

KIPP NASHVILLE
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022

Operating Tennessee Public Charter Schools:
KIPP ACADEMY NASHVILLE
KIPP NASHVILLE COLLEGE PREP
KIPP NASHVILLE COLLEGIATE HIGH SCHOOL
KIPP KIRKPATRICK ELEMENTARY SCHOOL
KIPP NASHVILLE COLLEGE PREP ELEMENTARY SCHOOL
KIPP ANTIOCH COLLEGE PREP ELEMENTARY SCHOOL
KIPP ANTIOCH COLLEGE PREP MIDDLE SCHOOL
KIPP ANTIOCH COLLEGE PREP HIGH SCHOOL

KIPP NASHVILLE

Table of Contents

INTRODUCTORY SECTION.....	1	
INDEPENDENT AUDITOR’S REPORT.....	2 - 5	
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED).....	6 - 10	
BASIC FINANCIAL STATEMENTS		
Government-wide financial statements		
Statement of net position	11	
Statement of activities.....	12	
Fund financial statements		
Balance sheet - governmental funds	13 - 14	
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15 - 16	
Notes to financial statements	17 - 50	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of the proportionate share of the net pension liability (asset)	51 - 52	
Schedule of employer contributions	53 - 54	
SUPPLEMENTARY INFORMATION		
Schedule of expenditures of federal awards and state financial assistance	55 - 56	
Schedule of changes in long-term debt by individual issue	57	
Schedule of changes in lease obligations.....	58	
Schedule of lease requirements by year.....	59	
Combining balance sheet - nonmajor governmental funds	60	
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds.....	61	
Schedule of assets, liabilities and fund balances by school.....	62 - 69	
Schedule of revenues, expenditures, and changes in fund balances by school.....	70 - 77	
Notes to schedules by school.....	78	
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>		79 - 80
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE		81 - 83
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	84	
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	85	

KIPP NASHVILLE
INTRODUCTORY SECTION

BOARD OF DIRECTORS

Jim Flautt, Chair
Cynthia Arnholt
Chris Barbic
Karl Dean
Elizabeth Dennis
Camiqueka Fuller
J. Andrew (Drew) Goddard

Beth Harwell
Rick Martin
Jeff McGruder
William Seibels
Will Ed Settle
Tom Wylly
Ed Littlejohn

LEADERSHIP TEAM

Randy Dowell
James Robinson
Tiffany Russ

Adrianna Clemons
Lindsay Wright
Carey Peek
Katrina Frazier
Kate Baker
Andrea Mendez
Heather Snodgrass
Alyson Lerma
Emily Wojtusik
Loretta Hearn
Josh Hailey
Lameika Pegues
Jennifer Tillotson
Shalika Robie
Cordarell Cobb
Alyssa Dudley

Executive Director
Chief of Schools
Chief of Equity, Leadership and
Student Experience
Chief Operating Officer
Chief Talent Officer
Chief Financial Officer
Head of Schools
Head of Schools – Elementary
Head of Schools – Operations
Director of Data
Director of Grants
Director of Humanities
Director of KIPP Forward
Director of Regional Operations
Director of Regional School Culture
Director of STEM
Director of Student Support
Director of Finance
Director of Talent Recruitment and
Selection
School Leader - KIPP Kirkpatrick
Elementary
School Leader – KIPP Nashville
College Prep Elementary
School Leader - KIPP Academy
Nashville
School Leader - KIPP Nashville
College Prep
School Leader - KIPP Nashville
Collegiate High School
School Leader - KIPP Antioch
College Prep Elementary
School Leader - KIPP Antioch
College Prep Middle

Tiffany Potter

Ashley Frasier

Kayla Miller

Chelby Newbern

Marc Gauthier

Brittnee Kennedy

Denon Carr



Independent Auditor's Report

To the Board of Directors
KIPP Nashville
Nashville, Tennessee

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 Nashville, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise KIPP Nashville'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 Nashville, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KIPP Nashville 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 KIPP Nashville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KIPP Nashville'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 Nashville'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 on pages 6 through 10 and the schedule of the proportionate share of the net pension liability (asset) and the schedule of employer contributions on pages 51 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise KIPP Nashville's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, schedule of changes in long-term debt by individual issue, schedule of changes in lease obligations, schedule of lease requirements by year, combining nonmajor fund financial statements, schedule of assets, liabilities and fund balances by school, and schedule of revenues, expenditures, and changes in fund balances by school, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance, schedule of changes in long-term debt by individual issue, schedule of changes in lease obligations, schedule of lease requirements by year, combining nonmajor fund financial statements, schedule of assets, liabilities and fund balances by school, and schedule of revenues, expenditures, and changes in fund balances by school are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, on our consideration of KIPP Nashville'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 Nashville'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 Nashville's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
December 30, 2022

KIPP NASHVILLE
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the annual financial performance of KIPP Nashville (the “Organization”) provides an overview of the Organization’s financial activities for the fiscal year ended June 30, 2022 as compared to 2021. This section should be read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Organization’s governmental activities total assets increased by \$27,592,955 in fiscal year 2022, or 35.1%, while total revenues increased by \$11,823,208 or 24.6%. The Organization’s governmental activities total program costs (student instruction and services) for 2022 increased \$7,268,898 or 27.8%. Overall, the 2022 change in net position, an increase of \$16,072,177, was \$2,502,485 more than the increase of \$13,569,692 in the prior year.

For the General Purpose School Fund, there was a net increase in fund balance of \$3,825,677. The General Purpose School Fund’s fund balance at fiscal year-end was \$31,093,494.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of a series of financial statements, notes to those statements, required supplementary information, and supplementary information. The statements are organized so that the reader can understand the Organization as a whole and then proceed to a detailed look at specific financial activities of the Organization.

REPORTING THE ORGANIZATION AS A WHOLE

In general, users of these financial statements want to know if the Organization is in a better or worse financial position as a result of the year’s activities. The Statement of Net Position and Statement of Activities report information about the Organization as a whole and about the Organization’s activities in a manner that helps to answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Under the accrual basis, all of the current year’s revenue and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page 11.

The Statement of Net Position reports the Organization’s net position (total assets plus deferred outflow of resources less total liabilities less deferred inflows of resources). The Organization’s net position balance at year-end represents available resources for sustainability of current level of operations as well as for funding of future growth. The Statement of Activities reports the change in net position as a result of activity during the year. The Statement of Activities aids the user in determining the direction of the Organization’s financial health during the year. Users will want to consider non-financial factors as well as the financial data in arriving at a conclusion regarding the overall health of the Organization.

The Organization’s fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances, begin on page 13. These statements provide detailed information about the Organization’s most significant funds, not the Organization as a whole. Funds are established by the Organization as required to help manage money for particular purposes and for compliance with various donor and grant provisions.

KIPP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Organization's funds are categorized as "governmental funds." Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending in future periods. Fund financial statements are reported using an accounting method called "modified accrual" accounting, which measures cash and other financial assets that can readily be converted to cash. This basis of accounting is different from the accrual basis used in the government - wide financial statements to report on the Organization as a whole. The relationship between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and governmental funds, as reported in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled in the basic financial statements on pages 14 and 16.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Organization's assets and deferred outflows of resources exceeded the Organization's liabilities and deferred inflows of resources at the close of the fiscal year, resulting in net position of \$47,384,803. The Organization's net position includes \$24,387,778 of cash and investments, \$400,000 of which is subject to external restrictions that limit how the amounts may be used for the upcoming school year. An additional \$267,601 is restricted to an endowment scholarship fund. The remainder of the cash is available to meet the Organization's ongoing operating activities and growth strategy.

As of June 30, 2022, the Organization had invested a total of \$61,024,505 in capital assets. This investment includes land, building and improvements, instructional and support furniture, instructional computers for teachers, mobile student computer labs, maintenance equipment, buses, and construction in progress. Construction in progress primarily relates to building construction for KIPP Antioch College Prep High School. Construction is expected to be completed during fiscal year 2024. The Organization expects additional property and equipment investments in the 2022-2023 school year, as student enrollment increases and construction continues. During 2018, the Organization purchased the building located at 3410 Knight Drive. KIPP Nashville College Prep Elementary and KIPP Nashville College Prep Middle School are both housed at this location. The Organization also purchased the building located at 3655 Murfreesboro Pike, which houses KIPP Antioch College Prep Elementary and Middle Schools. Additional information on property and equipment is located in Note D to the financial statements.

The Organization leases educational space (Highland Heights, 123 Douglas Ave., Nashville, TN 37207) from Metropolitan Government Services for KIPP Academy Nashville and KIPP Nashville Collegiate High. The lease term ends June 30, 2024. The Organization's fourth school, KIPP Kirkpatrick Elementary launched during the fall of 2015. The Organization leases educational space for this school (Kirkpatrick Enhanced Option Elementary, 1000 Sevier St., Nashville, TN 27306) from Metropolitan Nashville Public Schools through fiscal year 2025.

Effective July 1, 2021, the Organization adopted GASB No. 87 *Leases*. The adoption resulted in the recognition of right-to-use lease assets and related right-to-use lease liabilities for the Organization's building leases. No changes were made to the June 30, 2021 balances as a result of the adoption. As of June 30, 2022, the Organization had right-to-use lease assets, net of \$4,911,879 and right-to-use lease liabilities totaling \$5,091,530. See Note F to the financial statements for further information on leases.

KIPP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

A schedule of the Organization's net position as of June 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 24,120,177	\$26,196,726
Investments	267,601	307,882
Receivables	8,656,808	2,098,436
Other assets	7,176,827	5,947,411
Capital assets	61,024,505	44,014,387
Right-to-use lease assets	<u>4,911,879</u>	<u>-</u>
Total assets	<u>106,157,797</u>	<u>78,564,842</u>
Deferred outflows of resources	<u>4,143,595</u>	<u>2,259,686</u>
Accounts payable and accrued expenses	2,569,290	1,417,825
Other liabilities	<u>53,446,032</u>	<u>42,165,071</u>
Total liabilities	<u>56,015,322</u>	<u>43,582,896</u>
Deferred inflows of resources	<u>6,901,267</u>	<u>5,929,006</u>
Net position:		
Net investment in capital assets	12,651,162	4,363,407
Restricted	6,846,749	5,723,657
Unrestricted	<u>27,886,892</u>	<u>21,225,562</u>
Total net position	<u>\$ 47,384,803</u>	<u>\$31,312,626</u>

The Organization's total net position increased by \$16,072,177 during the 2022 fiscal year. The increase in the Organization's net position indicates that the Organization had more incoming revenues than outgoing expenses during the year.

