

**KIPP KANSAS CITY**  
**Kansas City, Missouri**

**FINANCIAL STATEMENTS**  
**with**  
**INDEPENDENT AUDITOR'S REPORT**

**June 30, 2023**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor’s Report .....	1-3
<b>FINANCIAL STATEMENTS:</b>	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis .....	4
Statement of Support, Revenue and Expenses – Modified Cash Basis .....	5
Statement of Functional Expenses – Modified Cash Basis .....	6
Notes to Financial Statements .....	7-15
<b>SUPPLEMENTARY INFORMATION:</b>	
Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis – By Fund .....	17
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis – By Fund .....	18
Schedule of Receipts Collected by Source – By Fund .....	19
Schedule of Disbursements Paid by Object – By Fund .....	20
Schedule of Expenditures of Federal Awards .....	21
Notes to Schedule of Expenditures of Federal Awards .....	22
<b>INTERNAL CONTROL AND COMPLIANCE:</b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	24-25
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	26-28
Schedule of Findings and Questioned Costs .....	29
Independent Accountant’s Report on Management’s Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations .....	30
Schedule of Selected Statistics .....	31-35
Schedule of State Findings .....	36



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the KIPP Kansas City ("KIPP KC") (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2023, and the related statements of support, revenue, and expenses-modified cash basis and functional expenses-modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of KIPP KC as of June 30, 2023, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

#### ***Basis for Opinion***

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

#### ***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

***Auditor's Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents from pages 17-22, are presented for purposes of additional analysis and are not a required part of the 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 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 supplementary schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of KIPP KC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KIPP KC'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 KC's internal control over financial reporting and compliance.



Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
December 22, 2023

**KIPP KANSAS CITY**

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS**

June 30, 2023

<u>ASSETS</u>	
Cash	\$ 2,175,686
Other asset	10,115
Construction project reserves	110,446
Repair and maintenance reserves	<u>3,362</u>
Total Assets	\$ <u>2,299,609</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Payroll withholdings	\$ <u>5,279</u>
Total Liabilities	5,279
Net Assets:	
With donor restrictions	305,220
Without donor restrictions	<u>1,989,110</u>
Total Net Assets	<u>2,294,330</u>
Total Liabilities and Net Assets	\$ <u>2,299,609</u>

*See Accompanying Independent Auditor's Report and Notes to these Financial Statements.*

**KIPP KANSAS CITY**

STATEMENT OF SUPPORT, REVENUE AND EXPENSES – MODIFIED CASH BASIS  
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE:</u></b>			
Contributions and donations	\$ 704,091	\$ 315,550	\$ 1,019,591
State aid receipts	9,108,481	0	9,108,481
Federal grants and contracts	3,765,607	0	3,765,607
Sales tax (Proposition C)	988,502	0	988,502
Student activity income	30,900	0	30,900
Interest income	38,607	0	38,607
Loan proceeds	3,228,727	0	3,228,727
Other revenue	<u>244,611</u>	<u>0</u>	<u>244,611</u>
Total Support and Revenue	18,109,526	315,500	18,425,026
<b><u>EXPENSES:</u></b>			
Program service – charter school operations	21,048,072	0	21,048,072
Supporting activities:			
General and administrative	<u>3,160,962</u>	<u>0</u>	<u>3,160,962</u>
Total Expenses	24,209,034	0	24,209,034
Net assets released from restrictions	<u>566,410</u>	<u>(566,410)</u>	<u>0</u>
Change in Net Assets	(5,533,098)	(250,910)	(5,784,008)
Net Assets, Beginning of Year	<u>7,522,208</u>	<u>556,130</u>	<u>8,078,338</u>
Net Assets, End of Year	\$ <u>1,989,110</u>	\$ <u>305,220</u>	\$ <u>2,294,330</u>

*See Accompanying Independent Auditor's Report and Notes to these Financial Statements.*

**KIPP KANSAS CITY**

**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**  
**For the Year Ended June 30, 2023**

	Charter School <u>Operations</u>	General & <u>Administrative</u>	<u>Total</u>
Salaries and wages	\$ 4,948,481	\$ 1,883,170	\$ 6,831,651
Retirement	537,240	213,487	750,727
Non-teacher retirement	6,120	0	6,120
Payroll taxes	363,836	141,175	505,011
Employee insurance	283,084	82,124	365,208
Other employee benefits	0	58,642	58,642
Professional and technical services	827,339	486,295	1,313,634
Property services	557,922	83,368	641,290
Transportation (including contracted)	1,128,738	2,769	1,131,507
Insurance	44,485	23,530	68,015
Communication and memberships	41,650	19,940	61,590
Other purchased services	52,043	0	52,043
General supplies	984,437	166,462	1,150,899
Books and periodicals	8,253	0	8,253
Food service and supplies	701,862	0	701,862
Utilities, energy service	132,179	0	132,179
Capital outlay	9,724,254	0	9,724,254
Debt principal, interest, and fees	<u>706,149</u>	<u>0</u>	<u>706,149</u>
Total Expenses	<u>\$ 21,048,072</u>	<u>\$ 3,160,962</u>	<u>\$ 24,209,034</u>

