

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

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

JUNE 30, 2023

**KIPP MIAMI, INC.**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2023**

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

3000 NW 110<sup>th</sup> Street  
Miami, Florida 33167  
(786) 822-7702

**2022-2023**

**BOARD OF DIRECTORS**

Mr. Larry Quinlan  
Mr. Jeb Bush, Jr.  
Mr. Dan Adan  
Mrs. Deborah Dauman  
Mr. Billy Krauss  
Ms. Zarifa Reynolds

**SCHOOL ADMINISTRATION**

Mr. Wallace Mealing, School Leader  
Ms. Jodimae A. Lyttle, School Leader  
Mr. Luis Nobriga, School Leader  
Ms. Vee Patterson, School Leader



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Miami, Inc. (the "Organization"), a nonprofit organization and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Miami, Inc., as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Armando Aburto, C.P.A.  
Jorge Albeirus, C.P.A.  
Viviana Bruno, C.P.A.  
Lisset I. Cascudo, C.P.A.  
Michelle del Sol, C.F.E., C.P.A.  
Elizabeth Jarvis, C.P.A.  
Cristy C. Rubio, C.P.A.  
Pedro L. Silva, C.P.A.  
Michael Vildosola, C.P.A.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

*Verdeja DeArmas Trujillo & Alvarez, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2023

**Management’s Discussion and Analysis**  
KIPP Miami, Inc.  
June 30, 2023

The corporate officers of KIPP Miami, Inc. (the “Organization”) have prepared this narrative overview and analysis of the Organization’s financial activities for the fiscal year ended June 30, 2023, the fifth full year of operations.

**FINANCIAL HIGHLIGHTS**

1. The Organization served a total of approximately 1,034 students in 2022-2023 at four schools.
2. The Organization’s total net position at June 30, 2023 was \$5,856,328 and its total fund balance was \$8,898,846.

*Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the basic financial statements. The Organization’s financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

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

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

The *Statement of Activities* presents information on how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 10 – 11 of this report.

*Fund Financial Statements*

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

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

Prior to the start of the Organization's fiscal year, the Board adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

#### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 16 - 30 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A summary of the Organization's net position as of June 30, 2023 and 2022 follows:

<b>Assets</b>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,538,222	\$ 8,037,768
Restricted cash	818,357	124,317
Due from other agencies	3,958,463	1,782,546
Pledge receivable, current portion	550,000	1,048,866
Due from KIPP South Florida	633,942	550,975
Due from management organization	-	141,182
Prepaid expenses and other current assets	65,029	249,159
Capital assets	11,563,185	11,531,097
Right-to-use asset, net	28,480,562	4,714,492
Total Assets	<u>\$ 51,607,760</u>	<u>\$ 28,180,402</u>
<b>Liabilities and Net Position</b>		
Accounts payable and accrued liabilities	\$ 343,394	\$ 1,952,676
Advanced revenue - grants	-	12,121
Due to management organization	1,620,491	-
Due to KIPP Foundation, Inc.	151,282	-
Loans payable	14,530,470	14,627,470
Lease liability	29,105,795	4,781,798
Total Liabilities	<u>45,751,432</u>	<u>21,374,065</u>
Net investment in capital assets	(288,693)	-
Restricted	1,511,061	124,317
Unrestricted	4,633,960	5,633,154
Total Net Position	<u>5,856,328</u>	<u>5,757,471</u>
Total Liabilities and Net Position	<u>\$ 51,607,760</u>	<u>\$ 27,131,536</u>

At June 30, 2023, the Organization's total assets were \$51,607,760 and total liabilities were \$45,751,432. At June 30, 2022, the Organization reported total net position of \$5,856,328.



A summary and analysis of the Organization’s revenues and expenses for the years ended June 30, 2023 and 2022 follows:

<b>REVENUES</b>	<u>2023</u>	<u>2022</u>
Program Revenues		
Federal, state, local sources	\$ 16,070,299	\$ 13,034,241
General Revenues		
FEFP nonspecific revenues	8,414,964	7,383,402
Gifts, grants, and other revenues	448,343	2,372,416
State capital outlay	-	177,302
Total Revenues	<u>\$ 24,933,606</u>	<u>\$ 22,967,361</u>
 <b>EXPENSES</b>		
Instruction	\$ 11,298,464	\$ 8,634,381
Student and instructional support	1,530,599	1,193,277
General administration	39,315	53,538
School administration	5,598,160	6,256,300
Facilities acquisition & construction	394,105	2,756,832
Fiscal services	1,019,939	886,008
Food services	960,231	239,445
Central services	425,850	438,188
Pupil transportation services	1,016,960	539,754
Operation of plant	813,175	1,041,389
Maintenance of plant	658,337	375,921
Administrative technology	277,489	-
Interest expense	1,850,991	268,146
Total Expenses	<u>\$ 25,883,615</u>	<u>\$ 22,683,179</u>
Change in Net Position	(950,009)	284,182
 <b>Net Position at Beginning of Year</b>	<u>6,806,337</u>	<u>6,522,155</u>
<b>Net Position at End of Year</b>	<u>\$ 5,856,328</u>	<u>\$ 6,806,337</u>

The Organization’s total revenues for the year ended June 30, 2023 were \$24,933,606 while its total expenses were \$25,883,615 for a net decrease of \$950,009. This was the Organization’s fifth full year of operations. The Organization moved its schools into a newly constructed facility during 2022-2023 and invested in instructional and transportation expenses in order to accommodate for current and future growth. Temporary facilities were used during the construction process, prior to the completion of the facility.