Total revenues for fiscal year 2022 increased to \$59,863,747, an increase of 26.7% when compared to fiscal year 2021. Revenues generated from government grants, governmental funds, and KIPP foundation grants were \$53,749,389 during the 2022 fiscal year, an increase of \$13,623,809, or 34.0% when compared to 2021. Contributions from individuals and organizations of \$5,730,407 increased \$1,928,304 or 50.7% when compared to 2021 due primarily to a \$2,500,000 contribution received from the KIPP Foundation for the KIPP Antioch College Prep High School expansion. In addition, MNPS and State of Tennessee district funding increased 25.4% when compared to 2021. The main driver of this increase was the increased enrollment at existing schools, as well as an increase in the per pupil funding rate. Finally, federal funding increased 89.0% when compared to 2021, primarily due to grants received for COVID-19 relief and recovery.

Total expenses were \$43,791,570 during the 2022 fiscal year, an increase of \$9,320,723 when compared to 2021. The majority of this increase is directly related to students returning to in person learning for the entire school year in fiscal year 2022, as well as increased enrollment at the schools.

KIPP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The increase in net position of \$16,072,177 in 2022 is \$2,502,485 more than the increase in net position of \$13,569,692 in 2021.

A schedule of the Organization's revenues and expenses for the years ended June 30, 2022 and 2021, is as follows. The schedule is for the Organization as a whole, not for the governmental funds.

	<u>2022</u>	<u>2021</u>
Revenues		
Contributions	\$ 5,730,407	\$ 3,802,304
District funding	42,825,342	34,138,917
Federal and state grants	10,924,047	5,986,663
Interest and investment income	25,560	99,352
Other	<u>358,391</u>	<u>4,013,303</u>
Total revenues	<u>59,863,747</u>	<u>48,040,539</u>
Expenses		
Instructional	5,114,840	2,961,868
Occupancy	2,307,365	2,643,330
Office	2,473,102	2,195,561
Organizational development	291,286	230,246
Professional and service fees	1,931,229	1,465,115
Employee compensation	27,473,844	22,530,706
Staff development	789,262	367,700
Transportation	480,309	139,863
Depreciation	<u>2,930,333</u>	<u>1,936,458</u>
Total expenses	<u>43,791,570</u>	<u>34,470,847</u>
Change in net position	<u>\$ 16,072,177</u>	<u>\$13,569,692</u>

FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS

The Organization's funds, as presented on the Balance Sheet on page 13, report a combined fund balance of \$31,361,095. The majority of the Organization's total funds are in the General Purpose School Fund, which is the chief operating fund of the Organization. The Organization has two other major funds, the Restricted Contribution Fund and the Federal and State Grants Fund.

Due to the different basis of accounting, there is a difference between the amounts reported under the Organization's funds and the amounts reported as government-wide. For the year ended June 30, 2022, the differences consist of capital assets, right-to-use lease assets, pension amounts, long-term debt, and right-to-use lease liabilities, which are not reported in the Organization's governmental funds.

KIPP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CAPITAL ASSETS AND DEBT

During 2022, the Organization had \$61,024,505 invested in capital assets. Depreciation expense totaled \$2,185,693 in 2022. Further information regarding capital assets can be found in Note D to the financial statements.

During 2022, the Organization issued a note payable in the amount of \$7,250,000 for the purchase of the KIPP Antioch College Prep High School facilities. Payments on previously outstanding debt totaled \$787,799. Further information on debt obligations can be found in Note E.

The Organization has several construction and other commitments regarding its educational facilities. These items are described in Note M to the financial statements.

STUDENT ENROLLMENT FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2023 enrollment is projected to be approximately 3,104 students for KIPP Nashville across seven campuses: KIPP Academy Nashville (serving grades 5-8), KIPP Nashville College Prep (also serving grades 5-8), KIPP Nashville Collegiate High (serving grades 9-12), KIPP Kirkpatrick (serving grades K-4), KIPP Nashville College Prep Elementary (serving grades K-4), KIPP Antioch College Prep Elementary School (serving grades K-3), and KIPP Antioch College Prep Middle School (serving grades 5-7).

The Organization anticipates that total Basic Education Program (BEP) funding will increase in fiscal year 2023 because of increased enrollment. Additionally, the Organization expects per pupil BEP funding to increase from the 2021-22 school year based on state budget information. For fiscal year 2023, the Organization expects to continue its strong fundraising efforts for non-governmental funds. KIPP believes a continued focus on the existing donor base, the annual community fundraising breakfast, the identification of new individual donors, and a Board of Directors commitment will help the Organization continue its strong fundraising efforts. These non-governmental resources are an important funding source to fill the current funding gap of KIPP Nashville and to fuel the strategic growth plans for KIPP Nashville.

For fiscal year 2023, in addition to serving KIPP's student population of 3,104 students, KIPP plans to invest in the Organization's long-term growth plan for opening new KIPP schools in Nashville. These investments will include hiring additional staff, increasing professional development, and making general and administrative expenditures specific to the further development and execution of the KIPP Nashville strategic growth plan.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students' parents, Davidson County taxpayers, donors, creditors, grant funding authorities and agencies tasked with oversight of Metropolitan Nashville Public Schools with a general overview of the Organization's finances and to demonstrate the accountability for the money it receives. For questions about this report or additional financial information, contact the Organization's Chief Financial Officer, Carey Peek, at 3410 Knight Drive, Nashville, TN 37207, by telephone at (713) 202-9422 or email cpeek@KIPPnashville.org.

KIPP NASHVILLE
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 24,120,177
Investments	267,601
Receivables	8,656,808
Other current assets	597,679
Net pension asset	5,891,028
Capital assets:	
Nondepreciable	20,809,522
Depreciable, net of accumulated depreciation	40,214,983
Right-to-use lease asset, net	4,911,879
Restricted assets:	
TCRS Stabilization Reserve Trust	688,120
Total assets	106,157,797
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	4,143,595
 LIABILITIES	
Accounts payable	1,073,390
Accrued expenses	1,495,900
Advance contributions and grants	400,000
Long-term debt, due within one year	8,044,499
Long-term debt, due in more than one year	39,910,003
Right-to-use lease liability, due within one year	598,239
Right-to-use lease liability, due in more than one year	4,493,291
Net pension liability	-
Total liabilities	56,015,322
 DEFERRED INFLOWS OF RESOURCES	
Contributions for future periods	-
Pensions	6,901,267
Total deferred inflows of resources	6,901,267
 NET POSITION	
Net investment in capital assets	12,651,162
Restricted for:	
TCRS Stabilization Reserve Trust	688,120
Pensions	5,891,028
Scholarships:	
Expendable	137,301
Nonexpendable	130,300
Other	-
Unrestricted	27,886,892
Total net position	\$ 47,384,803

See accompanying notes to financial statements.

KIPP NASHVILLE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>GOVERNMENTAL ACTIVITIES:</u>	Functions			
	Total	Student Instruction and Services	Administration	Fundraising
EXPENSES				
Instructional	\$ 5,114,840	\$ 5,114,840	\$ -	\$ -
Occupancy	2,307,365	1,961,260	346,105	-
Office	2,473,102	2,349,447	123,655	-
Organizational development	291,286	-	-	291,286
Professional services and fees	1,931,229	386,246	1,544,983	-
Employee compensation	27,473,844	20,605,383	6,868,461	-
Staff development	789,262	749,799	39,463	-
Transportation	480,309	480,309	-	-
Depreciation and amortization	2,930,333	1,758,200	1,172,133	-
Total expenses	43,791,570	33,405,484	10,094,800	291,286
PROGRAM REVENUES				
Operating grants and contributions	10,533,047	10,533,047	-	-
Capital grants and contributions	391,000	391,000	-	-
Net program expenses	32,867,523	\$ 22,481,437	\$ 10,094,800	\$ 291,286
GENERAL REVENUES				
Contributions	5,730,407			
District funding	42,825,342			
Other	358,391			
Interest and investment income	25,560			
Total general revenues	48,939,700			
CHANGE IN NET POSITION	16,072,177			
NET POSITION, June 30, 2021	31,312,626			
NET POSITION, June 30, 2022	\$ 47,384,803			

See accompanying notes to financial statements.

KIPP NASHVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 23,720,177	\$ 400,000	\$ -	\$ -	\$ 24,120,177
Investments	-	-	-	267,601	267,601
Receivables	3,735,746	-	4,921,062	-	8,656,808
Due from other funds	4,921,062	-	-	-	4,921,062
Other current assets	597,679	-	-	-	597,679
Restricted assets:					
TCRS Stabilization Reserve Trust	688,120	-	-	-	688,120
Total assets	<u>\$ 33,662,784</u>	<u>\$ 400,000</u>	<u>\$ 4,921,062</u>	<u>\$ 267,601</u>	<u>\$ 39,251,447</u>
LIABILITIES					
Accounts payable	\$ 1,073,390	\$ -	\$ -	\$ -	\$ 1,073,390
Accrued expenditures	1,495,900	-	-	-	1,495,900
Due to other funds	-	-	4,921,062	-	4,921,062
Advance contributions and grants	-	400,000	-	-	400,000
Total liabilities	<u>2,569,290</u>	<u>400,000</u>	<u>4,921,062</u>	<u>-</u>	<u>7,890,352</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	597,679	-	-	130,300	727,979
Restricted for:					
TCRS Stabilization Reserve Trust	688,120	-	-	-	688,120
Internal school funds	-	-	-	-	-
Scholarships	-	-	-	137,301	137,301
Other	-	-	-	-	-
Unassigned	29,807,695	-	-	-	29,807,695
Total fund balances	<u>31,093,494</u>	<u>-</u>	<u>-</u>	<u>267,601</u>	<u>31,361,095</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,662,784</u>	<u>\$ 400,000</u>	<u>\$ 4,921,062</u>	<u>\$ 267,601</u>	<u>\$ 39,251,447</u>

See accompanying notes to financial statements.

KIPP NASHVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2022

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION:

Total governmental fund balances	\$31,361,095
Capital assets not reported in the balance sheet	61,024,505
Right-to-use lease assets not reported in the balance sheet	4,911,879
Pension amounts not reported in the balance sheet	
Net pension liability	-
Net pension asset	5,891,028
Deferred inflows of resources for pensions	(6,901,267)
Deferred outflows of resources for pensions	4,143,595
Long-term debt not reported in the balance sheet	(47,954,502)
Right-to-use lease liability not reported in the balance sheet	<u>(5,091,530)</u>
Net position of governmental activities in the statement of net position	<u>\$47,384,803</u>

See accompanying notes to financial statements.

