant Fund Reserve Payable**

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

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

Future maturities of bonds payable are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 1,910,000
2023	2,590,000
2024	2,695,000
2025	3,300,000
2026	3,450,000
Thereafter	<u>158,280,000</u>
Total Future Maturities	172,225,000
Bond Premium	18,033,099
Unamortized Issue Costs	<u>(3,361,569)</u>
Total Bonds Payable	<u><u>\$ 186,896,530</u></u>

**NOTE 10 RESTRICTED CASH AND CASH EQUIVALENTS**

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

Restricted Bond Accounts:

Facility Projects	\$ 37,348,795
Philosophers Academy Construction Fund	3,763,011
Reserve	5,535,262
Interest	5,877,540
Repair and Replacement Reserve	1,399,242
Revenue Fund	200,777
Sinking Account	1,170,000
Principal Account	740,000
CSFA Restricted Grant for Debt Service Fund	295
Total Restricted Cash and Cash Equivalents	<u><u>\$ 56,034,922</u></u>

**NOTE 11 EMPLOYEE RETIREMENT**

KIPP SoCal has a 401(k) defined contribution plan for those employees who meet the eligibility criteria set forth in the plan. KIPP SoCal matches employee contributions based upon criteria set forth in the plan up to 6% of compensation. Contributions to the plan for the year ended June 30, 2021 totaled \$1,449,134.

**STRS and PERS**

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

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

**STRS and PERS (Continued)**

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

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

**Plan Description**

KIPP SoCal contributes to the California State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by State Statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2020, total STRS plan net position is \$248 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% funded. KIPP SoCal did not contribute more than 5% of the total contributions to the plan.

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

**Funding Policy**

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. KIPP SoCal is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2021 was 16.15% of annual payroll. The contribution requirements of the plan members are established and may be amended by State Statute. In July 2019, CalSTRS received additional supplemental contributions from the state to reduce the employers contribution rate by 1.03% for the fiscal year 2019-20 and by 0.7% for fiscal year 2020-21. Starting in 2021-2022, the funding plan provides the board limited authority to adjust the employer contribution rate, if necessary, to fully fund the remaining unfunded liability by 2046. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)**

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

**Plan Description**

KIPP SoCal contributes to the School Employer Pool under the California Public Employees' Retirement System (PERS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by PERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State Statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Comprehensive Annual Financial Report for the year ended June 30, 2020, the School Employer Pool total plan net position is \$72 billion, the total pension liability is \$102 billion, contributions from all employers totaled \$2.9 billion, and the plan is 70.6% funded. KIPP SoCal did not contribute more than 5% of the total contributions to the plan.

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

**Funding Policy**

Active plan members brought into PERS membership both before and subsequent to January 1, 2013 are required to contribute 7.00% of their salary. KIPP SoCal is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2021 was 20.7%. The contribution requirements of the plan members are established and may be amended by State Statute.

**Contribution to STRS and PERS**

<u>Year Ended June 30,</u>	<u>STRS Required Contribution</u>	<u>STRS Percent Contributed</u>	<u>PERS Required Contribution</u>	<u>PERS Percent Contributed</u>
2019	\$ 344,296	100 %	\$ 29,245	100 %
2020	\$ 372,770	100 %	\$ 38,347	100 %
2021	\$ 348,163	100 %	\$ 51,077	100 %

**NOTE 12 OPERATING LEASES**

KIPP SoCal and KLARE have operating leases for the school sites and office space. Applicable accounting standards require the entities to record lease expense on a straight-line basis for those leases that have fluctuating payments throughout the lease term. Accordingly, rent expense will differ from actual rent payments made. Rent expense and actual rent payments (net of eliminations) for the year ended June 30, 2021 were \$4,122,234 and \$3,352,339, respectively.

**KIPP SOCIAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
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**NOTE 12 OPERATING LEASES (CONTINUED)**

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 3,426,267
2023	2,851,301
2024	2,125,017
2025	1,838,032
2026	1,490,468
Thereafter	<u>26,789,029</u>
Total	<u><u>\$ 38,520,114</u></u>

**NOTE 13 FUNCTIONALIZED EXPENSES**

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

**NOTE 14 CONTINGENCIES, RISKS AND UNCERTAINTIES**

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

In the prior fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to KIPP SoCal, COVID-19 may impact various parts of its 2022 operations and financial results, including, but not limited to, loss of revenues, bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes KIPP SoCal is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 15 SUBSEQUENT EVENT**

In July 2021, KIPP SoCal drew \$5,000,000 on its First Republic Bank line of credit. The entire draw was repaid in August 2021.

In July 2021, KIPP SoCal merged with Endeavor College Preparatory Charter School.



**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
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**NOTE 15 SUBSEQUENT EVENT (CONTINUED)**

Angella Martinez replaced Marcia Aaron as the Chief Executive Officer effective July 1, 2021.

A merger between KLARE and Endeavor Facility Corp. (EFC) was consummated on July 1, 2021 pursuant to the terms of the Merger Agreement between KLARE and EFC. The merged entity will operate solely as KLARE.

## **SUPPLEMENTARY INFORMATION**

**KIPP SOCAL PUBLIC SCHOOLS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2021**

KIPP SoCal Public Schools is a California nonprofit public benefit corporation and operates 19 charter schools as follows:

Approved by the Los Angeles Unified School District:

- KIPP Academy of Opportunity (charter number 530) established in 2002.
- KIPP Los Angeles College Prep (charter number 531) established in 2002.
- KIPP Raíces Academy (charter number 1010) established in 2008.
- KIPP Comienza Community Prep (charter number 1196) established in 2010.
- KIPP Empower Academy (charter number 1195) established in 2010.
- KIPP Scholar Academy (charter number 1377) established in 2012.
- KIPP Philosophers Academy (charter number 1378) established in 2012.
- KIPP Sol Academy (charter number 1379) established in 2013.
- KIPP Iluminar Academy (charter number 1508) established in 2013.
- KIPP Academy of Innovation (charter number 1586) established in 2014.
- KIPP Vida Preparatory Academy (charter number 1587) established in 2014.
- KIPP Promesa Preparatory (charter number 1721) established in 2015.
- KIPP Ignite Academy (charter number 1720) established in 2015.
- KIPP Corazon Academy (charter number 1855) established in 2017.
- KIPP Pueblo Unido (charter number 2041) established in 2019.
- KIPP SoCal LEA 17 (charter number 2079) established in 2020.

Approved by the Los Angeles County Office of Education

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

Approved by the Compton Unified School District:

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

Approved by the San Diego Unified School District:

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

**KIPP SOCIAL PUBLIC SCHOOLS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

The Board of Directors and the Administrators as of June 30, 2021 were as follows:

**BOARD OF DIRECTORS**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires (3 Year Term)</u></b>
Julie Miller	Chair	June 2024
Luis Rodriguez	Vice Chair	June 2022
Heather Lord	Secretary	June 2024
Frank Reddick	Member	June 2023
Norma Parraz	Member	June 2024
Randy Bishop	Member	June 2024
Mel Carlisle	Member	June 2023
Mike Montoya	Member	June 2022
Philip Feder	Member	June 2024
E.J. Kavounas	Member	June 2023
Carlos Bermudez	Member	June 2024
Margaret Armona	Member	June 2021
Jonathan Berg	Member	June 2022
Courtney Criswell	Member	June 2023

**ADMINISTRATORS**

Marcia Aaron	Chief Executive Officer
Angella Martinez	CEO In Residence
Kyle Salyer	Chief Financial Officer
César Bocanegra	Chief Operating Officer

**KIPP SOCAL PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2021**

	Traditional Calendar Days	Status
KIPP Academy of Opportunity		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP LA Prep		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP Raíces Academy		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance
KIPP Comienza Community Prep		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP Empower Academy		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance
KIPP Scholar Academy		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP Philosophers Academy		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP Sol Academy		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP Iluminar Academy		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance

*See Independent Auditors' Report and accompanying Notes to Supplementary Information*

**KIPP SOCAL PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2021**

	Traditional Calendar Days	Status
KIPP Academy of Innovation		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance
KIPP Vida Preparatory Academy		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance
KIPP Ignite Academy		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance
KIPP Promesa Preparatory		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 2	181	In compliance
Grade 3	181	In compliance
Grade 4	181	In compliance
KIPP Corazon Academy		
Kindergarten	180	In compliance
Grade 1	180	In compliance
Grade 2	180	In compliance
Grade 3	180	In compliance
Grade 4	180	In compliance
Grade 5	180	In compliance
Grade 6	180	In compliance
Grade 7	180	In compliance
KIPP Compton Community School		
Kindergarten	180	In compliance
Grade 1	180	In compliance
Grade 2	180	In compliance
KIPP Pueblo Unido School		
Kindergarten	181	In compliance
Grade 1	181	In compliance
Grade 6	181	In compliance
KIPP Adelante Preparatory Academy		
Grade 5	181	In compliance
Grade 6	181	In compliance
Grade 7	181	In compliance
Grade 8	181	In compliance