### **SCHOOL LOCATIONS**

The Organization operated the four charter schools in the Miami area during 2022-2023, KIPP Courage Academy, KIPP Royalty Academy, KIPP Sunrise Academy, and KIPP Liberty Academy, which were all located at 3000 NW 110<sup>th</sup> Street, Miami, FL 33167. Subsequent to year end, KIPP Sunrise and KIPP Liberty merged into KIPP Courage and KIPP Royalty, leaving two schools operating at the same location.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

### GOVERNMENTAL FUNDS

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

The Organization's governmental funds reported a combined fund balance of \$8,898,846 and decrease in fund balance of \$22,304 for the year ended June 30, 2023.

### CAPITAL ASSETS

The Organization's capital assets consist of equipment, leasehold improvements for the facility in which its current schools operate, and construction in progress related to improvements to a leased property at a separate facility that has not been completed as of June 30, 2023. Capital assets totaled \$11,563,185 at June 30, 2023.

### BUDGETARY HIGHLIGHTS

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 9,778,438	\$ 9,547,190	\$ 8,414,964
Local referendum funding	-	-	963,279
Federal and state sources	11,841,949	13,588,285	13,250,494
Federal lunch program	-	1,007,976	1,190,358
Gifts, grants, and other revenues	2,945,519	3,172,511	1,613,377
<b>TOTAL REVENUES</b>	<b>\$ 24,565,906</b>	<b>\$ 27,315,962</b>	<b>\$ 25,432,472</b>
<b>EXPENDITURES</b>			
Instruction	\$ 11,453,020	\$ 12,279,324	\$ 11,298,464
Instructional support services	1,514,736	2,107,151	1,530,599
General administration	-	-	39,315
School administration	4,807,047	5,471,536	5,598,160
Fiscal services	1,173,413	1,064,050	1,019,939
Food services	-	790,079	1,141,898
Central services	487,348	383,320	425,850
Pupil transportation services	813,189	900,744	1,016,960
Operation of plant	49,253	216,363	219,997
Maintenance of plant	742,800	1,011,369	658,337
Administrative technology	494,884	306,476	277,489
Capital Outlay	-	1,488,007	24,603,774
Debt service	2,765,796	2,526,049	1,983,242
<b>TOTAL EXPENDITURES</b>	<b>\$ 24,301,486</b>	<b>\$ 28,544,468</b>	<b>\$ 49,814,024</b>
Excess of expenditures over revenues	\$ 264,420	\$ (1,228,506)	\$ (24,381,552)
<b>OTHER FINANCING SOURCES</b>			
Increase in right-to-use liability	-	-	24,359,248
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>24,359,248</b>
Net change in fund balance	\$ 264,420	\$ (1,228,506)	\$ (22,304)

**BUDGETARY HIGHLIGHTS (Continued)**

State passed through local was lower than budgeted due to lower enrollment than originally anticipated, however, local referendum funding was not originally anticipated but was ultimately received. In addition, federal lunch program revenues were not included in the original budget. Capital outlay expenditures include the addition of a right-of-use asset for the Organization's lease facilities during the year 2022-2023. This is also reflected as other financing sources and therefore not included in the original and final budgets. The Organization also anticipated additional repairs and maintenance and capital outlay than were actually required due to timing of the construction related to its 79<sup>th</sup> street facilities project.

**REQUESTS FOR INFORMATION**

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

**KIPP MIAMI, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 5,538,222
Restricted cash	818,357
Due from other agencies	3,958,463
Pledge receivable, current portion	550,000
Due from KIPP South Florida	633,942
Prepaid expenses and other current assets	65,029
TOTAL CURRENT ASSETS	<u>11,564,013</u>
Capital assets	11,563,185
Right-to-use asset, net	28,480,562
TOTAL ASSETS	<u><u>\$ 51,607,760</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 343,394
Loans payable, current portion	2,623,422
Due to management organization	1,620,491
Due to KIPP Foundation, Inc.	151,282
Right-to-use liability, current portion	24,325,907
TOTAL CURRENT LIABILITIES	<u>29,064,496</u>
Right-to-use liability, long-term portion	4,779,888
Loans payable, long-term portion	11,907,048
TOTAL LIABILITIES	<u>45,751,432</u>
<b>NET POSITION</b>	
Net investment in capital assets	(288,693)
Restricted - referendum	293,462
Restricted - pledge	550,000
Restricted - food program	248,459
Restricted - capital projects	419,140
Unrestricted	4,633,960
TOTAL NET POSITION	<u><u>5,856,328</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 51,607,760</u></u>

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

**KIPP MIAMI, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Functions</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 11,298,464	\$ -	\$ 8,957,874	\$ -	\$ (2,340,590)
Student and instructional support	1,530,599	-	1,303,074	-	(227,525)
General administration	39,315	-	-	-	(39,315)
School administration	5,598,160	-	3,565,821	-	(2,032,339)
Facilities acquisition & construction	394,105	-	229,596	185,000	20,491
Fiscal services	1,019,939	-	36,197	-	(983,742)
Food services	960,231	-	1,190,358	-	230,127
Central services	425,850	-	-	-	(425,850)
Pupil transportation services	1,016,960	-	-	-	(1,016,960)
Operation of plant	813,175	-	81,363	-	(731,812)
Maintenance of plant	658,337	-	58,205	-	(600,132)
Administrative technology	277,489	-	223,742	-	(53,747)
Interest expense, including right-of-use	1,850,991	-	239,069	-	(1,611,922)
<b>Total Governmental Activities</b>	<b>\$ 25,883,615</b>	<b>\$ -</b>	<b>\$ 15,885,299</b>	<b>\$ 185,000</b>	<b>\$ (9,813,316)</b>
GENERAL REVENUES:					
Government grants not restricted to specific programs					8,414,964
Contributions, grants, and other revenues					448,343
Total general revenues					8,863,307
Change in Net Position					(950,009)
NET POSITION - BEGINNING					6,806,337
NET POSITION - ENDING					<u>\$ 5,856,328</u>