KIPP NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Contributions	\$ 5,530,407	\$ 200,000	\$ -	\$ -	\$ 5,730,407
District funding	42,825,342	-	-	-	42,825,342
Federal and state grants	-	-	10,924,047	-	10,924,047
Interest and investment income	65,841	-	-	(40,281)	25,560
Other income	305,333	-	-	-	305,333
Other income - internal school fund	53,058	-	-	-	53,058
Total revenues	<u>48,779,981</u>	<u>200,000</u>	<u>10,924,047</u>	<u>(40,281)</u>	<u>59,863,747</u>
EXPENDITURES					
Current:					
Instructional	1,761,767	-	3,300,015	-	5,061,782
Instructional - internal school fund	53,058	-	-	-	53,058
Occupancy	1,631,524	-	675,841	-	2,307,365
Office	550,360	-	-	-	550,360
Organizational development	91,286	200,000	-	-	291,286
Professional services and fees	1,292,150	-	639,079	-	1,931,229
Employee compensation	23,401,477	-	5,918,112	-	29,319,589
Staff development	789,262	-	-	-	789,262
Transportation	480,309	-	-	-	480,309
Debt service:					
Principal	1,352,788	-	-	-	1,352,788
Interest	1,995,512	-	-	-	1,995,512
Capital outlay	24,461,330	-	391,000	-	24,852,330
Total expenditures	<u>57,860,823</u>	<u>200,000</u>	<u>10,924,047</u>	<u>-</u>	<u>68,984,870</u>
OTHER FINANCING SOURCES:					
Proceeds from leases	5,656,519	-	-	-	5,656,519
Proceeds from issuance of debt	7,250,000	-	-	-	7,250,000
Debt issue premium	-	-	-	-	-
Total other financing sources	<u>12,906,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,906,519</u>
NET CHANGE IN FUND BALANCES	3,825,677	-	-	(40,281)	3,785,396
FUND BALANCES, June 30, 2021	<u>27,267,817</u>	<u>-</u>	<u>-</u>	<u>307,882</u>	<u>27,575,699</u>
FUND BALANCES, June 30, 2022	<u>\$ 31,093,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,601</u>	<u>\$ 31,361,095</u>

See accompanying notes to financial statements.

KIPP NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - CONTINUED
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

Net change in fund balances as reported in the governmental funds statements	\$ 3,785,396
Amounts reported as expenditures in the governmental funds not included as expenses in the government-wide statements:	
Capital outlay	24,852,330
Debt service principal	1,352,788
Expenses in the government-wide statements not included in the governmental funds:	
Depreciation and amortization expense	(2,930,333)
Long-term debt proceeds provide current financial resources to the governmental funds, but issuance of debt increases long-term obligations for governmental activities:	
Proceeds from leases	(5,656,519)
Proceeds from issuance of debt	(7,250,000)
Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized for governmental activities	72,770
Expenditures for pensions in the governmental funds consists of contributions made, whereas in the government-wide statement, pension expense is calculated in accordance with GASB Statement No. 68	<u>1,845,745</u>
Change in net position of governmental activities	<u><u>\$ 16,072,177</u></u>

See accompanying notes to financial statements.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KIPP Nashville was incorporated October 22, 2003, as a Tennessee nonprofit corporation. Pursuant to Section 6(b)(1)(A) of the Tennessee Public Charter School Act of 2002 (the Act), KIPP Nashville has been approved to operate public charter schools. Under the Act, public charter schools are part of the state’s public education program offering an alternative means within the public school system for accomplishing necessary outcomes of education. As of June 30, 2022, KIPP Nashville has Charter School Agreements to operate the following charter schools (collectively, the “Schools”) in Nashville, Tennessee:

- KIPP Academy Nashville (grades five through eight)
- KIPP Nashville College Prep (grades five through eight)
- KIPP Nashville Collegiate High School (grades nine through twelve)
- KIPP Kirkpatrick Elementary School (grades kindergarten through four)
- KIPP Nashville College Prep Elementary School (grades kindergarten through four)
- KIPP Antioch College Prep Elementary School (grades kindergarten through three in fiscal year 2022, an additional grade will be added each year through fiscal year 2023)
- KIPP Antioch College Prep Middle School (grades five through seven in fiscal year 2022, an additional grade will be added each year through fiscal year 2023)
- KIPP Antioch College Prep High School (anticipated to open in fiscal year 2024 starting with grade nine, an additional grade will be added each year through grade twelve)

KIPP Nashville has a license agreement with KIPP Foundation, a California Public Charity, to assist the Schools in providing educationally underserved students with the knowledge, skills and character needed to succeed in top-quality high schools, colleges and the competitive world beyond. KIPP and the Knowledge Is Power Program are trademarks of the KIPP Foundation.

Basic Financial Statements

In accordance with State of Tennessee regulations, KIPP Nashville reports as a special-purpose governmental entity.

Government-wide financial statements

The government-wide financial statements focus on the sustainability of KIPP Nashville as an entity and the change in KIPP Nashville’s net position resulting from the current year’s activities. In the government-wide statement of net position, amounts are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as any long-term debt and obligations. The statement of net position presents the financial condition of KIPP Nashville at year-end.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

KIPP Nashville's net position is reported in three categories - net investment in capital assets; restricted net position; and unrestricted net position. When both restricted and unrestricted resources are available for use, it is KIPP Nashville's policy to use restricted resources first, and then unrestricted resources as they are needed. KIPP Nashville does not allocate indirect costs between functions.

The government-wide statement of activities reports both the gross and net cost of KIPP Nashville's functions. The functions are also supported by general government revenues (general revenues are primarily made up of district BEP funding and donations to the General Purpose School Fund). The statement of activities reduces gross expenses by related function revenues, including operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with the function. The net costs by function are normally covered by general revenues.

Fund financial statements

The financial transactions are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows or inflows of resources, fund balance, revenues and expenditures.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized in a single column. Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, sets forth minimum criteria for the determination of major funds. KIPP Nashville reports the following major governmental funds:

The General Purpose School Fund is the primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

The Restricted Contribution Special Revenue Fund is used to account for the receipt and disbursement of private contributions restricted primarily for specific purposes.

The Federal and State Grants Special Revenue Fund is used to account for the receipt and disbursement of federal and state grants where unused balances, if any, are returned to the grantor at the close of specified project periods. This fund includes both federal and state activity where KIPP Nashville is considered to be a recipient of federal and state funding as well as activity for which KIPP Nashville is designated as a vendor of the KIPP Foundation.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The focus of the governmental funds is upon the determination of financial resources, their balance, sources and use, rather than upon net income. KIPP Nashville classifies governmental fund balances as nonspendable, restricted, committed, assigned and unassigned based on the level of constraints on the fund balances. When an expenditure is incurred in which both restricted and unrestricted funds are available for use, it is KIPP Nashville's policy to spend restricted funds first, then unrestricted funds.

When an expenditure has been incurred for purposes in which multiple categories of unrestricted funds are available, it is KIPP Nashville's policy to spend funds in the following order: committed, then assigned, and lastly unassigned funds. The classifications of fund balances are defined as follows:

Nonspendable - This classification consists of fund balances that cannot be spent because they are either not in spendable form, for example, noncash amounts that are not expected to be converted to cash, or the funds are legally or contractually required to be maintained intact.

Restricted - This classification consists of fund balances with external constraints on use imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Committed - This classification consists of fund balances that can only be used for specific purposes established by formal action of the Board of Directors, its highest level of decision making authority. Such commitments should include contractual obligations of fund assets. Fund balance commitments can only be removed by the same process of the same body employed to previously commit those amounts.

Assigned - This classification consists of all fund balances that are not in the General Purpose School Fund or classified as nonspendable, restricted or committed. In addition, General Purpose School Fund balances that are intended to use for specific purposes are also classified as assigned. KIPP Nashville gives the authority to assign amounts to specific purposes to the chief finance officer and personnel under the supervision of the chief finance officer tasked with financial recording responsibilities.

Unassigned - This classification consists of all fund balances in the General Purpose School Fund that are not reported as nonspendable, restricted, committed or assigned, as well as negative fund balances, if any, in the other funds.

Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

KIPP Nashville is considered a special purpose governmental entity engaged in governmental type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared in the same manner as general purpose governments.

The basic financial statements include both government-wide (reporting KIPP Nashville as a whole) and fund financial statements (reporting KIPP Nashville's major funds). KIPP Nashville's primary activities are all considered to be governmental activities and are classified as such in the government-wide and fund financial statements.

The government-wide financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenditures are recognized when the related liability is incurred. "Available" means collectible within the current period or within 60 days after the end of the year or up to one year for grant revenues.

Since the governmental funds financial statements are presented on a different basis than the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the government-wide financial statements.

Fund Balances

The General Purpose School Fund includes fund balance amounts presented as nonspendable as they are not in spendable form. The nonspendable fund balance amount in the KIPP Alumni Scholarship Permanent Fund is contractually required to be maintained intact, whereas restricted fund balance in the fund is restricted by donors to be used for scholarships. Restricted fund balance in the General Purpose School Fund also includes amounts restricted to the TCRS Stabilization Reserve Trust.

Use of Estimates

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

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

Deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, are considered to be cash equivalents. KIPP Nashville regularly maintains deposits with a financial institution in excess of FDIC coverage.

Receivables

Receivables represent amounts due from contributors, grants or other funding which have been approved but not received. All receivables are reported at estimated collectible amounts. Receivables that will not be collected within the available period or intended for future periods have been reported as unavailable revenues under deferred inflows of resources in the governmental fund financial statements.

Capital Assets

Property and equipment are recorded at acquisition cost, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Expenditures, which materially extend the economic lives, change capacities or improve the efficiency of the related assets are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, or over the term of the lease for leasehold improvements, if less. Generally, expenditures for property and equipment items over \$1,000 are capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the respective governmental fund upon acquisition.

When applicable, construction in progress represents long term assets not yet placed into service. When a project is completed and placed into service, the construction in progress is removed and recorded as a depreciable asset.