*See Independent Auditors' Report and accompanying Notes to Supplementary Information*

**KIPP SOCAL PUBLIC SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

	<u>KAO</u>	<u>KLAP</u>	<u>KRA</u>	<u>KCCP</u>	<u>KEA</u>	<u>KSA</u>	<u>KPA</u>	<u>KSOL</u>
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 581,279	\$ 5,100,100	\$ 3,134,583	\$ 4,688,822	\$ 3,392,337	\$ 759,929	\$ 332,298	\$ 4,481,404
Adjustments and Reclassifications:								
Increasing (Decreasing) the Fund Balance (Net Assets):								
Cash and Cash Equivalents	(116,815)	7,798	4,545	18,993	21,119	(78,657)	(41,839)	15,619
Accounts Receivable - Federal and State	(1)	-	-	-	-	-	-	-
Accounts receivable - Other	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	-	-	-	-	-	-	-	-
Accounts Payable - Federal and State	-	-	-	-	-	-	-	-
Accounts Payable - other	333,951	199,842	249,852	439,619	219,766	199,268	180,569	201,780
Due to KIPP SoCal Public Schools	(183,073)	(195,029)	(245,265)	(429,644)	(216,476)	(193,000)	(104,859)	(198,430)
Unearned Revenue	890	-	-	-	-	-	1,075	2,219
Intercompany Notes Payable	(175,000)	-	-	-	-	-	(100,000)	-
Net Adjustments and Reclassifications	<u>(140,048)</u>	<u>12,611</u>	<u>9,132</u>	<u>28,968</u>	<u>24,409</u>	<u>(72,389)</u>	<u>(65,054)</u>	<u>21,188</u>
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 441,231</u>	<u>\$ 5,112,711</u>	<u>\$ 3,143,715</u>	<u>\$ 4,717,790</u>	<u>\$ 3,416,746</u>	<u>\$ 687,540</u>	<u>\$ 267,244</u>	<u>\$ 4,502,592</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	<u>KIA</u>	<u>KAI</u>	<u>KVPA</u>	<u>KPP</u>	<u>KIG</u>	<u>KCA</u>	<u>KCOM</u>	<u>KPU</u>	<u>KAPA</u>
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 3,909,999	\$ 1,222,277	\$ 2,039,244	\$ 2,980,204	\$ 457,567	\$ 1,390,583	\$ 479,813	\$ 307,903	\$ 174,231
Adjustments and Reclassifications:									
Increasing (Decreasing) the Fund Balance (Net Assets):									
Cash and Cash Equivalents	12,506	(5,393)	11,036	9,637	5,579	(163,439)	351	(43,487)	-
Accounts Receivable - Federal and State	2,146	-	-	-	-	-	-	-	28,438
Accounts receivable - Other	-	-	-	-	1	-	-	-	-
Property, Plant, and Equipment, Net	-	-	-	-	-	1	-	-	1
Accounts Payable - Federal and State	-	-	-	-	-	-	-	-	(28,438)
Accounts Payable - other	229,737	199,775	226,968	236,647	175,042	1,242,446	1,851,069	1,091,993	434,768
Due to KIPP SoCal Public Schools	(225,082)	(193,539)	(221,973)	(230,492)	(166,700)	(405,886)	(177,570)	(143,645)	(116,063)
Unearned Revenue	-	-	1,177	-	1,928	-	-	-	(45,911)
Intercompany Notes Payable	-	-	-	-	-	(850,000)	(1,675,000)	(975,000)	-
Net Adjustments and Reclassifications	<u>19,307</u>	<u>843</u>	<u>17,208</u>	<u>15,792</u>	<u>15,850</u>	<u>(176,878)</u>	<u>(1,150)</u>	<u>(70,139)</u>	<u>272,795</u>
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,929,306</u>	<u>\$ 1,223,120</u>	<u>\$ 2,056,452</u>	<u>\$ 2,995,996</u>	<u>\$ 473,417</u>	<u>\$ 1,213,705</u>	<u>\$ 478,663</u>	<u>\$ 237,764</u>	<u>\$ 447,026</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information



**KIPP SOCAL PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	Subtotal
<b>U.S. Department of Education</b>												
Pass-Through Programs From California												
Department of Education:												
Every Child Succeeds Act:												
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 176,499	\$ 224,230	\$ 227,660	\$ 406,058	\$ 232,975	\$ 176,802	\$ 142,798	\$ 205,981	\$ 229,801	\$ 2,022,804
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	50,050	-	-	-	-	-	-	-	-	50,050
Title II, Part A, Improving Teacher Quality	84.367	14341	21,664	25,548	25,950	50,584	27,176	22,010	11,678	23,526	26,468	234,604
Title IV, Part A, Student Support & Academic Enrichment	84.424	n/a	12,231	16,529	16,782	27,268	17,173	13,033	11,339	15,184	16,939	146,478
Title IV 21st Century Grant Community Learning Center	84.287	14349	-	90,971	-	151,683	-	154,108	84,401	-	-	481,163
Special Education Cluster: IDEA Basic Local												
Assistance Entitlement, Part B, Section 611	84.027	13379	58,857	102,198	77,506	135,569	111,096	52,508	45,337	66,528	75,389	724,988
Supporting Effective Educator Development	84.367D	n/a	48,402	-	14,342	50,000	-	-	-	-	-	112,744
Coronavirus Aid, Relief, and Economic												
Security Act (CARES Act):												
Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	30,821	21,621	32,201	48,301	22,541	24,841	17,480	29,441	28,061	255,308
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	73,655	72,522	156,058	208,282	105,873	115,294	73,992	83,358	111,543	1,000,577
Subtotal: Pass-Through Programs			<u>472,179</u>	<u>553,619</u>	<u>550,499</u>	<u>1,077,745</u>	<u>516,834</u>	<u>558,596</u>	<u>387,025</u>	<u>424,018</u>	<u>488,201</u>	<u>5,028,716</u>
Total U.S. Department of Education			472,179	553,619	550,499	1,077,745	516,834	558,596	387,025	424,018	488,201	5,028,716
<b>U.S. Department of Agriculture</b>												
Pass-Through Program From California												
Department of Education:												
Child Nutrition Cluster:												
Especially Needy Breakfast Program	10.553	13526	43,590	133,703	109,104	184,702	43,590	51,144	64,617	51,618	51,619	733,687
National School Lunch Program	10.555	23165	65,610	229,503	177,226	323,568	78,118	97,680	116,676	94,692	82,150	1,265,223
Total Child Nutrition Cluster			<u>109,200</u>	<u>363,206</u>	<u>286,330</u>	<u>508,270</u>	<u>121,708</u>	<u>148,824</u>	<u>181,293</u>	<u>146,310</u>	<u>133,769</u>	<u>1,998,910</u>
Total U.S. Department of Agriculture			<u>109,200</u>	<u>363,206</u>	<u>286,330</u>	<u>508,270</u>	<u>121,708</u>	<u>148,824</u>	<u>181,293</u>	<u>146,310</u>	<u>133,769</u>	<u>1,998,910</u>
<b>U.S. Department of the Treasury</b>												
Pass-Through Program From California												
Department of Education:												
Coronavirus Relief Fund	21.019	25516	455,966	499,494	599,915	1,026,651	554,651	400,811	246,260	504,037	574,687	4,862,472
Total U.S. Department of the Treasury			<u>455,966</u>	<u>499,494</u>	<u>599,915</u>	<u>1,026,651</u>	<u>554,651</u>	<u>400,811</u>	<u>246,260</u>	<u>504,037</u>	<u>574,687</u>	<u>4,862,472</u>
Total Expenditures of Federal Awards			<u>\$ 1,037,345</u>	<u>\$ 1,416,319</u>	<u>\$ 1,436,744</u>	<u>\$ 2,612,666</u>	<u>\$ 1,193,193</u>	<u>\$ 1,108,231</u>	<u>\$ 814,578</u>	<u>\$ 1,074,365</u>	<u>\$ 1,196,657</u>	<u>\$ 11,890,098</u>