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

**KIPP MIAMI, INC.**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,538,222	\$ 399,217	\$ 419,140	\$ 6,356,579
Due from other agencies	-	3,958,463	-	3,958,463
Due from KIPP South Florida	633,942	-	-	633,942
Due from fund	3,815,759	-	-	3,815,759
Deposits receivable and other assets	65,029	-	-	65,029
<b>TOTAL ASSETS</b>	<b>\$ 10,052,952</b>	<b>\$ 4,357,680</b>	<b>\$ 419,140</b>	<b>\$ 14,829,772</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 343,394	\$ -	\$ -	\$ 343,394
Due to KIPP Foundation, Inc.	151,282	-	-	151,282
Due to management organization	1,620,491	-	-	1,620,491
Due to fund	-	3,815,759	-	3,815,759
<b>TOTAL LIABILITIES</b>	<b>2,115,167</b>	<b>3,815,759</b>	<b>-</b>	<b>5,930,926</b>
<b>FUND BALANCE</b>				
Nonspendable				
Deposit receivable and other assets	65,029	-	-	65,029
Restricted, referendum funds	-	293,462	-	293,462
Restricted for food program	-	248,459	-	248,459
Restricted for capital projects	-	-	419,140	419,140
Unassigned	7,872,756	-	-	7,872,756
<b>TOTAL FUND BALANCE</b>	<b>\$ 7,937,785</b>	<b>\$ 541,921</b>	<b>\$ 419,140</b>	<b>\$ 8,898,846</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10,052,952</b>	<b>\$ 4,357,680</b>	<b>\$ 419,140</b>	<b>\$ 14,829,772</b>

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

**KIPP MIAMI, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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Total Fund Balance - Governmental Funds		\$ 8,898,846
Amounts reported for governmental activities in the statement of net position are different because:		
Long term liabilities are not due in the current period and accordingly, are not reported as fund liabilities.	Loans payable	(14,530,470)
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.	Capital assets	11,731,097
	Accumulated depreciation	(167,912)
Right-to-use assets and liabilities used in governmental activities are not financial resources or obligations and therefore are not reported in the funds.	Right-to-use asset	28,480,562
	Right-to-use liability	(29,105,795)
Pledge receivables are not due in the current period and accordingly, are not reported in the fund.	Pledge receivable	<u>550,000</u>
Total Net Position - Governmental Activities		<u><u>\$ 5,856,328</u></u>

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

**KIPP MIAMI, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b>REVENUES</b>				
State passed through local	\$ 8,414,964	\$ -	\$ -	\$ 8,414,964
Local referendum funding		963,279		963,279
Federal and state sources	-	13,250,494	-	13,250,494
Federal lunch program	-	1,190,358	-	1,190,358
Gifts, grants, and other revenues	697,209	481,168	435,000	1,613,377
<b>TOTAL REVENUES</b>	<b>\$ 9,112,173</b>	<b>\$ 15,885,299</b>	<b>\$ 435,000</b>	<b>\$ 25,432,472</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instruction	\$ 2,634,052	\$ 8,664,412	\$ -	\$ 11,298,464
Student and instructional support	227,525	1,303,074	-	1,530,599
General administration	39,315	-	-	39,315
School administration	2,032,339	3,565,821	-	5,598,160
Fiscal services	983,742	36,197	-	1,019,939
Food services	200,000	941,898	-	1,141,898
Central services	425,850	-	-	425,850
Pupil transportation services	1,016,960	-	-	1,016,960
Operation of plant	138,634	81,363	-	219,997
Maintenance of plant	600,132	58,205	-	658,337
Administrative technology	53,747	223,742	-	277,489
<b>Capital Outlay:</b>				
Facilities acquisition & construction	-	228,666	15,860	244,526
Right-to-use assets			24,359,248	24,359,248
<b>Debt service:</b>				
Redemption of principal- loans	97,000	-	-	97,000
Interest- loans	327,085	-	-	327,085
Redemption of principal- right-to-use liability	34,320	931	-	35,251
Interest- right-to-use liability	1,284,837	239,069	-	1,523,906
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,095,538</b>	<b>\$ 15,343,378</b>	<b>\$ 24,375,108</b>	<b>\$ 49,814,024</b>
Excess of revenues over expenditures	(983,365)	541,921	(23,940,108)	(24,381,552)
<b>OTHER FINANCING SOURCES</b>				
Increase in Right-to-use liabilities	-	-	24,359,248	24,359,248
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>24,359,248</b>	<b>24,359,248</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(983,365)</b>	<b>541,921</b>	<b>419,140</b>	<b>(22,304)</b>
Fund balance at beginning of year	8,921,150	-	-	8,921,150
Fund balance at end of year	<u>\$ 7,937,785</u>	<u>\$ 541,921</u>	<u>\$ 419,140</u>	<u>\$ 8,898,846</u>

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



**KIPP MIAMI, INC.**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023**

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Change in Fund Balance - Governmental Funds \$ (22,304)

Amounts reported for governmental activities in the statement of activities are different because:

Proceeds from loans and right-to-use liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayments of principal 132,251

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays 200,000  
Depreciation expense (167,912)

In the statement of activities, amortization of the right-to-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense.