Leases

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use ("ROU") an underlying asset. KIPP Nashville adopted GASB No. 87 effective July 1, 2021.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

KIPP Nashville determines whether an arrangement is or contains a lease at lease inception. On the commencement date, leases are recorded as ROU assets and lease liabilities in the statements of net position. ROU assets represent KIPP Nashville's right to use leased assets over the term of the lease. Lease liabilities represent KIPP Nashville's contractual obligation to make lease payments over the lease term.

The lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or KIPP Nashville's incremental borrowing rate if the implicit rate is not determinable. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense, an outflow of resources, is recognized on a straight-line basis over the lease term. KIPP Nashville has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of revenues, expenses, and changes in net position.

ROU assets are assessed for impairment in accordance with KIPP Nashville's capital asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with GASB No. 87. KIPP Nashville's leases are described in Note F.

Deferred Outflows/Inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. KIPP Nashville reports the following deferred outflow of resources relating to the pensions, when applicable: contributions made subsequent to the pension measurement date, difference between expected and actual experience, difference between projected and actual investment earnings, and changes in proportion of the net pension liability.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. KIPP Nashville has two types of items that qualify for reporting in this category. The first, which arises only under a modified accrual basis of accounting, is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from amounts that are deferred and recognized as an inflow of resources in the period that the amounts become available. The second arises due to contributions and grants which have time requirements for future periods. Details of these deferred inflow of resources are presented in Note G. KIPP Nashville also reports the following deferred inflows of resources related to pensions, when applicable: differences between expected and actual experience and differences between projected and actual investment earnings.

Income Taxes

KIPP Nashville is a not-for-profit school that is exempt from federal income taxes under the Internal Revenue Code, classified by the Internal Revenue Service as other than a private foundation and is similarly exempt from state income taxes. KIPP Nashville accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, management has determined that such tax positions do not result in an uncertainty requiring recognition.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. Fair value measurement for investments in the KIPP Alumni Scholarship Fund is described in Note C.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Balances

Transactions which constitute reimbursement of expenditures initially made from a fund, which are properly applicable to another fund, are recorded as expenditures, as appropriate, in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Additionally, the Federal and State Grants Fund and Restricted Contribution Fund may make disbursements in advance of receiving funds. Accordingly, interfund transfers are made from the General Purpose School Fund in the form of due to/from other funds. The amounts due the General Purpose School Fund are repaid upon receipt of the grants or contributions. At June 30, 2022, details of the interfund balances are as follows:

Federal and State Grants Fund due to General Purpose School Fund relating to operating grant expenditures in advance of receipt of grant funding	\$4,921,062
--	-------------

B. DEPOSITS AND INVESTMENTS

KIPP Nashville does not have formal deposit policies that address its exposure to custodial credit risk, however does limit deposits to those instruments allowed by applicable state laws. As of June 30, 2022, all bank deposits were fully collateralized and insured by institutions insured by the FDIC or with banks who participate in the Tennessee Bank Collateral Pool.

The bank and carrying balances of cash and cash equivalents were \$24,852,699 and \$24,120,177, respectively, with the difference due primarily to outstanding checks.

KIPP Nashville's investments consist of mutual funds recorded in its donor-restricted endowment fund. The endowment fund includes \$137,301 of net appreciation, which is presented in restricted fund balance in the permanent fund and is available for authorization for expenditure by the Board at year-end.

C. FAIR VALUE OF INVESTMENTS

KIPP Nashville categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

KIPP Nashville's recurring fair value measurements as of June 30, 2022 include mutual funds valued at \$267,601 using quoted market prices (Level 1 inputs).

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

D. CAPITAL ASSETS

Capital assets activity for governmental activities for the year was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets, not being depreciated:				
Land	\$ 2,071,624	\$ 8,427,501	\$ -	\$ 10,499,125
Construction in progress	<u>14,727,198</u>	<u>9,785,376</u>	<u>(14,202,177)</u>	<u>10,310,397</u>
Total capital assets not being depreciated	<u>16,798,822</u>	<u>18,212,877</u>	<u>(14,202,177)</u>	<u>20,809,522</u>
Capital assets, being depreciated:				
Classroom:				
Furniture	1,060,838	271,564	-	1,332,402
Instructional hardware and software	2,551,609	123,306	-	2,674,915
Equipment	635,616	219,146	-	854,762
Administrative:				
Furniture and equipment	880,149	21,513	-	901,662
Computer hardware and software	258,355	157,356	-	415,711
Maintenance	200,823	-	-	200,823
Leasehold improvements	566,417	-	-	566,417
Buildings and improvements	25,805,432	58,549	14,202,177	25,805,432
Transportation	<u>1,619,320</u>	<u>131,500</u>	<u>-</u>	<u>1,750,820</u>
Accumulated depreciation	<u>(6,362,994)</u>	<u>(2,185,693)</u>	<u>-</u>	<u>(8,548,687)</u>
Total capital assets being depreciated, net	<u>27,215,565</u>	<u>(1,202,759)</u>	<u>14,202,177</u>	<u>40,214,983</u>
Total capital assets, net	<u>\$ 44,014,387</u>	<u>\$ 17,010,118</u>	<u>\$ -</u>	<u>\$ 61,024,505</u>

Depreciation was charged to governmental activities as follows:

Student instruction and services	\$1,311,416
Administration	874,277
Fundraising	<u>-</u>
	<u>\$2,185,693</u>

Construction in progress at June 30, 2022 relates primarily to the construction on the KIPP Antioch College Prep High School facilities.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

E. LONG-TERM DEBT AND LINE-OF-CREDIT

The following is a summary of debt obligations, excluding unamortized premiums, outstanding as of June 30, 2022:

Bond payable for building purchase and construction, principal amount not to exceed \$12,475,000, bearing interest at 4.15%; interest only payments through November 2020, interest and principal payments in equal monthly installments thereafter based on a 25-year mortgage amortization due in October 2045. Collateralized by real estate.	\$ 11,987,274
Bond payable for building purchase and construction, principal amount not to exceed \$10,500,000, bearing interest at 4.1%; interest and principal payments in equal monthly installments based on a 30-year mortgage amortization due in June 2049. Collateralized by real estate.	9,926,367
Bond payable for building construction, principal amount of \$16,991,883, bearing interest at 5.00%; interest only payments through August 1, 2021, interest and principal payments in equal monthly installments of \$92,582 thereafter through July 2050. Collateralized by real estate.	16,747,220
Note payable for building purchase, principal amount of \$7,250,000, bearing interest at 0.00%; entire principal amount due in November 2022. Collateralized by real estate.	<u>7,250,000</u>
	45,910,861
Amount due in one year	<u>(8,044,499)</u>
Long-term portion	<u>\$ 37,866,362</u>

Long-term debt activity for the year ended June 30, 2022 is as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions/</u> <u>Borrowings</u>	<u>Amortization/</u> <u>Forgiveness/</u> <u>Repayments</u>	<u>Balance</u> <u>June 30, 2022</u>
Bond Payable	\$12,283,707	\$ -	\$ 296,433	\$11,987,274
Bond Payable	10,122,420	-	196,053	9,926,367
Bond Payable	16,991,883	-	244,663	16,747,220
Bond premium	2,116,411	-	72,770	2,043,641
Note Payable	32,650	-	32,650	-
Note Payable	11,441	-	11,441	-
Note Payable	6,559	-	6,559	-
Note Payable	<u>-</u>	<u>7,250,000</u>	<u>-</u>	<u>7,250,000</u>
Total	<u>\$41,565,071</u>	<u>\$ 7,250,000</u>	<u>\$ 787,799</u>	<u>\$47,954,502</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

E. LONG- TERM DEBT AND LINE-OF-CREDIT - Continued

Estimated future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2023	\$ 1,688,821	\$ 8,044,499
2024	1,653,991	829,330
2025	1,614,885	868,434
2026	1,575,324	907,996
2027	1,533,945	949,374
2028 - 2032	6,981,683	5,434,920
2033 - 2037	5,620,190	6,796,411
2038 - 2042	3,915,892	8,500,710
2043 - 2047	1,825,550	9,244,983
2048 - 2051	<u>188,133</u>	<u>4,334,204</u>
Total	<u>\$26,598,414</u>	<u>\$45,910,861</u>

The notes payable contain clauses whereas in the event of default, the principal and outstanding accrued interest of all outstanding obligations may be declared, and shall become, immediately due and payable as provided in the agreements. Proceeds from the sale of collateral shall be used toward expenses incurred by the lender first, followed by outstanding interest and principal.

E. LONG- TERM DEBT AND LINE-OF-CREDIT - Continued

Under the bond payable, KIPP Nashville is required to maintain certain financial covenants. Management believes they are in compliance with all covenants at June 30, 2022.

KIPP Nashville has a \$2,450,000 line-of-credit agreement with a financial institution. The line-of-credit bears interest at a variable rate of the financial institution's index rate plus 0.750% and remains in effect until May 2023. As of June 30, 2022, no amounts were outstanding under the agreement and there was no activity on the line-of-credit during the year ended June 30, 2022.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

F. LEASE ARRANGEMENTS

The facilities used to provide educational services for KIPP Academy Nashville and KIPP Nashville Collegiate High are provided under a lease arrangement with the Metropolitan Government of Nashville and Davidson County. The lease is for a ten-year period ending on June 30, 2024 and includes an option to extend the for an additional five-year period. KIPP Nashville anticipates executing the renewal option. The interest rate on the lease is KIPP Nashville’s incremental borrowing rate of 5.00%. In fiscal year 2018, a new annual base rent, payable monthly, was determined based on the actual cost of operating the premises. Beginning in fiscal year 2019 through the lease termination, the annual base rent will increase by 3% annually.

The facilities used to provide educational services for KIPP Kirkpatrick Elementary are provided under a lease arrangement with the Metropolitan Nashville Board of Public Education. The lease is for a ten-year period ending on June 30, 2025. The interest rate on the lease is KIPP Nashville’s incremental borrowing rate of 5.00%. The lease arrangement requires KIPP Nashville to pay a monthly rent based on square footage. The rental rent increases by 2% annually.