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

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Subtotal	KAI	KVPA	KPP	KIG	KCA	KCOM	KPU	KAPA	KGA	SST	Federal Expenditures Total
<b>U.S. Department of Education</b>														
Pass-Through Programs From California														
Department of Education:														
Every Child Succeeds Act:														
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 2,022,804	\$ 205,225	\$ 255,248	\$ 187,720	\$ 177,036	\$ 323,443	\$ 110,085	\$ 102,640	\$ 145,083	\$ -	\$ -	\$ 3,529,284
ESSA School Improvement (CSI) Funding for LEAs	84.010A	15438	50,050	-	-	-	-	-	-	-	-	-	-	50,050
Title II, Part A, Improving Teacher Quality	84.367	14341	234,604	28,022	28,258	24,514	21,870	43,045	14,633	14,583	13,958	-	-	423,487
Title IV, Part A, Student Support & Academic Enrichment	84.282	14531	146,478	15,128	18,815	13,132	13,009	20,975	10,000	10,000	11,076	-	-	258,613
Title IV 21st Century Grant Community Learning Center	84.287	14349	481,163	79,479	-	-	-	-	-	-	-	-	-	560,642
Special Education Cluster: IDEA Basic Local														
Assistance Entitlement, Part B, Section 611	84.027	13379	724,988	96,089	108,344	73,802	81,911	96,684	30,156	60,346	38,488	-	-	1,310,808
Supporting Effective Educator Development	84.367D	n/a	112,744	-	-	35,658	-	-	-	-	-	1,598	55,788	205,788
Coronavirus Aid, Relief, and Economic														
Security Act (CARES Act):														
Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	255,308	36,341	26,221	26,681	27,601	38,181	8,280	3,220	25,301	-	-	447,134
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	1,000,577	84,337	172,660	119,178	71,978	191,505	91,268	60,412	58,426	-	-	1,850,341
Subtotal: Pass-Through Programs			<u>5,028,716</u>	<u>544,621</u>	<u>609,546</u>	<u>480,685</u>	<u>393,405</u>	<u>713,833</u>	<u>264,422</u>	<u>251,201</u>	<u>292,332</u>	<u>1,598</u>	<u>55,788</u>	<u>8,636,147</u>
Total U.S. Department of Education			<u>5,028,716</u>	<u>544,621</u>	<u>609,546</u>	<u>480,685</u>	<u>393,405</u>	<u>713,833</u>	<u>264,422</u>	<u>251,201</u>	<u>292,332</u>	<u>1,598</u>	<u>55,788</u>	<u>8,636,147</u>
<b>U.S. Department of Agriculture</b>														
Pass-Through Program From California														
Department of Education:														
Child Nutrition Cluster:														
Especially Needy Breakfast Program	10.553	13526	733,687	43,746	103,556	67,616	49,278	102,455	62,963	68,083	-	-	-	1,231,384
National School Lunch Program	10.555	23165	1,265,223	91,810	174,757	122,544	92,986	196,771	111,310	139,747	-	-	-	2,195,148
Total Child Nutrition Cluster			<u>1,998,910</u>	<u>135,556</u>	<u>278,313</u>	<u>190,160</u>	<u>142,264</u>	<u>299,226</u>	<u>174,273</u>	<u>207,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,426,532</u>
Total U.S. Department of Agriculture			<u>1,998,910</u>	<u>135,556</u>	<u>278,313</u>	<u>190,160</u>	<u>142,264</u>	<u>299,226</u>	<u>174,273</u>	<u>207,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,426,532</u>
<b>U.S. Department of the Treasury</b>														
Pass-Through Program From California														
Department of Education:														
Coronavirus Relief Fund	21.019	25516	4,862,472	505,766	573,088	553,409	454,794	737,161	212,137	99,193	237,675	-	-	8,235,695
Total U.S. Department of the Treasury			<u>4,862,472</u>	<u>505,766</u>	<u>573,088</u>	<u>553,409</u>	<u>454,794</u>	<u>737,161</u>	<u>212,137</u>	<u>99,193</u>	<u>237,675</u>	<u>-</u>	<u>-</u>	<u>8,235,695</u>
Total Expenditures of Federal Awards			<u>\$ 11,890,098</u>	<u>\$ 1,185,943</u>	<u>\$ 1,460,947</u>	<u>\$ 1,224,254</u>	<u>\$ 990,463</u>	<u>\$ 1,750,220</u>	<u>\$ 650,832</u>	<u>\$ 558,224</u>	<u>\$ 530,007</u>	<u>\$ 1,598</u>	<u>\$ 55,788</u>	<u>\$ 20,298,374</u>

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

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL**  
**JUNE 30, 2021**

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and Cash Equivalents	\$ 33,185	\$ 3,650,698	\$ 2,384,161	\$ 2,432,361	\$ 2,872,264	\$ 23,576	\$ 38,161	\$ 3,365,747	\$ 2,600,045	\$ 542,923	\$ 1,121,459	\$ 19,064,580
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Federal and State	1,578,721	1,606,701	2,230,397	3,828,059	1,964,608	1,438,455	755,241	1,860,879	2,256,278	1,646,808	2,025,540	21,191,687
Accounts Receivable - Other	3,755	5,408	5,856	(1)	1,667	12,149	8,135	7,061	582	7,169	-	51,781
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,615,661	5,262,807	4,620,414	6,260,419	4,838,539	1,474,180	801,537	5,233,687	4,856,905	2,196,900	3,146,999	40,308,048
<b>LONG-TERM ASSETS</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Net Contributions Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits and Other Assets	1,400	40,000	-	80,976	-	20,500	21,973	-	10,000	4,330	3,600	182,779
Deferred Rent Asset	-	328,210	-	-	-	-	-	-	-	-	-	328,210
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Property, Plant, and Equipment, Net	85,056	289,433	164,973	524,301	200,413	-	202,952	190,490	583,520	123,687	24,869	2,389,694
Total Long-Term Assets	86,456	657,643	164,973	605,277	200,413	20,500	224,925	190,490	593,520	128,017	28,469	2,900,683
Total Assets	\$ 1,702,117	\$ 5,920,450	\$ 4,785,387	\$ 6,865,696	\$ 5,038,952	\$ 1,494,680	\$ 1,026,462	\$ 5,424,177	\$ 5,450,425	\$ 2,324,917	\$ 3,175,468	\$ 43,208,731
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES</b>												
Accounts Payable - Federal and State	\$ 4,178	\$ 5,814	\$ 7,405	\$ 10,015	\$ 520,123	\$ 93,521	\$ 995	\$ 4,307	\$ 495,732	\$ 977	\$ 896	\$ 1,143,963
Accounts Payable - Other	180,019	208,739	316,269	522,089	216,924	180,002	340,310	225,346	221,321	238,579	296,187	2,945,785
Accrued Liabilities	54,933	52,100	44,756	147,637	165,901	77,169	29,829	66,795	102,046	52,666	99,582	893,414
Unearned Revenue	351,791	346,057	386,964	686,593	397,638	263,448	183,225	335,547	369,750	318,876	387,585	4,027,474
Notes Payable, Current Portion	-	-	-	-	-	-	-	-	-	-	-	-
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	183,073	195,029	245,265	429,644	216,476	193,000	104,859	198,430	225,082	193,539	221,973	2,406,370
Total Current Liabilities	773,994	807,739	1,000,659	1,795,978	1,517,062	807,140	659,218	830,425	1,413,931	804,637	1,006,223	11,417,006
<b>LONG-TERM LIABILITIES</b>												
Intercompany Notes Payable	175,000	-	-	-	-	-	100,000	-	-	150,000	-	425,000
Deferred Rent Liability	311,892	-	641,013	351,928	105,144	-	-	91,160	107,188	147,160	112,793	1,868,278
Total Long-Term Liabilities	486,892	-	641,013	351,928	105,144	-	100,000	91,160	107,188	297,160	112,793	2,293,278
Total Liabilities	1,260,886	807,739	1,641,672	2,147,906	1,622,206	807,140	759,218	921,585	1,521,119	1,101,797	1,119,016	13,710,284
<b>NET ASSETS</b>												
Without Donor Restrictions	441,231	5,112,711	3,143,715	4,717,790	3,416,746	687,540	267,244	4,502,592	3,929,306	1,223,120	2,056,452	29,498,447
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets	441,231	5,112,711	3,143,715	4,717,790	3,416,746	687,540	267,244	4,502,592	3,929,306	1,223,120	2,056,452	29,498,447
Total Liabilities and Net Assets	\$ 1,702,117	\$ 5,920,450	\$ 4,785,387	\$ 6,865,696	\$ 5,038,952	\$ 1,494,680	\$ 1,026,462	\$ 5,424,177	\$ 5,450,425	\$ 2,324,917	\$ 3,175,468	\$ 43,208,731