*See Accompanying Independent Auditor's Report and Notes to these Financial Statements.*



**KIPP KANSAS CITY**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**INDEX**

NOTE 1: ORGANIZATION

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting
- B. Use of Estimates
- C. Cash and Cash Equivalents
- D. Construction Project Reserves
- E. Repair and Maintenance Reserves
- F. Concentrations of Credit Risk
- G. Capital Outlay
- H. Compensated Absences
- I. Loans and Notes Payable
- J. Net Assets
- K. Revenue Recognition
- L. Income Taxes
- M. Functional Allocation of Expenses
- N. Subsequent Events

NOTE 3: LIQUIDITY RESOURCE MANAGEMENT

NOTE 4: NOTES PAYABLE

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

NOTE 6: OPERATING LEASES

NOTE 7: RETIREMENT PLAN

NOTE 8: RISK MANAGEMENT

## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 1: ORGANIZATION

KIPP Kansas City (“KIPP KC”) is a not-for-profit public benefit corporation incorporated as KIPP Kansas City in October 2006 and organized under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. KIPP Kansas City is a not-for-profit corporation whose purpose is to operate one or more public charter schools in accordance with the KIPP educational model in the State of Missouri. Official operations of KIPP KC began on May 23, 2007. KIPP KC is exempt from most Missouri laws and statutes governing educational institutions. The aforementioned Senate Bill No. 781 governs it. KIPP KC is sponsored by the Missouri Charter Public School Commission (the “Commission”). KIPP KC’s charter school agreement was renewed with the Commission effective July 1, 2022 for five additional school years ending June 30, 2027.

KIPP KC’s charter provides for the education of low income, disadvantaged, at-risk students in kindergarten through twelfth grades. During the 2022-2023 school year, KIPP KC added a 10<sup>th</sup> grade level and continued providing high school services. Approximately 75-80% of the KIPP KC’s annual funding is provided from state and federal funds received from the Missouri Department of Elementary and Secondary Education, and other support is provided through contributions and grant award receipts.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Basis of Accounting

The financial statements are presented in accordance with the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues and expenses when they result from cash transactions with a provision for recording other assets and payroll withholdings, which are recognized when incurred. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

##### B. Use of Estimates

The financial statements prepared in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### C. Cash and Cash Equivalents

KIPP KC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS June 30, 2023

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D. Construction Project Reserves

During the year ended June 30, 2022, KIPP KC refinanced the existing outstanding note payable and received additional loan proceeds to be used for the construction of a new high school facility. A portion of the loan proceeds were held by the lender in KIPP KC's name in a construction project reserves account available for capital outlay and related project expenses. As of June 30, 2023, \$110,446 was held by lenders in the project reserve account.

##### E. Repair and Maintenance Reserves

The loan agreement signed in April 2022 requires KIPP KC to place \$3,354 each month beginning in June 2023 into a reserve account held by the lender in KIPP KC's name available for future repair and maintenance expenses. The account will earn interest and is added to the account balance. As of June 30, 2023, \$3,362 was held by lenders in the repair and maintenance reserves account.

##### F. Concentrations of Credit Risk

Cash is maintained at a high-quality financial institution and accounts at the institution are insured by the Federal Deposit Insurance Corporation ("FDIC") with up to \$250,000 per institution. At June 30, 2023, \$250,000 of the ending bank balances was covered by FDIC and \$1,927,876 was held in a sweep account through a repurchase agreement collateralized by U.S. Treasury Obligations. The remaining \$1,008 was uninsured and not secured. However, KIPP KC has not experienced any losses on such deposit accounts at the financial institution and believes it is not exposed to any significant credit risk on its cash.

##### G. Capital Outlay

Property and equipment are recorded as expenses at the time they are purchased.

##### H. Compensated Absences

Vacation time, personal business days and sick leave are considered as expenses in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

##### I. Loans and Notes Payable

Proceeds from loan agreements and notes payable are recorded as revenue when received from the lender. Repayment of principal and charged interest are recorded as expense when repaid to the lender.

## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### J. Net Assets

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-) imposed restrictions or law. These net assets may be used at the discretion of KIPP KC’s management and KIPP KC’s Board of Directors.

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 program or events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. KIPP KC reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. See Note 5 for the detail of activity and balance as of June 30, 2023.