The components of lease expense for the year ended June 30, 2022 is as follows:

	<u>Year Ending June 30, 2022</u>
Lease Expense	
Amortization expense by class of underlying assets	
Building	<u>\$ 744,639</u>
Total amortization expense	744,640
Interest on lease liabilities	<u>269,681</u>
Total	<u><u>\$1,014,321</u></u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

F. LEASE ARRANGEMENTS - Continued

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Modifications and Remeasurements</u>	<u>Subtractions</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
Lease Assets						
Building	\$ -	\$ 5,565,519	\$ -	\$ -	\$ 5,565,519	
Less: Accumulated Amortization						
Building	-	(744,640)	-	-	(744,640)	
Total Lease Asset, net	<u>\$ -</u>	<u>\$ 4,911,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,911,879</u>	
Lease Liabilities	<u>\$ -</u>	<u>\$ 5,565,519</u>	<u>\$ -</u>	<u>\$(564,989)</u>	<u>\$ 5,091,530</u>	<u>\$598,239</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 598,239	\$ 240,990	\$ 839,229
2024	653,683	209,819	863,502
2025	712,691	175,795	888,486
2026	712,061	140,175	852,236
2027	723,092	104,321	827,413
2028-2029	<u>1,691,764</u>	<u>90,174</u>	<u>1,781,938</u>
	<u>\$5,091,530</u>	<u>\$ 961,274</u>	<u>\$6,052,804</u>

G. RECEIVABLES AND RELATED DEFERRED INFLOWS OF RESOURCES

Receivables at June 30, 2022, consist of the following:

Contributions for future periods and/or specific purposes	\$ 163,291
District funding	3,572,455
Grants	4,705,831
Food service	<u>215,231</u>
	<u>\$8,656,808</u>

Amounts reflected in deferred inflows of resources, relating to contributions designated for future periods, totaled \$-0- at June 30, 2022, in the government-wide statements and the governmental funds.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

H. RELATED PARTY TRANSACTIONS

KIPP Nashville pays a licensing fee to KIPP Foundation equal to 1% of state and local per-pupil funding received not to exceed \$30,000 per school. The agreement is for automatically renewable one-year terms. Total license fees incurred for the year ended June 30, 2022, were \$210,000.

I. CONCENTRATION

KIPP Nashville received 72% of its funding for operations based on the State of Tennessee’s Basic Education Program (BEP). BEP funding is designated to schools based on student attendance. Gross BEP funding for the year ended June 30, 2022, was \$42,825,342. Outside fundraising for capital and other needs is on-going since the charter school agreements with MNPS do not include allocations for capital expenditures.

J. PENSIONS

KIPP Nashville, similar to MNPS and all Tennessee Public Charter Schools in the MNPS and State Charter System, participates in the following defined benefit pension plans (collectively the “Pension Plans”):

Certificated Employees

Tennessee Consolidated Retirement System (collectively the “TCRS Plans”):

- Teacher Legacy Pension Plan – KIPP Nashville Schools
- Teacher Legacy Pension Plan – KIPP Antioch College Prep Elementary
- Teacher Legacy Pension Plan – KIPP Antioch College Prep Middle
- Teacher Retirement Plan – KIPP Nashville Schools
- Teacher Retirement Plan – KIPP Antioch College Prep Elementary
- Teacher Retirement Plan – KIPP Antioch College Prep Middle

Non-Certificated Employees

Metropolitan Government of Nashville and Davidson County, Tennessee
(the “Metropolitan Government”):

- Metro Pension Plan of the Metropolitan Employees Benefit Trust
(the “Metro Plan”)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS and the Metropolitan Government. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Pension Plans. Investments are reported at fair value.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

(I.) TCRS Plans

(A) General Information - TCRS Plans

Description of the TCRS Plans

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by KIPP Nashville with memberships in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly.

Teacher Legacy Pension Plan

Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Teacher Retirement Plan

Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly (or by automatic cost controls set out in law for the Teacher Retirement Plan). Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the TCRS Plans are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Teacher Legacy Pension Plan

Employer contributions by KIPP Nashville for the year ended June 30, 2022 to the Teacher Legacy Pension Plan were as follows:

KIPP Nashville Schools	\$238,086
KIPP Antioch College Prep Elementary	63,985
KIPP Antioch College Prep Middle	<u>30,413</u>
	<u>\$332,484</u>

Contributions are 10.30 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Teacher Retirement Plan

Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. Employer contributions by KIPP Nashville for the year ended June 30, 2022 to the Teacher Retirement Plan were as follows:

KIPP Nashville Schools	\$155,473
KIPP Antioch College Prep Elementary	33,862
KIPP Antioch College Prep Middle	<u>22,971</u>
	<u>\$212,306</u>

Contributions are 2.01 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

(B) Pension Liabilities (Assets) - TCRS Plans

Pension Liability (Asset)

Teacher Legacy Pension Plan

At June 30, 2022, KIPP Nashville reported an asset for its proportionate share of the net pension liability (asset) as follows:

KIPP Nashville Schools	\$(2,915,057)
KIPP Antioch College Prep Elementary	(712,946)
KIPP Antioch College Prep Middle	<u>(269,164)</u>
	<u>\$(3,897,167)</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. KIPP Nashville’s proportion of the net pension asset was based on KIPP Nashville’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021 and 2020, KIPP Nashville’s proportion was as follows:

	<u>Measurement Date</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
KIPP Nashville Schools	0.067584%	0.063820%
KIPP Antioch College Prep Elementary	0.016529%	0.014367%
KIPP Antioch College Prep Middle	0.006240%	0.006986%

Teacher Retirement Plan

At June 30, 2022, KIPP Nashville reported an asset for its proportionate share of the net pension liability (asset) as follows:

KIPP Nashville Schools	\$(505,079)
KIPP Antioch College Prep Elementary	(71,988)
KIPP Antioch College Prep Middle	<u>(55,434)</u>
	<u>\$(632,501)</u>

The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. KIPP Nashville’s proportion of the net pension asset was based on KIPP Nashville’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021 and 2020, KIPP Nashville’s proportion was as follows:

	<u>Measurement Date</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
KIPP Nashville Schools	0.466279%	0.493986%
KIPP Antioch College Prep Elementary	0.066458%	0.072185%
KIPP Antioch College Prep Middle	0.051176%	0.028011%

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Actuarial Assumptions

Teacher Legacy Pension Plan and Teacher Retirement Plan

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	2.125 percent

Mortality rates are customized based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

Teacher Legacy Pension Plan and Teacher Retirement Plan

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(II.) Metro Plan

(A) General Information - Metro Plan

Plan Description

The Metro Plan is established under the authority of the Metropolitan Charter, Article XIII. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also required that the pension plan be actuarially sound. Administrative costs of the plan are financed through plan assets. The plan is managed by the Metropolitan Employee Benefit Board, an independent board, created by the Metropolitan Charter. The Board is composed of ten members as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by the employees and retirees of the Metropolitan Government. Additional information about the Metro Plan can be found in the publicly available comprehensive annual financial report of the Metropolitan Government. That report may be obtained at www.nashville.gov.

Benefits Provided

As of July 1, 1995, Division B of the Metro Plan was established for all non-certificated employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metro Government employees. Employees with an effective hire date of July 1, 1995, or later are only eligible to participate in Division B of the Metro Plan.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Normal retirement for KIPP Nashville employees participating in the Metro Plan occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited service equals 85, but not before age 60; or (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75 percent of average earnings based upon the previous 60 consecutive months of credit service which produce the highest earnings. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012, who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013. An early retirement option, with reduced benefits, is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 and after the completion of 10 years of credited employee service.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefit to any plan members or beneficiaries.

Contributions

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All funding is provided under an actuarially recommended employee contribution rate of 12.881 percent for the non-certificated employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metropolitan Government Employees. Contributions to the plan for the year ended June 30, 2022 were \$747,728.

(B) Pension Liabilities - Metro Plan

Pension Liability

KIPP Nashville reported an asset of \$(1,361,360) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2021. KIPP Nashville's proportion of the net pension asset was based on KIPP Nashville's share of contributions to the pension plan during the year ended June 30, 2022, relative to all contributions for 2022. At the measurement date of June 30, 2022, KIPP Nashville's proportion was 0.805748 percent. The proportion measured as of June 30, 2021 was 0.685004 percent.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021. Actuarial assumptions are summarized below:

Inflation	2.5 percent
Salary increases	4.0 percent
Investment rate of return	7.00 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	1.25 percent

Mortality rates were based on the 115% RP-2014 Blue Collar Table (projected to 2023 using Scale MP-17), as determined by the period actuarial experience study. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period 2012 to 2017.

The long-term expected rate of return on pension plan investments was established in conjunction with the most recent actuarial experience study completed February 20, 2018, by considering the following three techniques: (1) the 20-year historical return of the Metro Open Plan at June 30, 2017, (2) the historical market returns of asset classes from 1926 to 2017, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 2.5 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.1%	24%
International equity	5.3%	16%
Equity hedge	7.9%	10%
Core plus fixed income	2.3%	20%
Fixed income alternatives	2.7%	10%
Real estate	4.9%	10%
Private equity	7.9%	10%
		<u>100%</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. Based on the Metro Plan assumptions and funding policy, the fiduciary net position for the plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

(I.) Pension Liabilities (Assets), Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Pension Plans

Pension Liabilities (Assets)

KIPP Nashville reports the following net pension liability (asset) as of June 30, 2022:

TCRS Legacy Plan – KIPP Nashville Schools	\$(2,915,057)
TCRS Legacy Plan – KIPP Antioch College Prep Elementary	(712,946)
TCRS Legacy Plan – KIPP Antioch College Prep Middle	(269,164)
TCRS Retirement Plan – KIPP Nashville Schools	(505,079)
TCRS Retirement Plan – Antioch College Prep Elementary	(71,988)
TCRS Retirement Plan – Antioch College Prep Middle	(55,434)
Metro Plan	<u>(1,361,360)</u>
Net pension asset	<u>\$(5,891,028)</u>

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent for the TCRS Plans and 7.00 percent for the Metro Plan, as well as what the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent for the TCRS Plans and 6.00 percent for the Metro Plan) or 1-percentage-point higher (7.75 percent for the TCRS Plans and 8.00 percent for the Metro Plan) than the current rate:

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Proportionate share of the net pension liability (asset):			
TCRS Legacy Plan –			
KIPP Nashville Schools	\$(518,782)	\$(2,915,057)	\$(4,909,235)
KIPP Antioch College Prep Elementary	(126,880)	(712,946)	(1,200,669)
KIPP Antioch College Prep Middle	(47,902)	(269,164)	(453,297)

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
TCRS Retirement Plan –			
KIPP Nashville Schools	173,633	(505,079)	(1,005,654)
KIPP Antioch College Prep Elementary	24,748	(71,988)	(143,334)
KIPP Antioch College Prep Middle	19,057	(55,434)	(110,374)
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Metro Plan	<u>4,602,728</u>	<u>(1,361,360)</u>	<u>(6,276,184)</u>
Total	<u>\$ 4,126,602</u>	<u>\$(5,891,028)</u>	<u>\$(14,098,747)</u>

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plans' respective fiduciary net position is available in separately issued TCRS and Metropolitan Government financial reports.