*See Independent Auditors' Report and accompanying Notes to Supplementary Information*

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)**  
**JUNE 30, 2021**

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	LEA 17	KPPS	SST	Eliminations	KIPP SoCal
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and Cash Equivalents	\$ 19,064,580	\$ 1,794,329	\$ 641,579	\$ 36,561	\$ 40,888	\$ 36,511	\$ 50,354	\$ -	\$ 8,369	\$ 3,324,840	\$ -	\$ 24,998,011
Investments	-	-	-	-	-	-	-	-	-	16,852,952	-	16,852,952
Accounts Receivable - Federal and State	21,191,687	2,175,857	1,440,971	4,425,274	2,609,376	1,685,491	736,460	-	-	-	-	34,265,116
Accounts Receivable - Other	51,781	8,854	1,438	1,963	17	158,294	8,183	100,387	106,272	73,861	-	511,050
Due from Klare Holdings	-	-	-	-	-	-	-	-	-	34,629,700	-	34,629,700
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	66,242	3,841,745	(3,907,987)	-
Prepaid Expenses and Other Assets	-	-	-	-	-	-	48,485	-	-	23,950	-	72,435
Total Current Assets	40,308,048	3,979,040	2,083,988	4,463,798	2,650,281	1,880,296	843,482	100,387	180,883	58,747,048	(3,907,987)	111,329,264
<b>LONG-TERM ASSETS</b>												
Investments	-	-	-	-	-	-	-	-	-	1,389,889	-	1,389,889
Net of Current Portion	-	-	-	-	-	-	-	-	-	1,033,059	-	1,033,059
Security Deposits and Other Assets	182,779	-	57,671	7,800	-	8,000	1,113,513	-	-	8,800	-	1,378,563
Deferred Rent Asset	328,210	-	-	-	-	-	-	-	-	-	-	328,210
Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	11,525,000	(6,125,000)	5,400,000
Property, Plant, and Equipment, Net	2,389,694	14,171	13,544	290,165	263,570	50,898	265,806	-	-	2,139	-	3,289,987
Total Long-Term Assets	2,900,683	14,171	71,215	297,965	263,570	58,898	1,379,319	-	-	13,958,887	(6,125,000)	12,819,708
Total Assets	<u>\$ 43,208,731</u>	<u>\$ 3,993,211</u>	<u>\$ 2,155,203</u>	<u>\$ 4,761,763</u>	<u>\$ 2,913,851</u>	<u>\$ 1,939,194</u>	<u>\$ 2,222,801</u>	<u>\$ 100,387</u>	<u>\$ 180,883</u>	<u>\$ 72,705,935</u>	<u>\$ (10,032,987)</u>	<u>\$ 124,148,972</u>
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES</b>												
Accounts Payable - Federal and State	\$ 1,143,963	\$ 4,835	\$ 193,536	\$ 11,016	\$ 81,503	\$ 12,534	\$ 58,880	\$ -	\$ -	\$ -	\$ -	\$ 1,506,267
Accounts Payable - Other	2,945,785	357,527	299,624	396,801	161,044	209,343	147,854	43,664	60,490	843,670	-	5,465,802
Accrued Liabilities	893,414	39,733	39,523	175,086	61,988	84,818	80,000	8,582	15,079	1,368,729	-	2,766,952
Unearned Revenue	4,027,474	364,628	296,325	608,743	224,913	199,319	192,027	-	-	1,537,225	-	7,450,654
Notes Payable, Current Portion	-	-	-	-	-	-	-	-	-	300,000	-	300,000
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	152,992	-	152,992
Due to KIPP SoCal Public Schools	2,406,370	230,492	166,700	405,886	177,570	143,645	116,063	-	195,019	66,242	(3,907,987)	-
Total Current Liabilities	11,417,006	997,215	995,708	1,597,532	707,018	649,659	594,824	52,246	270,588	4,268,858	(3,907,987)	17,642,667
<b>LONG-TERM LIABILITIES</b>												
Intercompany Notes Payable	425,000	-	600,000	1,650,000	1,675,000	975,000	800,000	-	-	-	(6,125,000)	-
Deferred Rent Liability	1,868,278	-	86,078	300,526	53,170	76,771	380,951	-	-	130,746	-	2,896,520
Total Long-Term Liabilities	2,293,278	-	686,078	1,950,526	1,728,170	1,051,771	1,180,951	-	-	130,746	(6,125,000)	2,896,520
Total Liabilities	13,710,284	997,215	1,681,786	3,548,058	2,435,188	1,701,430	1,775,775	52,246	270,588	4,399,604	(10,032,987)	20,539,187
<b>NET ASSETS</b>												
Without Donor Restrictions	29,498,447	2,995,996	473,417	1,213,705	478,663	237,764	447,026	48,141	(89,705)	64,059,220	-	99,362,674
With Donor Restrictions	-	-	-	-	-	-	-	-	-	4,247,111	-	4,247,111
Total Net Assets	29,498,447	2,995,996	473,417	1,213,705	478,663	237,764	447,026	48,141	(89,705)	68,306,331	-	103,609,785
Total Liabilities and Net Assets	<u>\$ 43,208,731</u>	<u>\$ 3,993,211</u>	<u>\$ 2,155,203</u>	<u>\$ 4,761,763</u>	<u>\$ 2,913,851</u>	<u>\$ 1,939,194</u>	<u>\$ 2,222,801</u>	<u>\$ 100,387</u>	<u>\$ 180,883</u>	<u>\$ 72,705,935</u>	<u>\$ (10,032,987)</u>	<u>\$ 124,148,972</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES – KIPP SOCIAL SCHOOLS BY CHARTER SCHOOL**  
**YEAR ENDED JUNE 30, 2021**