##### K. Revenue Recognition

All contributions are considered available for use within KIPP KC’s general programs unless specifically restricted by the donor or grantor. In accordance with the modified cash basis of accounting, KIPP KC immediately recognizes all other revenue at the time of receipt.

##### L. Income Taxes

KIPP KC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to federal income tax. KIPP KC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. KIPP KC has adopted provisions of FASB standard on Accounting for Uncertainty in Income Taxes (ASC 740-10-25). KIPP KC does not believe there are any material uncertain tax provisions and, accordingly, they will not recognize any liability for unrecorded tax benefits. For the year ended June 30, 2023, there were no interest or penalties recorded in the financial statements.

## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### M. Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of support, revenue, and expenses—modified cash basis. The statement of functional expenses—modified cash basis presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited and, in some cases, to one or more program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include technical services and property services. Property services are allocated based on estimated square footage, and technical services are allocated based on estimated project and purpose usage.

##### N. Subsequent Events

KIPP KC has evaluated subsequent events through December 22, 2023, the date which the financial statements were available to be issued.

#### NOTE 3: LIQUIDITY RESOURCE MANAGEMENT

KIPP KC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, KIPP KC considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects KIPP KC's financial assets as of June 30, 2023, reduced by those amounts not available for general use because of contractual or donor-imposed restrictions within one year:

Cash	\$ 2,175,686
Construction project reserves	110,446
Repair and maintenance reserves	3,362
Less restrictions and designations	
Grants and contributions with restricted purposes	(305,220)
Construction project reserves for capital outlay	(110,446)
Repair and maintenance reserves	<u>(3,362)</u>
Net available financial assets	\$ <u>1,870,466</u>

## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 4: NOTES PAYABLE

##### *Self-Help Ventures Fund*

On April 20 2022, KIPP KC entered into two loans (one construction and one permanent) with Self-Help Ventures Fund (“SH”) in a total aggregate amount of up to \$9,934,650, with one loan in the maximum amount of up to \$8,830,800 (SH Loan A) and a second loan in the maximum amount of up to \$1,103,850 (SH Loan B). The loans are secured with the following items as collateral: school building and contents at 2700 E. 18<sup>th</sup> Street and the newly constructed high school building and contents at 1522 Winchester Ave.

The term of the SH Loan A is 29 years maturing on March 1, 2051, with interest-only payments due monthly beginning June 2022 for twelve months. Originally planned to commence on June 1, 2023, the outstanding SH Loan A balance is required to be repaid in monthly installments of principal and interest based upon an amortization schedule equal to the period of time until the maturity date of SH Loan A. Principal and interest monthly payments did not begin until September 5, 2023, following the completion of the construction project. SH Loan A is a fixed interest rate loan charged at 5.36%. As of June 30, 2023, the outstanding principal balance of SH Loan A was \$8,830,800.

The term of the SH Loan B is 7 years maturing on May 1, 2029, with interest-only payments due monthly beginning June 2022 for twelve months. Originally planned to commence on June 1, 2023, the outstanding SH Loan B balance is required to be repaid in monthly installments of principal and interest based upon an amortization schedule of 15 years. The interest rate charged for the first five years is fixed at 7.19%. Upon completion of the first five years, the interest rate shall be adjusted to the greater of (a) the mid-market semi-annual swap rate for USD swap transactions with a maturity of two years, three business days prior to the completion of five years, plus 4.35% and (b) 4.85%. As of June 30, 2023, the outstanding principal balance of SH Loan B was \$0.

KIPP KC paid \$479,905 in interest expense during the fiscal year ended June 30, 2023 for the SH loans.

##### *Low Income Investment Fund*

On April 20 2022, KIPP KC entered into two loans (one construction and one permanent) with Low Income Investment Fund (“LIIF”) in a total aggregate amount of up to \$5,117,850, with one loan in the maximum amount of up to \$4,549,200 (LIIF Loan A) and with a second loan in the maximum amount of up to \$568,650 (LIIF Loan B).

The term of the LIIF Loan A is 25 years maturing on May 1, 2047, with interest-only payments due monthly beginning June 2022 for twelve months. Commencing on June 1, 2023, the outstanding LIIF Loan A balance is required to be repaid in monthly installments of principal and interest based upon an amortization schedule of 24 years. LIIF Loan A is a fixed interest rate loan charged at 6.26%. As of June 30, 2023, the outstanding principal balance of LIIF Loan A was \$4,485,752.

The term of the LIIF Loan B is 7 years maturing on May 1, 2029, with interest-only payments due monthly beginning June 2022 for twelve months. Originally planned to commence on June 1, 2023, the outstanding LIIF Loan B balance is required to be repaid in monthly installments of principal and interest based upon an amortization schedule of 15 years. The interest rate for LIIF Loan B for the first five years is fixed at 6.19%. Upon completion of the first five years, the interest rate for LIIF Loan B shall be adjusted to the 2-year U.S. Treasury Yield Curve Rate, three business days prior to the completion of five years, plus 4.00%. As of June 30, 2023, the outstanding principal balance of LIIF Loan B was \$0.