Amortization expense (593,178)

Contributions pledged by donors are reported in the statement of activities, net of discount provisions, when the promise to give is received. However, governmental funds report contributions as financial resources are received.

Pledge payments received, net of provision (498,866)

Change in Net Position of Governmental Activities \$ (950,009)

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

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

The Organization conducts business as a School of Hope and holds the “Performance Based Agreement” to operate KIPP Miami – Liberty City (the “School of Hope”) established under Section [1002.33] of the Florida Statutes. The governing body of the School of Hope is the Board of Directors of the Organization, which is comprised of seven members.

The School of Hope was established and operates under a School of Hope Performance Based Agreement (“PBA”) between the sponsoring school district, The School Board of Miami-Dade County, Florida (the “District”) and the Organization. In accordance with Florida Statutes, a charter school may be established as a School of Hope under a PBA by a designated Hope Operator. The Organization’s designated Hope Operator is KIPP TEAM and Family Schools, Inc. (formerly known as KIPP New Jersey, Inc.), which is the Organization’s Charter Management Organization (“CMO”) per agreement with the Organization. See Note 9. The PBA is predicated on KIPP TEAM and Family Schools, Inc. continuing to serve as the CMO for the Organization. The PBA is effective until June 30, 2024 and may be renewed for an additional five years in accordance with the law and agreement. The PBA may be automatically terminated if KIPP TEAM and Family Schools, Inc. ceases to serve as the Organization’s CMO, unless the Organization has become approved as a Hope Operator in accordance with the law. The PBA may also be terminated before the date of expiration for reasons set forth in the agreement and Section 1002.33 of the Florida Statutes.

During the year ended June 30, 2023, the Organization operated four charter schools under the School of Hope PBA: KIPP Sunrise Academy, KIPP Liberty Academy, KIPP Courage Academy and KIPP Royalty Academy. Subsequent to year end, KIPP Sunrise and KIPP Liberty Academy merged into KIPP Courage and KIPP Royalty Academy. All schools operated at the same location during the year end June 30, 2023 and subsequently.

The accompanying financial statements of the Organization present the complete operations, balances, activities and disclosures of the School of Hope and its campuses for the year ended June 30, 2023, when approximately 1,034 students were enrolled in K through 8<sup>th</sup> grade.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects, which include federal and state grant programs and other restricted funding.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition and construction of capital facilities and other capital assets. Activity related to the construction and improvement projects for school facilities are reflected in this fund.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Budgetary Basis Accounting**

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

Cash and Cash Equivalents

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

Due From Other Agencies

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

Capital Assets

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

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

Compensated Absences

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2023, was (\$228,693).
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2023 was \$1,511,061.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses and deposits, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the Organization’s nonspendable fund balance was \$65,029
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, the restricted fund balance was \$961,061.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Organization’s Board of Directors. At June 30, 2023, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the Organization’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2023, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the Organization’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The Organization’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2023, there are no minimum fund balance requirements for any of the Organization’s funds.

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

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

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in the Florida Statutes. For the fiscal year ended June 30, 2023, the Organization reported 1,034.24 unweighted FTE and 1,105.27 weighted FTE.

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

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

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

Income Taxes

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

Use of Estimates

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2023, which is the date the financial statements were available to be issued.

Adopted Accounting Standards

The Government Accounting Standards Board (“GASB”) has issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective beginning July 1, 2022 for the Organization. The implementation of the Statement did not have an effect on the Organization’s financial statements for the year ended June 30, 2023.

NOTE 3 – DEPOSITS POLICY AND CREDIT RISK

It is the Organization's policy to maintain its cash and cash equivalents in major banks. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2023, balances held in financial institutions in excess of the Federal Depository Insurance Corporation (FDIC) limit totaled approximately \$6,100,000.

NOTE 4 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consists of amounts due from the Florida Department of Education for funding under the Schools of Hope program in the amount of \$3,013,444. Remaining amounts totaling \$909,592 are due from agencies or pass-through entities under various other federal or state award programs. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is accrued.

NOTE 5 – INTER-FUND RECEIVABLES AND PAYABLES

At June 30, 2023, the Organization’s special revenue fund owed the general fund \$3,815,759 for expenditures awaiting reimbursement from other agencies. These amounts of inter-fund receivables and payables are netted together and not reported in the statement of net position.

NOTE 6 – PLEDGE RECEIVABLE

The Organization received an unconditional promise to give from a member of the Board of Directors of \$1,100,000 during the year ended June 30, 2022. The pledge receivable as of June 30, 2023 totaled \$550,000 and is due in full during the year June 30, 2024.

NOTE 7 – CAPITAL AND RIGHT-TO-USE ASSETS

The following schedule provides a summary of changes in capital assets, acquired through financing from financial institutions and from the State of Florida’s Revolving Loan Fund program, and from private donations or grants.