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
<b>REVENUE, WITHOUT DONOR RESTRICTION</b>												
State Revenue:												
Local Control Funding Formula Sources	\$ 4,517,708	\$ 5,316,354	\$ 6,241,245	\$ 10,877,450	\$ 6,073,299	\$ 4,044,122	\$ 2,364,173	\$ 5,154,663	\$ 6,079,159	\$ 4,961,619	\$ 5,981,448	\$ 61,611,240
Other State Revenue	1,036,420	1,158,811	1,259,401	2,296,157	1,322,592	861,471	568,153	1,252,557	1,321,401	1,229,785	1,288,239	13,594,987
Federal Revenue:												
Grants and Entitlements	1,037,345	1,416,319	1,436,744	2,612,666	1,193,193	1,108,231	814,578	1,074,365	1,196,657	1,185,943	1,460,947	14,536,988
Local Revenue:												
Contributions	17,141	12,039	8,807	27,249	30,201	114,842	12,449	21,769	25,765	19,519	13,621	303,402
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	5,917	48,127	52,897	89,952	4,853	3,635	6,223	9,717	15,799	31,461	10,394	278,975
Total Unrestricted Revenues	6,614,531	7,951,650	8,999,094	15,903,474	8,624,138	6,132,301	3,765,576	7,513,071	8,638,781	7,428,327	8,754,649	90,325,592
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	6,614,531	7,951,650	8,999,094	15,903,474	8,624,138	6,132,301	3,765,576	7,513,071	8,638,781	7,428,327	8,754,649	90,325,592
<b>EXPENSES</b>												
Program Services:												
Educational Programs	6,165,235	6,846,889	7,971,489	14,074,199	7,800,220	5,706,250	3,677,300	6,203,268	7,225,637	6,494,228	7,737,435	79,902,150
Support Services:												
General and Administrative	302,825	334,206	355,722	678,214	378,955	311,393	233,996	296,448	359,887	304,124	344,620	3,900,390
Fundraising	8,142	10,586	12,323	21,996	12,253	10,338	6,911	9,956	11,677	12,244	11,917	128,343
Total Expenses	6,476,202	7,191,681	8,339,534	14,774,409	8,191,428	6,027,981	3,918,207	6,509,672	7,597,201	6,810,596	8,093,972	83,930,883
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	138,329	759,969	659,560	1,129,065	432,710	104,320	(152,631)	1,003,399	1,041,580	617,731	660,677	6,394,709
<b>NET ASSETS WITH DONOR RESTRICTION</b>												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Investment Return	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	138,329	759,969	659,560	1,129,065	432,710	104,320	(152,631)	1,003,399	1,041,580	617,731	660,677	6,394,709
Net Assets - Beginning of Year	302,902	4,352,742	2,484,155	3,588,725	2,984,036	583,220	419,875	3,499,193	2,887,726	605,389	1,395,775	23,103,738
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 441,231</u>	<u>\$ 5,112,711</u>	<u>\$ 3,143,715</u>	<u>\$ 4,717,790</u>	<u>\$ 3,416,746</u>	<u>\$ 687,540</u>	<u>\$ 267,244</u>	<u>\$ 4,502,592</u>	<u>\$ 3,929,306</u>	<u>\$ 1,223,120</u>	<u>\$ 2,056,452</u>	<u>\$ 29,498,447</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	LEA 17	KPPS	SST	Eliminations	KIPP SoCal Total
<b>REVENUE, WITHOUT DONOR RESTRICTION</b>												
State Revenue:												
Local Control Funding Formula Sources	\$ 61,611,240	\$ 5,936,596	\$ 4,517,134	\$ 9,914,325	\$ 3,709,121	\$ 3,287,119	\$ 2,820,992	\$ -	\$ -	\$ -	\$ -	\$ 91,796,527
Other State Revenue	13,594,987	1,040,637	938,236	2,202,478	710,067	451,534	649,209	-	-	-	-	19,587,148
Federal Revenue:												
Grants and Entitlements	14,536,988	1,224,254	990,463	1,750,220	650,832	558,224	530,007	1,598	-	55,788	-	20,298,374
Local Revenue:												
Contributions	303,402	14,397	11,601	100,532	46,968	545,468	667,124	201,149	186,007	5,719,647	-	7,796,295
Interest	-	-	-	-	-	-	10,845	-	-	82,890	(15,500)	78,235
Other Revenue	278,975	2,789	2,385	8,030	8,971	-	24,705	-	-	20,590,456	(19,943,578)	972,733
Total Unrestricted Revenues	90,325,592	8,218,673	6,459,819	13,975,585	5,125,959	4,842,345	4,702,882	202,747	186,007	26,448,781	(19,959,078)	140,529,312
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	-	-	-	-	-	-	-	-	-	159,515	-	159,515
Total Revenues Without Donor Restrictions and Net Assets Released from Restriction	90,325,592	8,218,673	6,459,819	13,975,585	5,125,959	4,842,345	4,702,882	202,747	186,007	26,608,296	(19,959,078)	140,688,827
<b>EXPENSES</b>												
Program Services:												
Educational Programs	79,902,150	7,076,280	5,926,969	12,719,699	4,689,606	4,506,850	5,154,561	137,425	239,806	11,635,393	(19,959,078)	112,029,661
Support Services:												
General and Administrative	3,900,390	353,144	300,755	555,063	254,680	295,639	242,155	23,246	34,631	12,863,546	-	18,823,249
Fundraising	128,343	10,936	9,906	18,087	8,847	7,730	11,379	144	1,275	1,327,031	-	1,523,678
Total Expenses	83,930,883	7,440,360	6,237,630	13,292,849	4,953,133	4,810,219	5,408,095	160,815	275,712	25,825,970	(19,959,078)	132,376,588
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	6,394,709	778,313	222,189	682,736	172,826	32,126	(705,213)	41,932	(89,705)	782,326	-	8,312,239
<b>NET ASSETS</b>												
Contributions	-	-	-	-	-	-	-	-	-	1,219	-	1,219
Investment Return	-	-	-	-	-	-	-	-	-	690,335	-	690,335
Net assets released from Restriction	-	-	-	-	-	-	-	-	-	(159,515)	-	(159,515)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>	-	-	-	-	-	-	-	-	-	532,039	-	532,039
<b>CHANGE IN NET ASSETS</b>	6,394,709	778,313	222,189	682,736	172,826	32,126	(705,213)	41,932	(89,705)	1,314,365	-	8,844,278
Net Assets - Beginning of Year	23,103,738	2,217,683	251,228	530,969	305,837	205,638	1,152,239	6,209	-	66,991,966	-	94,765,507
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 29,498,447</u>	<u>\$ 2,995,996</u>	<u>\$ 473,417</u>	<u>\$ 1,213,705</u>	<u>\$ 478,663</u>	<u>\$ 237,764</u>	<u>\$ 447,026</u>	<u>\$ 48,141</u>	<u>\$ (89,705)</u>	<u>\$ 68,306,331</u>	<u>\$ -</u>	<u>\$ 103,609,785</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF CASH FLOWS – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL**  
**YEAR ENDED JUNE 30, 2021**