**KIPP KANSAS CITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: NOTES PAYABLE (continued)

KIPP KC paid \$211,588 in interest expense during the fiscal year ended June 30, 2023 for the LIIF loans.

The combined unpaid principal balance on the above referenced notes (SH Loan A, SH Loan B, LIIF Loan A, and LIIF Loan B ) was \$13,316,552 as of June 30, 2023. Future scheduled principal payments on the above referenced notes are as follows:

<u>Year ending June 30,</u>	
2024	\$ 183,682
2025	233,188
2026	247,020
2027	261,677
2028	275,253
Thereafter	<u>12,115,732</u>
Total	<u>\$ 13,316,552</u>

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2023:

College re-enrollment	\$ 109,339
Community & Family engagement	18,672
Early literature strategic planning	16,695
ISG grant	53,028
Mental health	47,096
Real World Learning Initiative	57,681
Project Lead the Way	<u>2,709</u>
Total	<u>\$ 305,220</u>

By satisfying the restriction purposes by incurring expense, net assets were released from restrictions for the following purposes during the year ended June 30, 2023.

College re-enrollment	\$ 53,661
COVID relief	508
Early literature strategic planning	107,505
ISG grant	157,972
Mental health	116,611
Real World Learning Initiative	122,862
Project Lead the Way	<u>7,291</u>
Total	<u>\$ 566,410</u>

## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 6: OPERATING LEASES

##### *Copier Equipment*

Effective February 2020, KIPP KC signed a non-cancelable 60-month lease agreement for copier equipment that requires monthly payments of \$3,618 ending January 2025. Lease expense for the year ended June 30, 2023 was \$43,416.

Effective July 2022, KIPP KC signed a non-cancelable 36-month lease agreement for copier equipment that requires monthly payments of \$1,534 ending June 2025. Lease expense for the year ended June 30, 2023 was \$18,408.

Effective March 2023, KIPP KC signed a non-cancelable 60-month lease agreement for copier equipment that requires monthly payments of \$1,140 ending February 2028. Lease expense for the year ended June 30, 2023 was \$4,560.

##### *Building*

Effective July 2022, KIPP KC signed a non-cancelable 11-month lease agreement for facilities usage that requires monthly payments of \$6,500 ending May 2023. In September 2022, rent was amended to \$5,500 for 1 month and was reduced to \$4,500 for the remaining months. Lease expense for the year ended June 30, 2023, was \$50,000.

Future minimum operating lease payments are as follows:

<u>Year ending June 30,</u>	
2024	\$ 57,096
2025	39,006
2026	13,680
2027	13,680
2028	<u>9,120</u>
Total	\$ <u>132,582</u>



## KIPP KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 7: RETIREMENT PLAN

Public School Retirement System of the School District of Kansas City, Missouri (“KCPSRS”) is a mandatory cost-sharing multiple employer defined benefit pension plan (the “Plan”), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The 12-member Board of Trustees of KCPSRS administers and operates the Plan in accordance with the statutes of the State of Missouri. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library and the Public School Retirement System. All regular, full-time employees of the participating employers become members of the Plan as a condition of employment, if they are in a position requiring at least 25 hours of work per week and nine calendar months per year. Employees hired before or during 1961 are members of Plan A. As of December 31, 2014, there are no longer any members of Plan A receiving benefits. Employees hired after January 1, 2014, are members of Plan C. The most recent audited financial statements and actuarial valuation report are located on KCPSRS’ website at [www.kcpsrs.org](http://www.kcpsrs.org).

##### *Benefits Provided*

KCPSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Positions covered by the Plan are also covered by social security. A Retirement Facts Book detailing the provisions of the plan can be found on KCPSRS’ website at [www.kcpsrs.org](http://www.kcpsrs.org).

##### *Contributions*

Employers are required to match the contributions made by members. The contribution rate is set each year by the KCPSRS Board of Trustees within the contribution restrictions set in Section 169.350.4 and 169.291.16 RSMo. The rate may be changed in increments not to exceed 0.5% of pay each year. Effective January 1, 2020, members of Plan B and C contributed at 12.0% of annual compensation. KIPP KC’s contributions to KCPSRS were \$756,847 for the year ended June 30, 2023.

#### NOTE 8: RISK MANAGEMENT

KIPP KC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. KIPP KC maintains commercial insurance to protect itself from such risks.