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7 – CAPITAL AND RIGHT-TO-USE ASSETS (Continued)

	Balance 7/1/2022	Additions	Deletions	Transfers	Balance 6/30/2023
Capital assets					
Construction in progress	\$ 11,531,097	\$ -	\$ -	(6,527,075)	\$ 5,004,022
Leasehold improvements	-	-	-	6,527,075	6,527,075
Kitchen equipment	-	200,000	-	-	200,000
Total capital assets	<u>\$ 11,531,097</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,731,097</u>
Less accumulated depreciation					
Leasehold improvements	-	(149,579)	-	-	(149,579)
Kitchen equipment	-	(18,333)	-	-	(18,333)
Total accumulated depreciation	<u>-</u>	<u>(167,912)</u>	<u>-</u>	<u>-</u>	<u>(167,912)</u>
Capital assets, net	<u>\$ 11,531,097</u>	<u>\$ 32,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,563,185</u>

Construction in progress relates to the project described in Note 11. Project was not complete as of June 30, 2023 and therefore, no depreciation has been recorded for the year ended June 30, 2023. Depreciation of leasehold improvements and kitchen equipment for the year end June 30, 2023 was \$167,912, of which \$149,579 was allocated to facilities acquisition and construction and \$18,333 was allocated to food services.

The following schedule describes changes in right-to-use assets:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Right-to-use assets				
Right-to-use asset- land	\$ 4,802,539	\$ -	\$ -	\$ 4,802,539
Right-to-use asset- facilities MDC	-	24,359,248	-	24,359,248
Total capital assets	<u>\$ 4,802,539</u>	<u>\$ 24,359,248</u>	<u>\$ -</u>	<u>\$ 29,161,787</u>
Less accumulated amortization				
Right-to-use asset- land	(88,047)	(96,051)	-	(184,098)
Right-to-use asset- facilities MDC	-	(497,127)	-	(497,127)
Total accumulated depreciation	<u>(88,047)</u>	<u>(593,178)</u>	<u>-</u>	<u>(681,225)</u>
Righ-to-use assets, net	<u>\$ 4,714,492</u>	<u>\$ 23,766,070</u>	<u>\$ -</u>	<u>\$ 28,480,562</u>

Amortization expense for the year ended June 30, 2023 was \$593,178 and is allocated to operation of plant.

NOTE 8 – LOANS PAYABLE

The Organization has entered into the following loan agreements:

**Revolving Loan Fund**

On March 14, 2022, the Organization entered into a loan agreement with the Florida Department of Education under the School of Hope Revolving Loan Fund Program pursuant to Section 1001.292 Florida Statutes, as amended, in order to assist in financing the construction in connection with the MDC Project (see Note 11) and to support other working capital expenditures. The amount of the loan totaled \$9,835,470 and bears interest at 1.1%. Interest only payments commence April 1, 2022 through April 1, 2024, at which time quarterly payments of principal and interest are due in the amount of \$84,738 through January 1, 2029.



**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 8 – LOANS PAYABLE (Continued)

**Revolving Loan Fund (continued)**

The entire remaining balance of principal and interest is due on March 14, 2029. Interest expense for the year ended June 30, 2023 totaled \$109,693. The entire loan amount of \$9,835,470 was outstanding as of June 30, 2023.

**Loan payable – KIPP Foundation, Inc.**

On January 27, 2023, the Organization entered into a loan agreement of \$750,000 with KIPP Foundation, Inc. for operational purposes. The loan bears simple interest at 2% per year. The entire principal sum and all accrued interest is due in a single payment on January 31, 2025. The Organization may, at any time, pay all or a portion of the outstanding principal of the loan. As of June 30, 2023, the amount outstanding was \$735,000. Interest expense for the year ended June 30, 2023 was \$6,250.

**Revolving Line of Credit**

On March 29, 2022, the Organization entered into a revolving line of credit agreement with PNC Bank of up to \$1,500,000 to assist in the funding of capital projects. The line of credit bears interest at a rate per annum which is equal to the BSBY Rate in effect on the first day of every month plus 1.50%, which was 6.60279% at June 30, 2023. Monthly interest payments are due commencing May 1, 2022 through the maturity date of March 25, 2025 at which time all outstanding principal and accrued interest are due and payable in full. The balance on the line of credit as of June 30, 2023 was \$1,350,000. Interest expense for the year ended June 30, 2023 was \$67,393.

**Loan payable – Lender**

On March 29<sup>th</sup>, 2022, the Organization entered into a loan agreement with a private lender in the amount of \$2,500,000, to be used to fund the capital projects. See Note 11. The loan bears interest of 5.75%. Monthly payments of interest only commence in April 2022 through the maturity date of October 1, 2023, at which time all unpaid principal and interest are due in full. The balance on the loan as of June 30, 2023 totaled \$2,500,000. Interest expense during the year ended June 30, 2023 was \$143,750.

**Loan payable – Cafeteria**

On March 7, 2022, the Organization entered into a loan agreement in the amount of \$200,000 with its food service provider to equip a new dining facility. The loan bears no interest and is payable in equal monthly installments beginning May 1, 2022 through June 30, 2026. As of June 30, 2023, the balance on the loan was \$140,000.

	Balance 7/1/22	Proceeds	Repayments	Balance at 6/30/23
Revolving Loan Fund	\$ 9,835,470	\$ -	\$ -	\$ 9,835,470
Loan payable - KIPP Foundation	750,000	-	(15,000)	735,000
Revolving Line of Credit	1,350,000	-	(30,000)	1,320,000
Loan payable - Lender	2,500,000	-	-	2,500,000
Loan payable - Cafeteria	192,000	-	(52,000)	140,000
	<u>\$ 14,627,470</u>	<u>\$ -</u>	<u>\$ (97,000)</u>	<u>\$ 14,530,470</u>

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 8 – LOANS PAYABLE (Continued)

Future minimum payment under the above loan agreements are estimated as follows:

<u>Year Ended June 30,</u>	
2024	\$ 2,623,422
2025	2,334,062
2026	277,649
2027	236,266
2028	238,639
2029	8,820,432
	<u>\$ 14,530,470</u>

NOTE 9 – CHARTER MANAGEMENT ORGANIZATION

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

The agreement is in effect through June 30, 2024 with an option to renew. Either party can terminate the contract with 90 days’ notice. The agreement calls for a monthly fee of 12% of full time equivalent (FTE) revenues, which, during the year ended June 30, 2023 was estimated based on enrollment at the start of the school year and adjusted to actual as of year-end. The Organization reported fees of \$1,059,254 for the year ended June 30, 2023.