	KAO	KLAP	KRA	KCCP	KEA	KSA	KPA	KSOL	KIA	KAI	KVPA	Subtotal
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Change in Net Assets	\$ 138,329	\$ 759,969	\$ 659,560	\$ 1,129,065	\$ 432,710	\$ 104,320	\$ (152,631)	\$ 1,003,399	\$ 1,041,580	\$ 617,731	\$ 660,677	\$ 6,394,709
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	23,072	122,699	103,511	235,675	103,119	-	-	40,792	78,870	46,140	20,604	774,482
Realized and Unrealized (Gains) and Losses	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	(605,115)	(734,882)	(974,943)	(1,034,209)	(937,907)	(700,458)	(369,085)	(1,187,339)	(1,462,979)	(1,067,369)	(1,307,977)	(10,382,263)
Accounts Receivable - Other	(3,420)	(5,164)	(4,961)	1,630	(1,667)	(8,849)	(8,135)	(6,143)	(582)	(4,356)	15,744	(25,903)
Contributions Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	7,525	-	-	-	-	-	-	-	-	-	-	7,525
Security Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Rent Asset	-	(171,169)	-	-	-	-	-	-	-	-	-	(171,169)
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	(181,905)	(219,126)	(230,905)	(1,177,267)	(246,924)	(160,392)	(98,814)	(5,552)	(14,046)	(9,755)	(11,238)	(2,355,924)
Accounts Payable - Other	(90,155)	94,291	90,124	113,911	(87,675)	25,740	222,144	82,844	(113,800)	53,487	41,849	432,760
Accrued Liabilities	24,076	(59,209)	6,783	(31,048)	94,428	30,292	(14,229)	19,966	16,812	32,446	38,256	158,573
Unearned Revenue	297,467	336,768	322,437	667,002	369,732	224,927	155,015	318,255	369,750	296,427	384,022	3,741,802
Deferred Rent Liability	3,443	-	30,743	107,927	44,372	-	-	38,480	45,244	48,920	48,197	367,326
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Due to KIPP SoCal Public Schools	183,073	195,029	245,265	429,644	216,476	193,000	104,859	198,430	225,082	193,539	221,973	2,406,370
Net Cash Provided (Used) by Operating Activities	(203,610)	319,206	247,614	442,330	(13,336)	(291,420)	(160,876)	503,132	185,931	207,210	112,107	1,348,288
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Property, Plant, and Equipment	-	(6,281)	(49,001)	-	(37,100)	-	(202,952)	(11,600)	(160,190)	-	(6,393)	(473,517)
Net Cash Provided (Used) by Investing Activities	-	(6,281)	(49,001)	-	(37,100)	-	(202,952)	(11,600)	(160,190)	-	(6,393)	(473,517)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Proceeds from Intercompany Notes Payable	175,000	-	-	-	-	-	100,000	-	-	-	-	275,000
Net Cash Provided (Used) by Financing Activities	175,000	-	-	-	-	-	100,000	-	-	-	-	275,000
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	(28,610)	312,925	198,613	442,330	(50,436)	(291,420)	(263,828)	491,532	25,741	207,210	105,714	1,149,771
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	61,795	3,337,773	2,185,548	1,990,031	2,922,700	314,996	301,989	2,874,215	2,574,304	335,713	1,015,745	17,914,809
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 33,185</u>	<u>\$ 3,650,698</u>	<u>\$ 2,384,161</u>	<u>\$ 2,432,361</u>	<u>\$ 2,872,264</u>	<u>\$ 23,576</u>	<u>\$ 38,161</u>	<u>\$ 3,365,747</u>	<u>\$ 2,600,045</u>	<u>\$ 542,923</u>	<u>\$ 1,121,459</u>	<u>\$ 19,064,580</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>												
Cash Paid for Interest, Net of Capitalized Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>
<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</b>												
Cash and Cash Equivalents	\$ 33,185	\$ 3,650,698	\$ 2,384,161	\$ 2,432,361	\$ 2,872,264	\$ 23,576	\$ 38,161	\$ 3,365,747	\$ 2,600,045	\$ 542,923	\$ 1,121,459	\$ 19,064,580
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash and Cash Equivalents	<u>\$ 33,185</u>	<u>\$ 3,650,698</u>	<u>\$ 2,384,161</u>	<u>\$ 2,432,361</u>	<u>\$ 2,872,264</u>	<u>\$ 23,576</u>	<u>\$ 38,161</u>	<u>\$ 3,365,747</u>	<u>\$ 2,600,045</u>	<u>\$ 542,923</u>	<u>\$ 1,121,459</u>	<u>\$ 19,064,580</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF CASH FLOWS — KIPP SOCAL SCHOOLS BY CHARTER SCHOOL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Subtotal	KPP	KIG	KCA	KCOM	KPU	KAPA	LEA 17	KPPS	SST	Eliminations	KIPP SoCal Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Change in Net Assets	\$ 6,394,709	\$ 778,313	\$ 222,189	\$ 682,736	\$ 172,826	\$ 32,126	\$ (705,213)	\$ 41,932	\$ (89,705)	\$ 1,314,365	\$ -	\$ 8,844,278
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	774,482	8,881	-	121,029	6,736	5,528	2,474	-	-	2,334	-	921,464
Realized and Unrealized (Gains) and Losses	-	-	-	-	-	-	-	-	-	(179,354)	-	(179,354)
(Increase) and Decrease in Operating Assets:												
Accounts Receivable - Federal and State	(10,382,263)	(726,243)	(645,726)	(2,586,789)	(1,027,372)	(726,246)	(427,570)	-	-	-	-	(16,522,209)
Accounts Receivable - Other	(25,903)	(8,846)	(988)	93,589	111,449	60,552	640	(100,387)	(106,272)	997,830	-	1,021,664
Contributions Receivable	-	-	-	-	-	-	-	-	-	23,781	-	23,781
Due from KLARE Holdings	-	-	-	-	-	-	-	-	-	(5,925,580)	-	(5,925,580)
Due from KIPP SoCal Public Schools	-	-	-	-	-	-	-	-	(66,242)	(3,840,745)	3,906,987	-
Prepaid Expenses	7,525	-	-	-	-	-	1,120,997	-	-	77,050	-	1,205,572
Security Deposit	-	-	(22,671)	-	-	(8,000)	(1,069,888)	-	-	-	-	(1,100,559)
Deferred Rent Asset	(171,169)	-	-	-	-	-	-	-	-	-	-	(171,169)
Increase and (Decrease) in Operating Liabilities:												
Accounts Payable - Federal and State	(2,355,924)	(783,002)	(493,747)	(645,443)	(943,693)	(767,612)	52,178	-	-	-	-	(5,937,243)
Accounts Payable - Other	432,760	158,289	157,531	(23,929)	2,154	8,595	43,916	43,664	60,490	562,134	-	1,445,604
Accrued Liabilities	158,573	389	3,363	104,073	31,491	53,281	21,557	8,582	15,079	692,992	-	1,089,380
Unearned Revenue	3,741,802	358,302	287,635	608,743	224,913	199,319	192,027	-	-	1,522,225	-	7,134,966
Deferred Rent Liability	367,326	-	86,078	159,492	53,170	76,771	380,951	-	-	130,746	-	1,254,534
Due to KLARE Holdings	-	-	-	-	-	-	-	-	-	109,589	-	109,589
Due to KIPP SoCal Public Schools	2,406,370	230,492	166,700	405,886	177,570	143,645	116,063	-	194,019	66,242	(3,906,987)	-
Net Cash Provided (Used) by Operating Activities	1,348,288	16,575	(239,636)	(1,080,613)	(1,190,756)	(922,041)	(271,868)	(6,209)	7,369	(4,446,391)	-	(6,785,282)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Purchase of Investments	-	-	-	-	-	-	-	-	-	(29,059,727)	-	(29,059,727)
Sale of Investments	-	-	-	-	-	-	-	-	-	36,634,275	-	36,634,275
Issuance of Intercompany Notes Receivable	-	-	-	-	-	-	-	-	-	(3,725,000)	3,725,000	-
Purchases of Property, Plant, and Equipment	(473,517)	(10,506)	(12,411)	(84,190)	(247,112)	(55,228)	(31,898)	-	-	-	-	(914,862)
Net Cash Provided (Used) by Investing Activities	(473,517)	(10,506)	(12,411)	(84,190)	(247,112)	(55,228)	(31,898)	-	-	3,849,548	3,725,000	6,659,686
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Proceeds from Intercompany Notes Payable	275,000	-	-	850,000	1,325,000	975,000	300,000	-	-	-	(3,725,000)	-
Net Cash Provided (Used) by Financing Activities	275,000	-	-	850,000	1,325,000	975,000	300,000	-	-	-	(3,725,000)	-
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>1,149,771</b>	<b>6,069</b>	<b>(252,047)</b>	<b>(314,803)</b>	<b>(112,868)</b>	<b>(2,269)</b>	<b>(3,766)</b>	<b>(6,209)</b>	<b>7,369</b>	<b>(596,843)</b>	<b>-</b>	<b>(125,596)</b>
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	17,914,809	1,788,260	893,626	351,364	153,756	38,780	54,120	6,209	1,000	3,921,683	-	25,123,607
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>19,064,580</b>	<b>1,794,329</b>	<b>641,579</b>	<b>36,561</b>	<b>40,888</b>	<b>36,511</b>	<b>50,354</b>	<b>-</b>	<b>8,369</b>	<b>3,324,840</b>	<b>-</b>	<b>24,998,011</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>												
Cash Paid for Interest, Net of Capitalized Interest	\$ 1,500	\$ -	\$ 6,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,500)	\$ -
<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</b>												
Cash and Cash Equivalents	\$ 19,064,580	\$ 1,794,329	\$ 641,579	\$ 36,561	\$ 40,888	\$ 36,511	\$ 50,354	\$ -	\$ 8,369	\$ 3,324,840	\$ -	\$ 24,998,011
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash and Cash Equivalents	<u>\$ 19,064,580</u>	<u>\$ 1,794,329</u>	<u>\$ 641,579</u>	<u>\$ 36,561</u>	<u>\$ 40,888</u>	<u>\$ 36,511</u>	<u>\$ 50,354</u>	<u>\$ -</u>	<u>\$ 8,369</u>	<u>\$ 3,324,840</u>	<u>\$ -</u>	<u>\$ 24,998,011</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information