Pension Expense

For the year ended June 30, 2022, KIPP Nashville recognized pension expense (negative pension expense) as follows:

TCRS Legacy Plan –	
KIPP Nashville Schools	\$(721,153)
KIPP Antioch College Prep Elementary	(185,443)
KIPP Antioch College Prep Middle	(76,384)
TCRS Retirement Plan -	
KIPP Nashville Schools	(91,603)
KIPP Antioch College Prep Elementary	(27,337)
KIPP Antioch College Prep Middle	(19,014)
Metro Plan	<u>(724,811)</u>
Negative pension expense	<u>\$(1,845,745)</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2022, KIPP Nashville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
TCRS Legacy Plan -		
KIPP Nashville Schools	\$ 9,796	\$ 243,125
KIPP Antioch College Prep Elementary	2,396	59,462
KIPP Antioch College Prep Middle	905	22,449
TCRS Retirement Plan		
KIPP Nashville Schools	8,787	92,419
KIPP Antioch College Prep Elementary	1,252	13,172
KIPP Antioch College Prep Middle	964	10,143
Metro Plan	639,495	148,463
Changes in assumptions		
TCRS Legacy Plan -		
KIPP Nashville Schools	778,854	-
KIPP Antioch College Prep Elementary	190,487	-
KIPP Antioch College Prep Middle	71,916	-
TCRS Retirement Plan		
KIPP Nashville Schools	182,177	-
KIPP Antioch College Prep Elementary	25,965	-
KIPP Antioch College Prep Middle	19,995	-
Metro Plan	1,015,508	-
Net difference between projected and actual earnings on pension plan investments		
TCRS Legacy Plan -		
KIPP Nashville Schools	-	2,324,693
KIPP Antioch College Prep Elementary	-	568,558
KIPP Antioch College Prep Middle	-	214,652
TCRS Retirement Plan		
KIPP Nashville Schools	-	290,737
KIPP Antioch College Prep Elementary	-	41,438
KIPP Antioch College Prep Middle	-	31,909
Metro Plan	-	2,727,525

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Changes in proportion of net pension liability (asset)

TCRS Legacy Plan -		
KIPP Nashville Schools	19,763	18,761
KIPP Antioch College Prep Elementary	-	23,450
KIPP Antioch College Prep Middle	3,714	10,303
TCRS Retirement Plan		
KIPP Nashville Schools	35,943	9,053
KIPP Antioch College Prep Elementary	2,685	26,624
KIPP Antioch College Prep Middle	-	22,183
Metro Plan	588,203	2,148
Contributions subsequent to the measurement date of June 30, 2021		
TCRS Legacy Plan -		
KIPP Nashville Schools	238,086	-
KIPP Antioch College Prep Elementary	63,985	-
KIPP Antioch College Prep Middle	30,413	-
TCRS Retirement Plan		
KIPP Nashville Schools	155,473	-
KIPP Antioch College Prep Elementary	33,862	-
KIPP Antioch College Prep Middle	22,971	-
Metro Plan	<u>not applicable</u>	<u>not applicable</u>
Totals	<u>\$4,143,595</u>	<u>\$6,901,267</u>

KIPP Nashville's employer contributions of \$544,790 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	TCRS Legacy Plan			TCRS Retirement Plan			Metro Plan	Total
	KIPP Nashville Schools	KIPP Antioch College Prep Elementary	KIPP Antioch College Prep Middle	KIPP Nashville Schools	KIPP Antioch College Prep Elementary	KIPP Antioch College Prep Middle		
2023	\$(413,143)	\$(113,299)	\$(42,940)	\$(61,325)	\$(11,495)	\$(9,109)	\$(687,301)	\$(1,338,612)
2024	(402,924)	(107,922)	(40,910)	(59,734)	(11,268)	(8,934)	(550,810)	(1,182,502)
2025	(334,731)	(83,929)	(29,091)	(59,280)	(11,204)	(8,885)	(665,992)	(1,193,112)
2026	(627,368)	(153,437)	(57,928)	(66,596)	(12,246)	(9,688)	743,244	(184,019)
2027	-	-	-	10,950	(1,194)	(1,177)	264,835	273,414
Thereafter	-	-	-	70,683	(3,925)	(5,483)	261,094	322,369

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

J. PENSIONS - Continued

Payable to the Pension Plans

At June 30, 2022, KIPP Nashville reported a payable for the outstanding amount of contributions required to the Pension Plans as follows:

TCRS Legacy Plan –	
KIPP Nashville Schools	\$ 19,027
KIPP Antioch College Prep Elementary	4,342
KIPP Antioch College Prep Middle	2,510
TCRS Retirement Plan -	
KIPP Nashville Schools	27,280
KIPP Antioch College Prep Elementary	6,911
KIPP Antioch College Prep Middle	4,021
Metro Plan	<u>70,490</u>
	<u>\$134,581</u>

Defined Contribution Plan

The TCRS Retirement Plan has a defined contribution component to the plan. Under the terms of the Plan for the defined contribution component, employees contribute 2% of their salaries to the plan, but are allowed an opt out feature. KIPP Nashville is required to contribute 5% of annual salaries, to an individual employee account. For the year ended June 30, 2022, KIPP Nashville recognized pension expense of \$528,956 related to the defined contribution component of the plan. Employees are immediately vested in the plan.

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST

Legal Provisions

KIPP Nashville is a member of the Tennessee Consolidated Retirement System (“TCRS”) Stabilization Reserve Trust. KIPP Nashville has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (“TCA”), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member’s funds are restricted for the payment of retirement benefits of that member’s employees. Trust funds are not subject to the claims of general creditors of KIPP Nashville.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. KIPP Nashville may not impose any restrictions on investments placed by the trust on their behalf.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (“TRGT”). The TRGT is not registered with the Securities and Exchange Commission (“SEC”) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool’s underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2022, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table on the next page.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes, and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2022, the KIPP Nashville’s assets balance were as follows:

KIPP Nashville Schools	\$556,930
KIPP Antioch College Prep Elementary	85,207
KIPP Antioch College Prep Middle	<u>45,983</u>
	<u>\$688,120</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

As of June 30, 2022, KIPP Nashville had the following investments held by the trust on its behalf:

KIPP Nashville Schools

<u>Investment</u>	Weighted Average Maturity (days)	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$172,649
Developed Market International Equity	N/A	N/A	77,970
Emerging Market International Equity	N/A	N/A	22,277
U.S. Fixed Income	N/A	N/A	111,386
Real Estate	N/A	N/A	55,693
Short-term Securities	N/A	N/A	5,569
NAV-Private Equity and Strategic Lending	N/A	N/A	<u>111,386</u>
Total			<u>\$556,930</u>

<u>Investment by Fair Value Level</u>	<u>Fair Value June 30, 2022</u>	<u>Fair Value Measurements Using</u>			<u>NAV</u>
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
U.S. Equity	\$172,649	\$172,649	\$ -	\$ -	\$ -
Developed Market International Equity	77,970	77,970	-	-	-
Emerging Market International Equity	22,277	22,277	-	-	-
U.S. Fixed Income	111,386	-	111,386	-	-
Real Estate	55,693	-	-	55,693	-
Short-term Securities	5,569	-	5,569	-	-
Private Equity and Strategic Lending	<u>111,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,386</u>
Total	<u>\$556,930</u>	<u>\$272,896</u>	<u>\$116,955</u>	<u>\$55,693</u>	<u>\$111,386</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

KIPP Antioch College Prep Elementary

<u>Investment</u>	Weighted Average Maturity (days)	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$26,414
Developed Market International Equity	N/A	N/A	11,929
Emerging Market International Equity	N/A	N/A	3,408
U.S. Fixed Income	N/A	N/A	17,041
Real Estate	N/A	N/A	8,521
Short-term Securities	N/A	N/A	852
NAV-Private Equity and Strategic Lending	N/A	N/A	<u>17,042</u>
Total			<u>\$85,207</u>

<u>Investment by Fair Value Level</u>	<u>Fair Value June 30, 2022</u>	<u>Fair Value Measurements Using</u>			<u>NAV</u>
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
U.S. Equity	\$26,414	\$26,414	\$ -	\$ -	\$ -
Developed Market International Equity	11,929	11,929	-	-	-
Emerging Market International Equity	3,408	3,408	-	-	-
U.S. Fixed Income	17,041	-	17,041	-	-
Real Estate	8,521	-	-	8,521	-
Short-term Securities	852	-	852	-	-
Private Equity and Strategic Lending	<u>17,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,042</u>
Total	<u>\$85,207</u>	<u>\$41,751</u>	<u>\$17,893</u>	<u>\$8,521</u>	<u>\$17,042</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

KIPP Antioch College Prep Middle

<u>Investment</u>	Weighted Average Maturity (days)	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$14,254
Developed Market International Equity	N/A	N/A	6,438
Emerging Market International Equity	N/A	N/A	1,839
U.S. Fixed Income	N/A	N/A	9,197
Real Estate	N/A	N/A	4,598
Short-term Securities	N/A	N/A	460
NAV-Private Equity and Strategic Lending	N/A	N/A	<u>9,197</u>
Total			<u>\$45,983</u>

Investment by <u>Fair Value Level</u>	Fair Value <u>June 30, 2022</u>	<u>Fair Value Measurements Using</u>			<u>NAV</u>
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$14,254	\$14,254	\$ -	\$ -	\$ -
Developed Market International Equity	6,438	6,438	-	-	-
Emerging Market International Equity	1,839	1,839	-	-	-
U.S. Fixed Income	9,197	-	9,197	-	-
Real Estate	4,598	-	-	4,598	-
Short-term Securities	460	-	460	-	-
Private Equity and Strategic Lending	<u>9,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,197</u>
Total	<u>\$45,983</u>	<u>\$22,531</u>	<u>\$9,657</u>	<u>\$4,598</u>	<u>\$9,197</u>

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

K. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Risks and Uncertainties

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds, and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. KIPP Nashville does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. KIPP Nashville does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. KIPP Nashville places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of KIPP Nashville to pay retirement benefits of KIPP Nashville's employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at

<https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2020/ag19091.pdf>.