The agreement contains a provision for healthcare benefits. With respect to healthcare benefits, KTAF shall annually obtain quotes for benefit plans for all of the Organization’s employees and shall endeavor to determine the most cost-effective means of providing health care benefits. KTAF shall provide a summary to the Organization of the quotations received, recommend a provider to be selected by the Organization and the reasons for selection of the provider as well as a copy of the final plan details. Each of the Organization’s employees shall contribute his/her applicable share of the costs of such benefits as provided by the laws of the State of Florida. The Organization shall be responsible for funding the costs incurred by KTAF to provide health care benefits to the Organization’s employees. During the year ended June 30, 2023, health care benefit expenses totaled \$1,410,768, of which \$1,410,768 were due to KTAF as of June 30, 2023.

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 10 – SPECIAL REVENUE FUND REVENUES**

Revenues reported in the special revenue fund consist of federal, state and local funds awarded to the Organization that are restricted or committed to expenditures for specific purposes other than debt service and capital projects. During the year ended June 30, 2023, these revenues consisted of the following:

Sources	Amount
<b>Florida Department of Education:</b>	
<b>State funding:</b>	
Schools of Hope Program	\$ 9,953,134
Classroom Teacher Supply	26,910
<b>Federal funding:</b>	
Elementary and Secondary School Emergency Relief Fund (ESSER) III	1,216,961
ESSER ARP	537,098
ARP High-Impact Reading Interventions and Targeted Supports	80,804
ARP Intensive Afterschool and Weekend Academies	100,000
IDEA Part B K-12 Entitlement	209,065
Title I, Part A - Unified School Improvement Grant (UniSig)	442,225
Elementary and Secondary Education Act Title I, Part A	567,967
Teacher and Principal Training and Recruiting Title II, Part A	60,507
Twenty-First Century Schools Title IV	34,763
Total Florida Department of Education	13,229,434
 <b>Department of Agriculture</b>	
<b>Federal funding:</b>	
National Student Lunch Program	1,190,358
 <b>Federal Funds passed through the KIPP Foundation, Inc.:</b>	
Charter Schools Program Grants for Replication and Expansion of High Quality Charter Schools - passed through KIPP Foundation	320,246
 <b>Local Funding</b>	
Miami-Dade County Tax Referendum	963,279
 <b>Private Grants</b>	
Total Revenues - Special Revenue Fund	\$ 15,885,299

**NOTE 11 – DEVELOPMENT SERVICES AGREEMENT**

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 11 – DEVELOPMENT SERVICES AGREEMENT (Continued)**

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

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

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

The Organization approved the development of the two school facilities projects under the development services agreement: (i) the development of a facility on leased land at Miami Dade College North Campus (“MDC”) with a total project budget of \$28,800,000, approved in June 2021 and completed during the year ended June 30, 2023 and (ii) the development of a facility on property acquired by KIPP South Florida at NW 79th Street with a total project budget of \$33,300,000, approved in August 2021 and still in process. Both budget figures exclude financing costs, construction period interest, and reserve funds.

The Organization paid for predevelopment expenses in connection with the approved projects that will be either credited or reimbursed to the Organization by KIPP South Florida in accordance with the agreement. As of June 30, 2023, the amount remaining to be reimbursed to the Organization for predevelopment costs relate to the 79<sup>th</sup> Street Project and totaled \$633,942. This amount is included as due from KIPP South Florida in the accompanying statement of financial position and balance sheet – governmental funds

The following describes the projects approved by the Organization under the Development Services Agreement.

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 11 – DEVELOPMENT SERVICES AGREEMENT (Continued)**

**MDC Project**

Construction began on the MDC project in Spring 2021. During the construction period, temporary modular trailers were used on the MDC property to serve students. In August 2021, the Organization entered into a ground sublease agreement with KIPP South Florida for the use of the land and the use of constructed facilities. See Note 14.

The construction of the MDC project facilities was completed during the year ended June 30, 2023.

In accordance with the development services agreement, the Organization is responsible for a portion of each project's construction costs. The amount paid in the prior year for MDC project construction totaled \$6,527,075, which is included in leasehold improvements on the accompanying statement of financial position.

**79<sup>th</sup> Street Project**

KIPP South Florida purchased the 79<sup>th</sup> Street property during the year ended June 30, 2022. The amount paid by the Organization during the prior year ended June 30, 2022 to assist in the acquisition of the 79<sup>th</sup> Street property totaled \$5,004,023, which is included in construction in progress on the accompanying statement of financial position.

The Organization entered into a lease agreement with KIPP South Florida for the 79<sup>th</sup> Street property on March 29, 2022. However, the commencement date of the lease is contingent upon completion of construction and issuance of the certificate of occupancy, which is anticipated to be in August 25, 2025. The Organization did not operate any schools on this property during the year ended June 30, 2023.