**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION — RELATED SCHOOLS**  
**YEAR ENDED JUNE 30, 2021**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	KPP	KPU	KSA	KIG	Total
<b>ASSETS</b>																	
<b>CURRENT ASSETS</b>																	
Cash and Cash Equivalents	\$ 3,650,698	\$ 2,872,264	\$ 3,365,747	\$ 2,600,045	\$ 38,161	\$ 33,185	\$ 1,121,459	\$ 2,384,161	\$ 2,432,361	\$ 36,561	\$ 542,923	\$ 40,888	\$ 1,794,329	\$ 36,511	\$ 23,576	\$ 641,579	\$ 21,614,448
Accounts Receivable - Federal and State	1,806,701	1,964,608	1,860,879	2,256,278	755,241	1,578,721	2,025,540	2,230,397	3,828,059	4,425,274	1,646,808	2,609,376	2,175,857	1,685,491	1,438,455	1,440,971	33,528,656
Accounts Receivable - Other	5,408	1,667	7,061	582	8,135	3,755	-	5,856	(1)	1,963	7,169	17	8,854	158,294	12,149	1,438	222,347
Total Current Assets	5,262,807	4,838,539	5,233,687	4,856,905	801,537	1,615,661	3,146,999	4,620,414	6,260,419	4,463,798	2,196,900	2,650,281	3,979,040	1,880,296	1,474,180	2,083,988	55,365,451
<b>LONG-TERM ASSETS</b>																	
Security Deposits and Other Assets	40,000	-	-	10,000	21,973	1,400	3,600	-	80,976	7,800	4,330	-	-	8,000	20,500	57,671	256,250
Deferred Rent Asset	328,210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	328,210
Property, Plant, and Equipment, Net	289,433	200,413	190,490	583,520	202,952	85,056	24,869	164,973	524,301	290,165	123,687	263,570	14,171	50,898	-	13,544	3,022,042
Total Long-Term Assets	657,643	200,413	190,490	593,520	224,925	86,456	28,469	164,973	605,277	297,965	128,017	263,570	14,171	58,898	20,500	71,215	3,606,502
Total Assets	<u>\$ 5,920,450</u>	<u>\$ 5,038,952</u>	<u>\$ 5,424,177</u>	<u>\$ 5,450,425</u>	<u>\$ 1,026,462</u>	<u>\$ 1,702,117</u>	<u>\$ 3,175,468</u>	<u>\$ 4,785,387</u>	<u>\$ 6,865,696</u>	<u>\$ 4,761,763</u>	<u>\$ 2,324,917</u>	<u>\$ 2,913,851</u>	<u>\$ 3,993,211</u>	<u>\$ 1,939,194</u>	<u>\$ 1,494,680</u>	<u>\$ 2,155,203</u>	<u>\$ 58,971,953</u>
<b>LIABILITIES AND NET ASSETS</b>																	
<b>CURRENT LIABILITIES</b>																	
Accounts Payable - Federal and State	\$ 5,814	\$ 520,123	\$ 4,307	\$ 495,732	\$ 995	\$ 4,178	\$ 896	\$ 7,405	\$ 10,015	\$ 11,016	\$ 977	\$ 81,503	\$ 4,835	\$ 12,534	\$ 93,521	\$ 193,536	\$ 1,447,387
Accounts Payable - Other	208,739	216,924	225,346	221,321	340,310	180,019	296,187	316,269	522,089	396,801	238,579	161,044	357,527	209,343	180,002	299,624	4,370,124
Accrued Liabilities	52,100	165,901	66,795	102,046	29,829	54,933	99,582	44,756	147,637	175,086	52,666	61,988	39,733	84,818	77,169	39,523	1,294,562
Unearned Revenue	346,057	397,638	335,547	369,750	183,225	351,791	387,585	386,964	686,593	608,743	318,876	224,913	364,628	199,319	263,448	296,325	5,721,402
Due to KIPP SoCal Public Schools	195,029	216,476	198,430	225,082	104,859	183,073	221,973	245,265	429,644	405,886	193,539	177,570	230,492	143,645	193,000	166,700	3,530,663
Total Current Liabilities	807,739	1,517,062	830,425	1,413,931	659,218	773,994	1,006,223	1,000,659	1,795,978	1,597,532	804,637	707,018	997,215	649,659	807,140	995,708	16,364,138
<b>LONG-TERM LIABILITIES</b>																	
Intercompany Notes Payable	-	-	-	-	100,000	175,000	-	-	-	1,650,000	150,000	1,675,000	-	975,000	-	600,000	5,325,000
Deferred Rent Liabilities	-	105,144	91,160	107,188	-	311,892	112,793	641,013	351,928	300,526	147,160	53,170	-	76,771	-	86,078	2,384,823
Total Long-Term Liabilities	-	105,144	91,160	107,188	100,000	486,892	112,793	641,013	351,928	1,950,526	297,160	1,728,170	-	1,051,771	-	686,078	7,709,823
Total Liabilities	807,739	1,622,206	921,585	1,521,119	759,218	1,260,886	1,119,016	1,641,672	2,147,906	3,548,058	1,101,797	2,435,188	997,215	1,701,430	807,140	1,681,786	24,073,961
<b>NET ASSETS</b>																	
Without Donor Restriction	5,112,711	3,416,746	4,502,592	3,929,306	267,244	441,231	2,056,452	3,143,715	4,717,790	1,213,705	1,223,120	478,663	2,995,996	237,764	687,540	473,417	34,897,992
Total Net Assets	<u>5,112,711</u>	<u>3,416,746</u>	<u>4,502,592</u>	<u>3,929,306</u>	<u>267,244</u>	<u>441,231</u>	<u>2,056,452</u>	<u>3,143,715</u>	<u>4,717,790</u>	<u>1,213,705</u>	<u>1,223,120</u>	<u>478,663</u>	<u>2,995,996</u>	<u>237,764</u>	<u>687,540</u>	<u>473,417</u>	<u>34,897,992</u>
Total Liabilities and Net Assets	<u>\$ 5,920,450</u>	<u>\$ 5,038,952</u>	<u>\$ 5,424,177</u>	<u>\$ 5,450,425</u>	<u>\$ 1,026,462</u>	<u>\$ 1,702,117</u>	<u>\$ 3,175,468</u>	<u>\$ 4,785,387</u>	<u>\$ 6,865,696</u>	<u>\$ 4,761,763</u>	<u>\$ 2,324,917</u>	<u>\$ 2,913,851</u>	<u>\$ 3,993,211</u>	<u>\$ 1,939,194</u>	<u>\$ 1,494,680</u>	<u>\$ 2,155,203</u>	<u>\$ 58,971,953</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCIAL PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES — RELATED SCHOOLS  
YEAR ENDED JUNE 30, 2021**

	KLAP	KEA	KSOL	KIA	KPA	KAO	KVPA	KRA	KCCP	KCA	KAI	KCOM	KPP	KPU	KSA	KIG	Total
<b>REVENUES, WITHOUT DONOR RESTRICTION</b>																	
State Revenue:																	
Local Control Funding Formula Sources	\$ 5,316,354	\$ 6,073,299	\$ 5,154,663	\$ 6,079,159	\$ 2,364,173	\$ 4,517,708	\$ 5,981,448	\$ 6,241,245	\$ 10,877,450	\$ 9,914,325	\$ 4,961,619	\$ 3,709,121	\$ 5,936,596	\$ 3,287,119	\$ 4,044,122	\$ 4,517,134	\$ 88,975,535
Other State Revenue	1,158,811	1,322,592	1,252,557	1,321,401	568,153	1,036,420	1,288,239	1,259,401	2,296,157	2,202,478	1,229,785	710,067	1,040,637	451,534	861,471	938,236	18,937,939
Federal Revenue:																	
Grants and Entitlements	1,416,319	1,193,193	1,074,365	1,196,657	814,578	1,037,345	1,460,947	1,436,744	2,612,666	1,750,220	1,185,943	650,832	1,224,254	558,224	1,108,231	990,463	19,710,981
Local Revenue:																	
Contributions	12,039	30,201	21,769	25,765	12,449	17,141	13,621	8,807	27,249	100,532	19,519	46,968	14,397	545,468	114,842	11,601	1,022,368
Other Revenue	48,127	4,853	9,717	15,799	6,223	5,917	10,394	52,897	89,952	8,030	31,461	8,971	2,789	-	3,635	2,385	301,150
Total Revenues, Without Donor Restriction	7,951,650	8,624,138	7,513,071	8,638,781	3,765,576	6,614,531	8,754,649	8,999,094	15,903,474	13,975,585	7,428,327	5,125,959	8,218,673	4,842,345	6,132,301	6,459,819	128,947,973
<b>EXPENSES</b>																	
Program Services:																	
Educational Programs	6,846,889	7,800,220	6,203,268	7,225,637	3,677,300	6,165,235	7,737,435	7,971,489	14,074,199	12,719,699	6,494,228	4,689,606	7,076,280	4,506,850	5,706,250	5,926,969	114,821,554
Support Services:																	
General and Administrative	334,206	378,955	296,448	359,887	233,996	302,825	344,620	355,722	678,214	555,063	304,124	254,680	353,144	295,639	311,393	300,755	5,659,671
Fundraising	10,586	12,253	9,956	11,677	6,911	8,142	11,917	12,323	21,996	18,087	12,244	8,847	10,936	7,730	10,338	9,906	163,849
Total Expenses	7,191,681	8,191,428	6,509,672	7,597,201	3,918,207	6,476,202	8,093,972	8,339,534	14,774,409	13,292,849	6,810,596	4,953,133	7,440,360	4,810,219	6,027,981	6,237,630	120,665,074
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	759,969	432,710	1,003,399	1,041,580	(152,631)	138,329	660,677	659,560	1,129,065	682,736	617,731	172,826	778,313	32,126	104,320	222,189	8,282,899
Net Assets - Beginning of Year	4,352,742	2,984,036	3,499,193	2,887,726	419,875	302,902	1,395,775	2,484,155	3,588,725	530,969	605,389	305,837	2,217,683	205,638	583,220	251,228	26,615,093
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,112,711</b>	<b>\$ 3,416,746</b>	<b>\$ 4,502,592</b>	<b>\$ 3,929,306</b>	<b>\$ 267,244</b>	<b>\$ 441,231</b>	<b>\$ 2,056,452</b>	<b>\$ 3,143,715</b>	<b>\$ 4,717,790</b>	<b>\$ 1,213,705</b>	<b>\$ 1,223,120</b>	<b>\$ 478,663</b>	<b>\$ 2,995,996</b>	<b>\$ 237,764</b>	<b>\$ 687,540</b>	<b>\$ 473,417</b>	<b>\$ 34,897,992</b>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS**  
**STATEMENT OF CASH FLOWS — RELATED SCHOOLS**  
**YEAR ENDED JUNE 30, 2021**