## **SUPPLEMENTARY INFORMATION**

**KIPP KANSAS CITY**

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES –  
MODIFIED CASH BASIS – BY FUND**

June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash	\$ 2,175,686	\$ 0	\$ 0	\$ 2,175,686
Other asset	10,115	0	0	10,115
Unspent construction project reserves	0	0	110,446	110,446
Repair and maintenance reserves	<u>0</u>	<u>0</u>	<u>3,362</u>	<u>3,362</u>
Total Assets	\$ <u>2,185,801</u>	\$ <u>0</u>	\$ <u>113,808</u>	\$ <u>2,299,609</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Payroll withholdings	\$ 5,279	\$ 0	\$ 0	\$ 5,279
Fund Balances:				
Restricted	305,220	0	0	305,220
Unassigned	<u>1,875,302</u>	<u>0</u>	<u>113,808</u>	<u>1,989,110</u>
Total Fund Balances	<u>2,180,522</u>	<u>0</u>	<u>113,808</u>	<u>2,294,330</u>
Total Liabilities and Fund Balances	\$ <u>2,185,801</u>	\$ <u>0</u>	\$ <u>113,808</u>	\$ <u>2,299,609</u>

*See Accompanying Independent Auditor's Report.*

**KIPP KANSAS CITY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –  
MODIFIED CASH BASIS – BY FUND**

For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b><u>RECEIPTS:</u></b>				
Local	\$ 1,916,985	\$ 370,688	\$ 34,538	\$ 2,322,211
State	3,800,767	5,307,714	0	9,108,481
Federal	<u>3,765,607</u>	<u>0</u>	<u>0</u>	<u>3,765,607</u>
Total Receipts	9,483,359	5,678,402	34,538	15,196,299
<b><u>DISBURSEMENTS:</u></b>				
Instruction	1,881,423	4,439,813	1,237	6,322,473
Support services - Students	1,190,697	0	0	1,190,697
Support services – Instructional Staff	108,153	0	0	108,153
Support services – General Administration	1,126,552	269,074	3,071	1,398,697
Support services – Building Level Admin	0	969,515	0	969,515
Business Support Services	608,429	0	0	608,429
Business Support – Fiscal Services	110,446	0	0	110,446
Operation and Maintenance Plant Services	1,141,429	0	0	1,141,429
Student Transportation	1,086,323	0	0	1,086,323
Food Services	707,554	0	6,000	713,554
Support Services – Central Office	6,186	0	0	6,186
Community Services	133,037	0	0	133,037
Capital Outlay	0	0	9,713,946	9,713,946
Debt principal, interest and fees	<u>0</u>	<u>0</u>	<u>706,149</u>	<u>706,149</u>
Total Disbursements	<u>8,100,229</u>	<u>5,678,402</u>	<u>10,430,403</u>	<u>24,209,034</u>
Receipts Over (Under) Disbursements	1,383,130	0	(10,395,865)	(9,012,735)
<b>Other Financing Sources (Uses):</b>				
Loan Proceeds	0	0	3,228,727	3,228,727
Transfers In	0	0	956,558	956,558
Transfers Out	<u>(956,558)</u>	<u>0</u>	<u>0</u>	<u>(956,558)</u>
Total Other Financing Sources (Uses)	<u>(956,558)</u>	<u>0</u>	<u>4,185,285</u>	<u>3,228,727</u>
Net Changes in Fund Balance	426,572	0	(6,210,580)	(5,784,008)
Fund Balance – June 30, 2022	<u>1,753,850</u>	<u>0</u>	<u>6,324,388</u>	<u>8,078,338</u>
Fund Balance - June 30, 2023	<u>\$ 2,180,522</u>	<u>\$ 0</u>	<u>\$ 113,808</u>	<u>\$ 2,294,330</u>

See Accompanying Independent Auditor's Report.

**KIPP KANSAS CITY**

**SCHEDULE OF RECEIPTS COLLECTED BY SOURCE – BY FUND**

For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b><u>LOCAL:</u></b>				
Sales tax (Prop C)	\$ 617,814	\$ 370,688	\$ 0	\$ 988,502
Interest income	4,069	0	34,538	38,607
Student activities	30,900	0	0	30,900
Contributions and donations	1,019,591	0	0	1,019,591
Other	<u>244,611</u>	<u>0</u>	<u>0</u>	<u>244,611</u>
Total Local	1,916,985	370,688	34,538	2,322,211
<b><u>STATE</u></b>				
Basic formula	3,222,601	5,307,714	0	8,530,315
Transportation	311,870	0	0	311,870
Classroom trust fund	264,644	0	0	264,644
Food services	<u>1,652</u>	<u>0</u>	<u>0</u>	<u>1,652</u>
Total State	3,800,767	5,307,714	0	9,108,481
<b><u>FEDERAL</u></b>				
Medicaid	67,444	0	0	67,444
Special education (IDEA/ECSE)	205,129	0	0	205,129
Food services	558,686	0	0	558,686
ARP ESSER III	1,805,129	0	0	1,805,129
CRRSA ESSER II	380,757	0	0	380,757
CARES GEER	10,815	0	0	10,815
ESEA Title I.A	618,438	0	0	618,438
ESEA Title II.A	60,161	0	0	60,161
ESEA Title III	14,185	0	0	14,185
ESEA Title IV.A	<u>44,863</u>	<u>0</u>	<u>0</u>	<u>44,863</u>
Total Federal	3,765,607	0	0	3,765,607
 Total All Sources	 <u>\$ 9,483,359</u>	 <u>\$ 5,678,402</u>	 <u>\$ 34,538</u>	 <u>\$ 15,196,299</u>