KIPP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

L. CONTINGENCIES AND RISK MANAGEMENT

KIPP Nashville is exposed to various risk of loss relating to torts, theft of, damage to, and destruction of assets; errors or omissions; illness or injuries to employees; and natural disasters. KIPP Nashville carries insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

KIPP Nashville may become subject to various claims and legal actions, which arise in the ordinary course of business. In the opinion of management, in consultation with legal counsel, the ultimate resolution of such matters will not have a material adverse effect on KIPP Nashville's financial position or results of operations, as of the date of these financial statements.

KIPP Nashville receives awards and financial assistance through federal, state, local and private agencies. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Purpose School Fund or Federal and State Grants Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position, and accordingly, no provision has been made within the financial statements.

M. COMMITMENTS AND SUBSEQUENT EVENTS

During fiscal year 2022, KIPP Nashville began construction on the KIPP Antioch College Prep High School building. The costs incurred through June 30, 2022 are included in construction in progress, as described in Note D. The capital project is to be completed in fiscal year 2024 with an expected cost to completion of \$50 million.

Management has evaluated subsequent events through December 30, 2022, the date at which the financial statements were available for issuance, and has determined that there is one subsequent event requiring disclosure:

In August 2022, KIPP Nashville entered into a loan agreement (the "Agreement") with a financial institution and the Arizona Industrial Development Authority (the "Issuer") to refinance certain existing debt and to fund the purchase and construction of the KIPP Antioch College Prep High School campus, as well as certain other campus improvements. Under the Agreement, the Issuer issued its Education Revenue Bonds Series 2022A in the original principal amount of \$21,600,000 and Education Revenue Bonds Series 2022B in the original principal amount of \$645,000, the proceeds of which were used to fund the loan to KIPP Nashville. The Series 2022A Bonds bear interest at 5.00% and are payable through July 2057. The Series 2022B Bonds bear interest at 5.25% and are payable through July 2027.

REQUIRED SUPPLEMENTARY INFORMATION

KIPP NASHVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
FISCAL YEAR ENDED JUNE 30,

<u>Teacher Legacy Plan of TCRS - KIPP Nashville Schools</u>	2015	2016	2017	2018	2019	2020	2021	2022
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset)	0.03650%	0.04561%	0.054431%	0.057861%	0.751190%	0.067623%	0.063820%	0.067584%
Proportionate share of the net pension liability (asset)	\$ (5,938)	\$ 18,684	\$ 340,162	\$ (18,931)	\$ (264,336)	\$ (695,286)	\$ (486,671)	\$ (2,915,057)
Covered payroll	\$ 1,444,609	\$ 1,707,398	\$ 1,964,845	\$ 2,045,371	\$ 2,630,414	\$ 2,267,500	\$ 2,124,081	\$ 2,218,217
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.93%	-10.05%	-30.66%	-22.91%	-131.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%
<u>Teacher Legacy Plan of TCRS - KIPP Antioch College Prep Elementary</u>	2015 (2)	2016 (2)	2017 (2)	2018 (2)	2019 (2)	2020	2021	2022
Measurement date						June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset)						0.007362%	0.014367%	0.016529%
Proportionate share of the net pension liability (asset)						\$ (75,691)	\$ (109,560)	\$ (712,946)
Covered payroll						\$ 246,847	\$ 478,179	\$ 542,752
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll						-30.66%	-22.91%	-131.36%
Plan fiduciary net position as a percentage of the total pension liability						104.28%	103.09%	116.13%
<u>Teacher Legacy Plan of TCRS - KIPP Antioch College Prep Middle</u>	2015 (3)	2016 (3)	2017 (3)	2018 (3)	2019 (3)	2020 (3)	2021	2022
Measurement date							June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset)							0.006986%	0.006240%
Proportionate share of the net pension liability (asset)							\$ (53,269)	\$ (269,164)
Covered payroll							\$ 232,495	\$ 204,821
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll							-22.91%	-131.41%
Plan fiduciary net position as a percentage of the total pension liability							103.09%	116.13%
<u>Teacher Retirement Plan of TCRS - KIPP Nashville Schools</u>	2015 (1)	2016	2017	2018	2019	2020	2021	2022
Measurement date		June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset)		0.28347%	0.49256%	0.54908%	0.555711%	0.517855%	0.493986%	0.466279%
Proportionate share of the net pension liability (asset)		\$ (11,404)	\$ (51,277)	\$ (144,867)	\$ (252,032)	\$ (292,322)	\$ (280,900)	\$ (505,079)
Covered payroll		\$ 588,983	\$ 2,167,299	\$ 3,603,816	\$ 4,856,244	\$ 5,479,995	\$ 6,233,749	\$ 6,729,466
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll		-1.94%	-2.37%	-4.02%	-5.19%	-5.33%	-4.51%	-7.51%
Plan fiduciary net position as a percentage of the total pension liability		127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%

See independent auditor's report.

KIPP NASHVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET) - Continued
FISCAL YEAR ENDED JUNE 30,

<u>Teacher Retirement Plan of TCRS - KIPP Antioch College Prep Elementary</u>	<u>2015 (1)</u>	<u>2016 (2)</u>	<u>2017 (2)</u>	<u>2018 (2)</u>	<u>2019 (2)</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Measurement date						June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset)						0.048456%	0.072185%	0.066458%
Proportionate share of the net pension liability (asset)						\$ (27,353)	\$ (41,049)	\$ (71,988)
Covered payroll						\$ 512,770	\$ 910,933	\$ 959,243
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll						-5.33%	-4.51%	-7.50%
Plan fiduciary net position as a percentage of the total pension liability						123.07%	116.52%	121.53%
<u>Teacher Retirement Plan of TCRS - KIPP Antioch College Prep Middle</u>	<u>2015 (1)</u>	<u>2016 (3)</u>	<u>2017 (3)</u>	<u>2018 (3)</u>	<u>2019 (3)</u>	<u>2020 (3)</u>	<u>2021</u>	<u>2022</u>
Measurement date							June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset)							0.028011%	0.051176%
Proportionate share of the net pension liability (asset)							\$ (15,928)	\$ (55,434)
Covered payroll							\$ 353,478	\$ 738,584
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll							-4.51%	-7.51%
Plan fiduciary net position as a percentage of the total pension liability							116.52%	121.53%
<u>Metro Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Proportion of the net pension liability (asset)	0.27630%	0.32560%	0.32149%	0.44271%	0.54510%	0.56733%	0.68500%	0.80575%
Proportionate share of the net pension liability (asset)	\$ 190,396	\$ 720,604	\$ 131,313	\$ 262,268	\$ 401,750	\$ 1,229,964	\$ (3,919,853)	\$ (1,361,360)
Covered payroll	\$ 1,444,705	\$ 1,841,314	\$ 1,924,498	\$ 2,745,924	\$ 3,412,034	\$ 3,615,105	\$ 4,800,089	\$ 5,804,891
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.18%	39.14%	6.82%	9.55%	11.77%	34.02%	-81.66%	-23.45%
Plan fiduciary net position as a percentage of the total pension liability	97.57%	92.39%	98.64%	97.45%	96.37%	93.79%	115.75%	104.35%

The amounts presented in this schedule were determined as of the measurement date.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(1) Information is not applicable for 2015 in this schedule for the Teacher Retirement Plan of TCRS as the measurement date was June 30, 2014, and the Teacher Retirement Plan did not commence until July 1, 2014.

(2) Information is not applicable for 2015-2019 in this schedule for the Teacher Legacy Plan of TCRS - KIPP Antioch College Prep Elementary, as the the Plan did not commence for this School until July 1, 2019.

(3) Information is not applicable for 2015-2020 in this schedule for the Teacher Legacy Plan of TCRS - KIPP Antioch College Prep Middle, as the the Plan did not commence for this School until July 1, 2020.

See independent auditor's report.

KIPP NASHVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FISCAL YEAR ENDING JUNE 30.

<u>Teacher Legacy Pension Plan of TCRS - KIPP Nashville Schools</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarial Determined Contributions (ADC)	\$ 128,281	\$ 154,438	\$ 177,622	\$ 184,902	\$ 238,842	\$ 237,180	\$ 225,790	\$ 227,811	\$ 238,086
Contributions in relation to the actuarially determined contribution	<u>128,281</u>	<u>154,438</u>	<u>177,622</u>	<u>184,902</u>	<u>238,842</u>	<u>237,180</u>	<u>225,790</u>	<u>227,811</u>	<u>238,086</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,444,609	\$ 1,707,389	\$ 1,964,845	\$ 2,045,371	\$ 2,630,419	\$ 2,267,495	\$ 2,124,083	\$ 2,218,217	\$ 2,311,515
Contributions as a percentage of covered payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%
<u>Teacher Legacy Plan of TCRS - KIPP Antioch College Prep Elementary</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarial Determined Contributions (ADC)	Not applicable	\$ 25,820	\$ 50,830	\$ 55,717	\$ 63,985				
Contributions in relation to the actuarially determined contribution						<u>25,820</u>	<u>50,830</u>	<u>55,717</u>	<u>63,985</u>
Contribution deficiency (excess)						\$ -	\$ -	\$ -	\$ -
Covered payroll						\$ 246,847	\$ 478,179	\$ 542,752	\$ 621,214
Contributions as a percentage of covered payroll						10.46%	10.63%	10.27%	10.30%
<u>Teacher Legacy Plan of TCRS - KIPP Antioch College Prep Middle</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarial Determined Contributions (ADC)	Not applicable	\$ 24,714	\$ 21,035	\$ 30,413					
Contributions in relation to the actuarially determined contribution							<u>24,714</u>	<u>21,035</u>	<u>30,413</u>
Contribution deficiency (excess)							\$ -	\$ -	\$ -
Covered payroll							\$ 232,495	\$ 204,821	\$ 295,272
Contributions as a percentage of covered payroll							10.63%	10.27%	10.30%
<u>Teacher Retirement Plan of TCRS - KIPP Nashville Schools</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 *</u>	<u>2020 *</u>	<u>2021 *</u>	<u>2022 *</u>
Actuarial Determined Contributions (ADC)	Not applicable	\$ 14,725	\$ 54,252	\$ 144,152	\$ 79,193	\$ 106,311	\$ 126,544	\$ 135,935	\$ 155,473
Contributions in relation to the actuarially determined contribution		<u>23,559</u>	<u>86,692</u>	<u>144,152</u>	<u>194,250</u>	<u>106,311</u>	<u>126,544</u>	<u>135,935</u>	<u>155,473</u>
Contribution deficiency (excess)		\$ (8,834)	\$ (32,440)	\$ -	\$ (115,057)	\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 588,983	\$ 2,167,299	\$ 3,603,816	\$ 4,856,244	\$ 5,479,948	\$ 6,233,749	\$ 6,729,466	\$ 7,734,975
Contributions as a percentage of covered payroll		4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%
<u>Teacher Retirement Plan of TCRS - KIPP Antioch College Prep Elementary</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 *</u>	<u>2020 *</u>	<u>2021 *</u>	<u>2022 *</u>
Actuarial Determined Contributions (ADC)	Not applicable	\$ 9,948	\$ 18,492	\$ 19,375	\$ 33,862				
Contributions in relation to the actuarially determined contribution						<u>9,948</u>	<u>18,492</u>	<u>19,375</u>	<u>33,862</u>
Contribution deficiency (excess)						\$ -	\$ -	\$ -	\$ -
Covered payroll						\$ 512,770	\$ 910,933	\$ 959,243	\$ 1,684,677
Contributions as a percentage of covered payroll						1.94%	2.03%	2.02%	2.01%

See independent auditor's report.