	KLAP	KEA	KSOL	KIA	KPA	KAQ	KVPA	KRA	KCCP	KCA	KAI	KCOM	KPP	KPU	KSA	KIG	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>																	
Change in Net Assets	\$ 759,969	\$ 432,710	\$ 1,003,399	\$ 1,041,580	\$ (152,631)	\$ 138,329	\$ 660,677	\$ 659,560	\$ 1,129,065	\$ 682,736	\$ 617,731	\$ 172,826	\$ 778,313	\$ 32,126	\$ 104,320	\$ 222,189	\$ 8,282,899
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:																	
Depreciation	122,699	103,119	40,792	78,870	-	23,072	20,604	103,511	235,675	121,029	46,140	6,736	8,881	5,528	-	-	916,656
(Increase) and Decrease in Operating Assets:																	
Accounts Receivable - Federal and State	(734,882)	(937,907)	(1,187,339)	(1,462,979)	(369,085)	(605,115)	(1,307,977)	(974,943)	(1,034,209)	(2,586,789)	(1,067,369)	(1,027,372)	(726,243)	(726,246)	(700,458)	(645,726)	(16,094,639)
Accounts Receivable - Other	(5,164)	(1,667)	(6,143)	(582)	(8,135)	(3,420)	15,744	(4,961)	1,630	93,589	(4,356)	111,449	(8,846)	60,552	(8,849)	(988)	229,853
Prepaid Expenses	-	-	-	-	-	7,525	-	-	-	-	-	-	-	-	-	-	7,525
Security Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,000)	-	(22,671)	(30,671)
Deferred Rent Asset	(171,169)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(171,169)
Increase and (Decrease) in Operating Liabilities:																	
Accounts Payable - Federal and State	(219,126)	(246,924)	(5,552)	(14,046)	(98,814)	(181,905)	(11,238)	(230,905)	(1,177,267)	(645,443)	(9,755)	(943,693)	(783,002)	(767,612)	(160,392)	(493,747)	(5,989,421)
Accounts Payable - Other	94,291	(87,675)	82,844	(113,800)	222,144	(90,155)	41,849	90,124	113,911	(23,929)	53,487	2,154	158,289	8,595	25,740	157,531	735,400
Accrued Liabilities	(59,209)	94,428	19,966	16,812	(14,229)	24,076	38,256	6,783	(31,048)	104,073	32,446	31,491	389	53,281	30,292	3,363	351,170
Unearned Revenue	336,768	369,732	318,255	369,750	155,015	297,467	384,022	322,437	667,002	608,743	296,427	224,913	358,302	199,319	224,927	287,635	5,420,714
Deferred Rent Liability	-	44,372	38,480	45,244	-	3,443	48,197	30,743	107,927	159,492	48,920	53,170	-	76,771	-	86,078	742,837
Due to KIPP SoCal Public Schools	195,029	216,476	198,430	225,082	104,859	183,073	221,973	245,265	429,644	405,886	193,539	177,570	230,492	143,645	193,000	166,700	3,530,663
Net Cash Provided (Used) by Operating Activities	319,206	(13,336)	503,132	185,931	(160,876)	(203,610)	112,107	247,614	442,330	(1,080,613)	207,210	(1,190,756)	16,575	(922,041)	(291,420)	(239,636)	(2,068,183)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>																	
Purchases of Property, Plant, and Equipment	(6,281)	(37,100)	(11,600)	(160,190)	(202,952)	-	(6,393)	(49,001)	-	(84,190)	-	(247,112)	(10,506)	(55,228)	-	(12,411)	(882,964)
Net Cash Used by Investing Activities	(6,281)	(37,100)	(11,600)	(160,190)	(202,952)	-	(6,393)	(49,001)	-	(84,190)	-	(247,112)	(10,506)	(55,228)	-	(12,411)	(882,964)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>																	
Proceeds on Intercompany Notes Payable	-	-	-	-	100,000	175,000	-	-	-	850,000	-	1,325,000	-	975,000	-	-	3,425,000
Net Cash Provided by Financing Activities	-	-	-	-	100,000	175,000	-	-	-	850,000	-	1,325,000	-	975,000	-	-	3,425,000
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	312,925	(50,436)	491,532	25,741	(263,828)	(28,610)	105,714	198,613	442,330	(314,803)	207,210	(112,868)	6,069	(2,269)	(291,420)	(252,047)	473,853
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	3,337,773	2,922,700	2,874,215	2,574,304	301,989	61,795	1,015,745	2,185,548	1,990,031	351,364	335,713	153,756	1,788,260	38,780	314,996	893,626	21,140,595
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 3,650,698</u>	<u>\$ 2,872,264</u>	<u>\$ 3,365,747</u>	<u>\$ 2,600,045</u>	<u>\$ 38,161</u>	<u>\$ 33,185</u>	<u>\$ 1,121,459</u>	<u>\$ 2,384,161</u>	<u>\$ 2,432,361</u>	<u>\$ 36,561</u>	<u>\$ 542,923</u>	<u>\$ 40,888</u>	<u>\$ 1,794,329</u>	<u>\$ 36,511</u>	<u>\$ 23,576</u>	<u>\$ 641,579</u>	<u>\$ 21,614,448</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>																	
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,500</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**KIPP SOCAL PUBLIC SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

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

**NOTE 2 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**

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

**NOTE 3 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of KIPP SoCal under programs of the federal governmental for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of KIPP SoCal, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KIPP SoCal.

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

**NOTE 4 STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – KIPP SOCAL SCHOOLS BY CHARTER SCHOOL**

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

**KIPP SOCAL PUBLIC SCHOOLS**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**NOTE 5    STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – RELATED SCHOOLS**

These statements report the financial position, activities, and cash flows for KIPP LA Preparatory Academy, KIPP Empower Academy, KIPP Sol Academy, KIPP Illuminar Academy, KIPP Philosophers Academy, KIPP Academy of Opportunity, KIPP Vida Preparatory Academy, KIPP Raices Academy, KIPP Comienza Community Prep, KIPP Corazon Academy, KIPP Academy of Innovation, and KIPP Compton Community School, KIPP Promesa Prep, KIPP Pueblo Unido, KIPP Scholar Academy, and KIPP Ignite Academy defined as “Related Schools” to the “Obligated Group” in the Master Indenture of Trust that applies to the Series 2014 A&B, 2015A&B, 2017A, 2019A, and 2020A bond issues and the Line of Credit issued by BBVA.

The Obligated Group consists of SoLA School 1, LLC; ChaMed, LLC; KLA 2810 Whittier, LLC; SoLA 2, LLC; Budnon, LLC; West51, LLC; 668 Atlantic, LLC; BH Soto, LLC; Curiosity RE, LLC; SeLA, LLC; Zest RE, LLC; Grit RE, LLC; KLARE 18, LLC; KLARE 16, LLC; KLARE 15, LLC; and KLARE 17, LLC. Each Related School has a lease with a member of the Obligated Group.



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

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of KIPP SoCal Public Schools (KIPP SoCal), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 1, 2021.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Glendora, California  
December 1, 2021



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

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

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

We have audited the compliance of KIPP SoCal Public Schools (KIPP SoCal) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. KIPP SoCal's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of KIPP SoCal's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about KIPP SoCal's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of KIPP SoCal 'a compliance.

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

In our opinion, KIPP SoCal complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



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

Management of KIPP SoCal is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered KIPP SoCal's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of KIPP SoCal's internal control over compliance.

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

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

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



**CliftonLarsonAllen LLP**

Glendora, California  
December 1, 2021



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
KIPP SoCal Public Schools  
Los Angeles, California

We have audited KIPP SoCal Public Schools's (KIPP SoCal) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2021. KIPP SoCal's state compliance requirements are identified in the table below.

### Management's Responsibility

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

### Auditors' Responsibility

Our responsibility is to express an opinion on KIPP SoCal's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about KIPP SoCal's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of KIPP SoCal's compliance.

### Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Office of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes

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

### **Opinion on State Compliance**

In our opinion, KIPP SoCal complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2021.

### **Purpose of this Report**

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

  
**CliftonLarsonAllen LLP**

Glendora, California  
December 1, 2021

**KIPP SOCIAL PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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Section I – Summary of Auditors’ Results

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**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Federal Programs**

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
84.425C	Governor's Emergency Education Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund

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

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

**KIPP SOCIAL PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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

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

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**Section II – Financial Statement Findings**

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

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**Section III – Major Federal Program Findings**

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

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**Section IV – State Compliance Findings**

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Our audit did not disclose any matters required to be reported in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**KIPP SOCAL PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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

Audit period: Fiscal year ended June 30, 2021

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

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the prior year.

**FINDINGS – FEDERAL AWARD PROGRAMS AUDITS**

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

**FINDINGS – STATE COMPLIANCE**

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

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