See Accompanying Independent Auditor's Report.

**KIPP KANSAS CITY**

**SCHEDULE OF DISBURSEMENTS PAID BY OBJECT – BY FUND**

For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Salaries and wages	\$ 2,270,869	\$ 4,560,782	\$ 0	\$ 6,831,651
Payroll taxes	170,027	334,984	0	505,011
Employee benefits	165,836	258,014	0	423,850
Retirement	232,225	524,622	0	756,847
Professional and technical services	1,313,634	0	0	1,313,634
Property services	641,290	0	0	641,290
Transportation services, contracted	1,131,507	0	0	1,131,507
Insurance	68,015	0	0	68,015
Communication and memberships	61,590	0	0	61,590
Other purchased services	52,043	0	0	52,043
General supplies	1,150,899	0	0	1,150,899
Books and periodicals	8,253	0	0	8,253
Food service and supplies	701,862	0	0	701,862
Utilities, energy service	132,179	0	0	132,179
Capital outlay	0	0	9,724,254	9,724,254
Debt principal, interest, and fees	<u>0</u>	<u>0</u>	<u>706,149</u>	<u>706,149</u>
Total Disbursements	<u>\$ 8,100,229</u>	<u>\$ 5,678,402</u>	<u>\$ 10,430,403</u>	<u>\$ 24,209,034</u>

*See Accompanying Independent Auditor's Report.*

**KIPP KANSAS CITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2023**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>FAIN Number</u>	<u>Pass- Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
<i>Pass-through Missouri Dept of Elementary &amp; Secondary Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	20221N119943	048-918	\$ 33,133
School Breakfast Program	10.553	20232N119943	048-918	152,977
National School Lunch Program	10.555	20221N119943	048-918	57,596
National School Lunch Program	10.555	20232N119943	048-918	289,099
National School Lunch Program (Snack)	10.555	20221N119943	048-918	20,196
National School Lunch Program (Snack)	10.555	20232N119943	048-918	68,454
COVID-19 – NSLP Supply Chain Assistance	10.555	20221N890343	048-918	<u>1,316</u>
Total Child Nutrition Cluster				<u>622,771</u>
Total U.S. Department of Agriculture				<u>622,771</u>
<u>U.S. Department of Education</u>				
<i>Pass-through Missouri Dept of Elementary &amp; Secondary Education:</i>				
Title I, Grants for LEAs	84.010A	S010A210025	048-918	320,573
Title I, Grants for LEAs	84.010A	S010A220025	048-918	303,137
Title II.A, Supporting Effective Instruction	84.367A	S367A210024	048-918	32,100
Title II.A, Supporting Effective Instruction	84.367A	S367A220024	048-918	28,061
Title III, English Language (LEP)	84.365A	S365A200025	048-918	3,198
Title III, English Language (LEP)	84.365A	S365A210025	048-918	10,987
Title IV, Student Support and Academic Enrichment	84.424A	S424A210026	048-918	31,024
Title IV, Student Support and Academic Enrichment	84.424A	S424A220026	048-918	13,839
Special Education Cluster (IDEA):				
IDEA, Part B - Special Education	84.027A	H027A210040	048-918	133,689
IDEA, Part B - Special Education	84.027A	H027A220040	048-918	95,336
COVID-19 - ARP Act IDEA	84.027X	H027X210040	048-918	38,508
IDEA, Part B - Special Education	84.173A	H173A220040	048-918	<u>2,927</u>
Total Special Education Cluster				270,460
Education Stabilization Fund (ESF) grants:				
COVID-19: CARES Transportation Supplement (GEER)	84.425C	S425C200016	048-918	10,815
COVID-19: CRRSA Act Education Stabilization Fund (ESSER II)	84.425D	S425D210021	048-918	270,868
COVID-19: ARP Act Education Stabilization Fund (ESSER III)	84.425U	S425U210021	048-918	<u>1,947,824</u>
Total Education Stabilization Fund (ESF) grants				2,229,507
Total U.S. Department of Education				<u>3,242,886</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ <u>3,865,657</u></b>

*See Accompanying Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.*

## KIPP KANSAS CITY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

#### NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of KIPP Kansas City (“KIPP KC”) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of KIPP KC, it is not intended to and does not present the financial position or changes in net assets of KIPP KC.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which is described in Note 2 to KIPP KC’s financial statements. 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.