**NOTE 12 – CAPITAL PROJECT FUND CONTRIBUTIONS**

The Organization has received contributions from private donors that are restricted for construction costs related to the school facility projects. During the year ended June 30, 2023, the contributions received totaled \$435,000 and are included in the capital projects fund on the accompanying statement of changes in revenues, expenditures and fund balance. As of June 30, 2023, contributed amounts remaining to be spent related to capital projects totaled \$435,000.

**NOTE 13 – TRANSACTIONS WITH THE FOUNDATION**

During the startup of the Organization, the KIPP Foundation, Inc. (the "Foundation"), a not-for-profit organization, served as a fiscal agent for the Organization. The fiscal agency ended on June 30, 2017. The Foundation licenses the "KIPP" name to the Organization and provides national support to all "KIPP" regions and schools, including development opportunities and pass through of gifts that are designated for schools under the Organization. During the year ended June 30, 2023, the Organization reported a total of approximately \$324,121 of revenue provided either directly from or through the Foundation, consisting of federal grants of \$320,246 and other gifts, grants, and bequests of \$3,875. In addition, amounts due to the Foundation for licensing fees totaled \$151,282 as of June 30, 2023, and are included in accounts payable and accrued liabilities.

**NOTE 14 – FACILITY LEASE COMMITMENTS**

During the year ended June 30, 2023, the MDC Project was completed and all of the Organization's schools operated at that location. Temporary modular trailers were used at the start of the year until the constructed facilities were able to be occupied. A description of the modular and facility lease commitments follows.

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 14 – FACILITY LEASE COMMITMENTS (Continued)

**Modular lease agreement**

In May 2021, the Organization entered into agreements to lease modular trailers. The lease terms for the trailers began July 1, 2021 and terminated on June 30, 2022. The Organization extended the lease term on a month to month basis until the equipment was returned in December 2022. During the year ended June 30, 2023, the Organization paid \$228,666 for use of the modular trailers.

**Right-to-use liability under Ground Sublease agreement**

In connection with the MDC project (see Note 11), the Organization entered into a Ground sublease agreement with KIPP South Florida for use of the land to house the temporary facilities and ultimately, the constructed facilities. The agreement began August 1, 2021 and expires on August 1, 2062. The components of basic rent under the sublease agreement are as follows:

- Land: Rent owed to the District under Ground lease agreement between the District and KIPP South Florida  
Commencing August 1, 2021, annual rent of \$240,000, payable monthly, is required for use of the land to house the temporary facilities and constructed facilities. Starting August 1, 2026, the annual base rent shall then increase by an amount determined by the actual increase in CPI with a minimum increase of 2% and a maximum increase of 6% every three years through the expiration date of August 1, 2062. The term can be extended for two additional 10 year periods subsequent to the expiration date. Total payments during the year ended June 30, 2023 were \$240,000.
- Facilities: Debt service and other financing obligations  
Commencing upon completion of construction and certificate of occupancy of the new facilities, the Organization is to pay monthly payments of debt service related to debt borrowed by KIPP South Florida for the project. These payments began in July 2022. The debt on which the Organization's debt service payments are based is a non-revolving line of credit of up to \$24 million that calls for monthly payments of interest at a rate per annum which is equal to the sum of (A) the BSBY Rate in effect on each first day of the month plus (B) one hundred fifty basis points (1.50%), which was 8.10279% at June 30, 2023. Currently, the debt matures in December 2023. At that time, it is expected that KIPP South Florida will refinance, however, in order to determine the required payments under the lease and calculate the right-of-use liability below, the maturity date of December 2023 was used.
- Operating expenses:  
Commencing upon completion of construction and certificate of occupancy of the new facilities, the Organization shall pay all operating expenses of KIPP South Florida. Amounts paid during the year ended June 30, 2023 totaled \$0.

On July 1, 2021 the Organization implemented GASB Statement No. 87 Leases, and as a result recorded a lease right of use asset and liability in these financial statements for the component of basic rent under the Ground Sublease agreement related to the use of the land. The right to use asset and liability were calculated at the commencement date of the payments, August 1, 2021, by discounting the future lease payments over the term of the lease (including the first renewal period) at an interest rate of 5%. During the year ended June 30, 2023, interest expense related to the right to use liability was \$239,068 and the amortization of the right to use asset was \$96,051.

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 14 – FACILITY LEASE COMMITMENTS (Continued)**

The Organization recorded a lease right of use assets and liability for the component of basic rent under the Ground Sublease agreement related to the use of the facilities. The right to use asset and liability were calculated at the commencement date of the payments, which is when the facilities were complete and able to be occupied, by discounting the future lease payments at an interest rate of 5.75%. During the year ended June 30, 2023, interest expense related to the right to use liability was \$1,284,837 and the amortization of the right to use asset was \$497,127.