The Schedule presents both Type A and Type B federal assistance programs administered by KIPP KC. The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For KIPP KC, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in Uniform Guidance.

KIPP KC elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### NOTE 3: SUBRECIPIENTS

KIPP KC did not provide funds to subrecipients in the current fiscal year.



## **INTERNAL CONTROL AND COMPLIANCE**



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

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KIPP Kansas City (“KIPP KC”) (a nonprofit organization), which comprise the statement of assets, liabilities and net assets-modified cash basis as of June 30, 2023, and the related statements of support, revenues and expenses-modified cash basis and functional expenses-modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered KIPP KC’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of KIPP KC’s internal control. Accordingly, we do not express an opinion on the effectiveness of KIPP KC’s internal control.

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

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

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether KIPP KC’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 KIPP KC’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP KC’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
December 22, 2023



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

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

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

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

We have audited KIPP Kansas City's ("KIPP KC") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of KIPP KC's major federal programs for the year ended June 30, 2023. KIPP KC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, KIPP KC 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, 2023.

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

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

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

#### ***Responsibilities of Management for Compliance***

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

***Auditor’s Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

**Report on Internal Control Over Compliance**

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

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

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

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

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



Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
December 22, 2023

**KIPP KANSAS CITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

*Financial Statement:*

- 1) The type of report issued on the basic financial statements. Unmodified opinion
  
- 2) Internal Control over Financial Reporting:
  - a) Significant deficiencies were disclosed. None
  - b) Material weaknesses were disclosed. None
  
- 3) Noncompliance, which is material to the basic financial statements, was disclosed. None

*Federal Awards:*

- 1) Internal Control over Major Programs:
  - a) Significant deficiencies were disclosed. None
  - b) Material weaknesses were disclosed. None
  
- 2) The type of report issued on compliance for major programs. Unmodified opinion
  
- 3) Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance? None
  
- 4) KIPP KC's major federal program(s):

<u>Assistance Listing Number(s)</u>	<u>Federal Program or Cluster</u>
84.425C, 84.425D, 84.425U	Education Stabilization Fund
  
- 5) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
  
- 6) Auditee qualified as a low-risk auditee specified in Section 200.520 of the Uniform Guidance?  
    Yes   X   No

**SECTION II: FINANCIAL STATEMENT FINDINGS**

No financial statement findings were reported.

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No federal award findings and questioned costs were reported.

**SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS**

No audit findings were noted from the prior year.



## INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

Board of Directors  
KIPP Kansas City  
Kansas City, Missouri

We have examined management of KIPP Kansas City's ("KIPP KC") assertion that KIPP KC complied with the requirements of Missouri laws and regulations regarding accurate disclosure of KIPP KC's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2023. KIPP Kansas City's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on KIPP KC's compliance with specified requirements. We noted one instance of noncompliance in the schedule of state findings (MO23-01).

In our opinion, management's assertion that KIPP Kansas City complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2023, is fairly stated, in all material respects.

Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
December 22, 2023



**KIPP KANSAS CITY**

SCHEDULE OF SELECTED STATISTICS  
For the Year Ended June 30, 2023

**1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)**

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
3920	PK	PK	n/a	6.4500	163	1,051.3500
3920	K	08	n/a	6.4500	163	1,051.3500
1050	09	10	n/a	6.9200	162	1,054.3700

**2. ATTENDANCE HOURS**

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
3920	PK	17,866.0833	0.0000	0.0000	0.0000	0.0000	17,866.0833
3920	K	42,043.8831	0.0000	0.0000	0.0000	1,000.0000	43,043.8831
3920	1	53,150.6335	0.0000	0.0000	0.0000	2,510.0000	55,660.6335
3920	2	52,722.5002	0.0000	0.0000	0.0000	1,865.0000	54,587.5002
3920	3	51,916.9169	0.0000	0.0000	0.0000	1,780.0000	53,696.9169
3920	4	55,392.8833	0.0000	0.0000	0.0000	1,465.0000	56,857.8833
3920	5	61,236.4669	0.0000	0.0000	0.0000	2,000.0000	63,236.4669
3920	6	59,613.1333	0.0000	0.0000	0.0000	1,145.0000	60,758.1333
3920	7	69,738.7836	0.0000	0.0000	0.0000	2,040.0000	71,778.7836
3920	8	67,659.1331	0.0000	0.0000	0.0000	2,395.0000	70,054.1331
1050	9	83,424.4333	0.0000	0.0000	0.0000	1,348.3500	84,772.7833
1050	10	93,908.8665	0.0000	0.0000	0.0000	2,529.2000	96,438.0665
<b>Grand Total</b>		<b><u>708,673.7170</u></b>	<b><u>0.0000</u></b>	<b><u>0.0000</u></b>	<b><u>0.0000</u></b>	<b><u>20,077.5500</u></b>	<b><u>728,751.2670</u></b>