Annual requirements to amortize the lease liability and related interest are estimated as follows:

Year Ended June 30,	Interest	Principal	Total	
2024	\$ 768,213	\$ 24,325,907	\$ 25,094,120	
2025	238,971	1,029	240,000	
2026	238,918	1,082	240,000	
2027	238,770	5,630	244,400	
2028	238,463	6,337	244,800	
2029 - 2033	1,185,055	62,697	1,247,752	(Total for 5 Year Period)
2034 - 2038	1,161,643	126,672	1,288,315	(Total for 5 Year Period)
2039- 2043	1,119,626	215,004	1,334,630	(Total for 5 Year Period)
2044 - 2048	1,053,259	324,367	1,377,626	(Total for 5 Year Period)
2049 - 2053	955,115	467,280	1,422,395	(Total for 5 Year Period)
2054 - 2058	815,947	657,576	1,473,523	(Total for 5 Year Period)
2059 - 2063	623,724	891,702	1,515,426	(Total for 5 Year Period)
2064 - 2068	369,456	1,152,444	1,521,900	(Total for 5 Year Period)
2069 - 2072	70,436	868,068	938,504	(Total for 5 Year Period)
	<u>\$ 9,077,596</u>	<u>\$ 29,105,795</u>	<u>\$ 38,183,391</u>	

Changes in long term right to use liability during the year are as follows:

	Balance 7/1/2022	Additions	Decreases	Balance 6/30/2023
Right-to-use liability - land	\$ 4,781,798	\$ -	\$ (931)	\$ 4,780,867
Right-to-use liability - facilities MDC	-	24,359,248	(34,320)	24,324,928
Total right-to-use liability	<u>\$ 4,781,798</u>	<u>\$ 24,359,248</u>	<u>\$ (35,251)</u>	<u>\$ 29,105,795</u>

**NOTE 15 – RELATED PARTY TRANSACTIONS**

The Organization received a payment related to a pledge contribution from one of its board members during the year ended June 30, 2023. See Note 5.

**NOTE 16 – RISK MANAGEMENT**

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

**KIPP MIAMI, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 17 – GRANT CONTINGENCIES**

In the normal course of operations, the Organization receives grant funds from various federal, state and local agencies. See Note 10. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. In management's opinion, there will be no adjustments resulting from future audits on grant periods through June 30, 2023, which will have a material effect on the financial statements.

**NOTE 18 – RETIREMENT PLAN**

The Organization has a salary reduction plan (an IRC Section 403(b) plan) (the "Plan"), whereby employees may make elective tax deferred contributions to the Plan. All full-time employees are eligible to participate in the Plan upon hiring. The Organization has the option to make discretionary matching contributions and discretionary lump-sum contributions to the Plan. The contributions vest 100% after three years of service which is computed based on 1,000 hours of service. During the year ended June 30, 2023, the Organization contributed \$397,220 to the Plan.



REQUIRED SUPPLEMENTAL INFORMATION

**KIPP MIAMI, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 9,778,438	\$ 9,547,190	\$ 8,414,964
Gifts, grants, and other revenues	2,555,360	2,576,706	697,209
<b>TOTAL REVENUES</b>	<b>12,333,798</b>	<b>12,123,896</b>	<b>9,112,173</b>
<b>EXPENDITURES</b>			
Instruction	\$ 4,086,484	\$ 3,672,859	\$ 2,634,052
Instructional support services	601,733	842,506	227,525
General administration	-	-	39,315
School administration	2,500,937	2,129,571	2,032,339
Fiscal services	1,137,216	1,027,853	983,742
Food services	-	-	200,000
Central services	487,348	383,320	425,850
Pupil transportation services	813,189	900,744	1,016,960
Operation of plant	49,253	135,000	138,634
Maintenance of plant	742,800	892,800	600,132
Administrative technology	208,846	106,931	53,747
Debt service	2,525,796	2,286,049	1,743,242
<b>TOTAL EXPENDITURES</b>	<b>13,153,602</b>	<b>12,377,633</b>	<b>10,095,538</b>
Net change in fund balance	<u>\$ (819,804)</u>	<u>\$ (253,737)</u>	<u>\$ (983,365)</u>

See accompanying note to the required supplemental information.

**KIPP MIAMI, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Local referendum funding	\$ -	\$ -	\$ 963,279
Federal and state sources	11,841,949	13,588,285	13,250,494
Federal lunch program	-	1,007,976	1,190,358
Gifts, grants, and other revenues	390,159	545,805	481,168
<b>TOTAL REVENUE</b>	<b>\$ 12,232,108</b>	<b>\$ 15,142,066</b>	<b>\$ 15,885,299</b>
<b>EXPENDITURES</b>			
Instruction	\$ 7,366,536	\$ 8,606,465	\$ 8,664,412
Student and instructional support	913,003	1,264,645	1,303,074
School administration	2,306,110	3,341,965	3,565,821
Fiscal services	36,197	36,197	36,197
Food services	-	790,079	941,898
Operation of plant	-	81,363	81,363
Maintenance of plant	-	118,569	58,205
Administrative technology	286,038	199,545	223,742
Capital outlay	-	325,000	228,666
Debt service	240,000	240,000	240,000
<b>TOTAL EXPENDITURES</b>	<b>11,147,884</b>	<b>15,003,828</b>	<b>15,343,378</b>
<b>Net change in fund balance</b>	<b>\$ 1,084,224</b>	<b>\$ 138,238</b>	<b>\$ 541,921</b>

See accompanying note to the required supplemental information.

**KIPP MIAMI, INC.**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The Organization’s annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Miami, Inc. (the "Organization"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 14, 2023.

### Report on Internal Control Over Financial Reporting

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

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*Verdeja DeArmas Trujillo & Alvarez, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2023



## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of KIPP Miami, Inc. (the "Organization"), a nonprofit organization and a component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 14, 2023.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 14, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, we did not have any findings or recommendations in the preceding audit report.

### Official Title

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

## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financials condition assessment procedures for the Organization. It is management's responsibility to monitor the Organization's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the Organization's overall financial condition as of June 30, 2023 is not deteriorating.

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

## **Transparency**

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

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Verdeja De Armas Trujillo & Alvarez, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2023