**KIPP KANSAS CITY**

SCHEDULE OF SELECTED STATISTICS  
For the Year Ended June 30, 2023

**3. SEPTEMBER MEMBERSHIP**

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
3920	PK	20.00	0.00	0.00	20.00
3920	K	47.00	0.00	0.00	47.00
3920	1	60.00	0.00	0.00	60.00
3920	2	60.00	0.00	0.00	60.00
3920	3	60.00	0.00	0.00	60.00
3920	4	64.00	0.00	0.00	64.00
3920	5	69.00	0.00	0.00	69.00
3920	6	67.00	0.00	0.00	67.00
3920	7	77.00	0.00	0.00	77.00
3920	8	80.00	0.00	0.00	80.00
1050	9	94.00	0.00	0.00	94.00
1050	10	103.00	0.00	0.00	103.00
<b>Grand Total</b>		<b><u>801.00</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>801.00</u></b>

**4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)**

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
3920	574.00	0.00	0.00	0.00	574.00
1050	197.00	0.00	0.00	0.00	197.00
<b>Grand Total</b>	<b><u>771.00</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>771.00</u></b>

**KIPP KANSAS CITY**

SCHEDULE OF SELECTED STATISTICS  
For the Year Ended June 30, 2023

**5. FINANCE**

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	<b>True</b>
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	<b>True</b>
	Academic Programs Off-Campus	<b>N/A</b>
	Career Exploration Program – Off Campus	<b>N/A</b>
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	<b>N/A</b>
	Dual enrollment	<b>N/A</b>
	Homebound instruction	<b>N/A</b>
	Missouri Options	<b>N/A</b>
	Prekindergarten eligible to be claimed for state aid	<b>N/A</b>
	Remediation	<b>N/A</b>
	Sheltered Workshop participation	<b>N/A</b>
	Students participating in the school flex program	<b>N/A</b>
	Traditional instruction (full and part-time students)	<b>True</b>
	Virtual instruction (MOCAP or other option)	<b>True</b>
	Work Experience for Students with Disabilities	<b>N/A</b>
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	<b>True</b>
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	<b>True</b>
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district’s/charter school’s treasurer in the total amount of:	<b>\$N/A</b>
5.6	The district’s/charter school’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<b>False</b>

**KIPP KANSAS CITY**

SCHEDULE OF SELECTED STATISTICS  
For the Year Ended June 30, 2023

**5. FINANCE (CONTINUED)**

5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	N/A
5.10	The district/charter school published a summary of the prior year’s audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	\$N/A
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	KIPP KC has insurance coverage for employee theft instead of purchased surety bond (Section 5.5)
--------	--

All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	MO23-01
Management Letter Comment:	None noted

**KIPP KANSAS CITY**

SCHEDULE OF SELECTED STATISTICS  
For the Year Ended June 30, 2023

**6. TRANSPORTATION (SECTION 163.161, RSMO)**

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<b>True</b>
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	<b>True</b>
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	<b>True</b>
	Eligible ADT	# 545.50
	Ineligible ADT	# 32.50
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	<b>True</b>
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	# 803,863
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	<b>True</b>
	Eligible Miles (including food/instructional delivery miles 2020-21)	# 801,838
	Ineligible Miles (Non-Route/Disapproved)	# 2,025
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	# 163

Notes:	None
--------	------

All above "False" answers **must** be supported by a finding or management letter comment.

Finding:	None noted
Management Letter Comment:	None noted

**KIPP KANSAS CITY**

SCHEDULE OF STATE FINDINGS  
For the Year Ended June 30, 2023

Prior Year

There were no audit findings related to state compliance for the year ended June 30, 2022 to be resolved.

Current Year

Finding MO23-01 – Finance: Secure Deposits

During our audit, we noted KIPP KC deposits that exceeded the FDIC limit of \$250,000 were not secured in accordance with the Missouri Financial Accounting Manual as required by the Revised Statutes of Missouri Sections 110.010 and 110.020.

Auditee's Response:

We acknowledge the audit finding as stated above. KIPP KC had in place a mechanism to properly secure its deposits in fiscal year 2023. However, \$1,008 of the deposits as of June 30, 2023 were unsecured. KIPP KC will discuss the account management with the financial institution to ensure all of the funds are secured in fiscal year 2024.