KIPP NASHVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - Continued
FISCAL YEAR ENDING JUNE 30.

<u>Teacher Retirement Plan of TCRS - KIPP Antioch College Prep Middle</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 *</u>	<u>2020 *</u>	<u>2021 *</u>	<u>2022 *</u>
Actuarial Determined Contributions (ADC)	Not applicable	\$ 7,176	\$ 14,919	\$ 22,971					
Contributions in relation to the actuarially determined contribution							7,176	14,919	22,971
Contribution deficiency (excess)							\$ -	\$ -	\$ -
Covered payroll							\$ 353,478	\$ 738,584	\$1,142,836
Contributions as a percentage of covered payroll							2.03%	2.02%	2.01%
<u>Metro Plan</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarial Determined Contributions (ADC)	\$ 144,260	\$ 259,859	\$ 285,587	\$ 237,483	\$ 338,847	\$ 421,045	\$ 446,104	\$ 592,331	\$ 747,728
Contributions in relation to the actuarially determined contribution	144,260	259,859	285,587	237,483	338,847	421,045	446,104	592,331	747,728
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 842,788	\$ 1,444,705	\$ 1,841,309	\$ 1,924,498	\$ 2,745,924	\$ 3,412,034	\$3,615,105	\$4,800,089	\$5,804,891
Contributions as a percentage of covered payroll	17.117%	17.987%	15.510%	12.340%	12.340%	12.340%	12.340%	12.340%	12.881%

* In fiscal years 2019, 2020, 2021, and 2022, the Organization placed the actuarially determined contribution rate (1.94%, 2.03%, 2.02%, and 2.01%, respectively) of covered payroll into the Teacher Retirement Plan of TCRS and placed 2.06%, 1.97%, 1.98%, and 1.99%, respectively, of covered payroll into the TCRS Stabilization Reserve Trust.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Changes of Assumptions for TCRS Plans. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed for the TCRS plans: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

SUPPLEMENTARY INFORMATION

KIPP NASHVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

<u>Program Name/Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Expenditures</u>
<u>Federal Awards</u>			
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Tennessee Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 742,709
School Lunch Program	10.555	N/A	1,278,496
Afterschool Meal Supplements	10.555	N/A	185,682
Supply Chain Disruption Grant	10.555	N/A	<u>47,033</u>
Total Child Nutrition Cluster			<u>2,253,920</u>
Pandemic EBT Administrative Cost Grant	10.649	N/A	<u>3,063</u>
Total U.S. Department of Agriculture			<u>2,256,983</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed through Tennessee Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	N/A	465,010
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	N/A	39,170
Education Stabilization Fund (ESF)			
Elementary and Secondary Education			
Emergency Relief Fund	84.425D *	N/A	236,804
American Rescue Plan - Elementary and Secondary Education Emergency Relief Fund	84.425U *	N/A	<u>622,990</u>
Total Education Stabilization Fund (ESF)			<u>859,794</u>
Total U.S. Department of Education			<u>1,363,974</u>
Total Federal Awards			<u>3,620,957</u>

See independent auditor's report.

KIPP NASHVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE - Continued
 YEAR ENDED JUNE 30, 2022

State Financial Assistance

TENNESSEE DEPARTMENT OF EDUCATION:

Basic Education Program - Capital Outlay	N/A	N/A	391,000
Safe Schools	N/A	N/A	27,200
Passed through Metropolitan Nashville Public Schools			
Basic Education Program	N/A	N/A	<u>42,825,342</u>
Total State Awards			<u>43,243,542</u>
Total Federal and State Awards			<u>\$ 46,864,499</u>

Note 1: The schedule of expenditures of federal awards and state financial assistance includes the federal grant activity 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) and the state grant activity presented in accordance with the requirements of the State of Tennessee. Because the schedule presents only a selected portion of the operations of KIPP Nashville, it is not intended to and does not present the financial position or changes in financial position of KIPP Nashville. The schedule is prepared using the accrual basis of accounting. 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.

Note 2: KIPP Nashville had no amounts which it passed-through to subrecipients.

Note 3: KIPP Nashville has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

* Major Program in accordance with the Uniform Guidance.

See independent auditor's report.

KIPP NASHVILLE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Forgiven During Period	Outstanding 6/30/2022
Governmental Activities:									
<u>BONDS PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
Series 2018 Education Revenue Bond	\$ 12,475,000	4.15%	10/03/2018	10/01/2045	\$ 12,283,707	\$ -	\$ 296,433	\$ -	\$ 11,987,274
Bond through Charter Impact Fund, Inc.	10,500,000	4.10%	06/05/2019	06/01/2049	10,122,420	-	196,053	-	9,926,367
Bond through the Equitable Facilities Fund	16,991,883	5.00%	06/22/2020	07/01/2050	16,991,883	-	244,663	-	16,747,220
Total Bonds Payable					<u>\$ 39,398,010</u>	<u>\$ -</u>	<u>\$ 737,149</u>	<u>\$ -</u>	<u>\$ 38,660,861</u>
<u>NOTES PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
Line-of-credit	\$ 2,450,000	variable	03/13/2014	05/20/2023	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable through Pinnacle Bank	235,000	4.25%	06/22/2017	06/22/2021	6,559	-	6,559	-	-
Note Payable through Pinnacle Bank	123,160	5.25%	03/26/2019	03/26/2022	32,650	-	32,650	-	-
Note Payable through Pinnacle Bank	182,250	4.90%	08/03/2018	08/03/2021	11,441	-	11,441	-	-
Note Payable through CV LHF, LLC	7,250,000	0.00%	04/02/2022	11/15/2022	-	7,250,000	-	-	7,250,000
Total Notes Payable					<u>\$ 50,650</u>	<u>\$ 7,250,000</u>	<u>\$ 50,650</u>	<u>\$ -</u>	<u>\$ 7,250,000</u>

See independent auditor's report.

KIPP NASHVILLE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
JUNE 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Restated Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2022
Governmental Activities:									
<u>LEASES PAYABLE</u>									
Payable through General Purpose School Fund									
Lease - KIPP Kirkpatrick building	\$ 300,597	5.00%	07/01/2021	06/30/2025	\$ 300,597	\$ -	\$ 68,306	\$ -	\$ 232,291
Lease - Highland Heights building	5,355,922	5.00%	07/01/2021	06/30/2029	5,355,922	-	496,683	-	4,859,239
Total Leases Payable					<u>\$ 5,656,519</u>	<u>\$ -</u>	<u>\$ 564,989</u>	<u>\$ -</u>	<u>\$ 5,091,530</u>

See independent auditor's report.

KIPP NASHVILLE
 SCHEDULE OF LEASE REQUIREMENTS BY YEAR
 JUNE 30, 2022

Year Ending June 30	Leases		
	Principal	Interest	Total
2023	\$ 598,239	\$ 240,990	\$ 839,229
2024	653,683	209,819	863,502
2025	712,691	175,795	888,486
2026	712,061	140,175	852,236
2027	723,092	104,321	827,413
2028-2029	1,691,764	90,174	1,781,938
Total	<u>\$ 5,091,530</u>	<u>\$ 961,274</u>	<u>\$ 6,052,804</u>

See independent auditor's report.

KIPP NASHVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Permanent KIPP Alumni Scholarship Fund	Total Nonmajor Governmental Funds
ASSETS		
Investments	\$ 267,601	\$ 267,601
Total assets	\$ 267,601	\$ 267,601
LIABILITIES		
Accounts payable and accrued expenditures	\$ -	\$ -
Total liabilities	-	-
FUND BALANCES		
Nonspendable	130,300	130,300
Restricted	137,301	137,301
Total fund balances	267,601	267,601
Total liabilities and fund balances	\$ 267,601	\$ 267,601

See independent auditor's report.

KIPP NASHVILLE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Permanent KIPP Alumni Scholarship Fund	Total Nonmajor Governmental Funds
REVENUES		
Contributions	\$ -	\$ -
Interest	15,951	15,951
Investment depreciation	<u>(56,232)</u>	<u>(56,232)</u>
Total revenues	<u>(40,281)</u>	<u>(40,281)</u>
EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(40,281)	(40,281)
FUND BALANCES, June 30, 2021	<u>307,882</u>	<u>307,882</u>
FUND BALANCES, June 30, 2022	<u>\$ 267,601</u>	<u>\$ 267,601</u>

See independent auditor's report.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP ACADEMY NASHVILLE
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,047,240	\$ 51,386	\$ -	\$ -	\$ 3,098,626
Investments	-	-	-	267,601	267,601
Receivables	378,904	-	809,890	-	1,188,794
Due from other funds	809,890	-	-	-	809,890
Other current assets	89,287	-	-	-	89,287
Restricted assets:					
TCRS Stabilization Reserve Trust	88,400	-	-	-	88,400
Total assets	<u>\$ 4,413,721</u>	<u>\$ 51,386</u>	<u>\$ 809,890</u>	<u>\$ 267,601</u>	<u>\$ 5,542,598</u>
LIABILITIES					
Accounts payable	\$ 148,030	\$ -	\$ -	\$ -	\$ 148,030
Accrued expenditures	192,049	-	-	-	192,049
Due to other funds	-	-	809,890	-	809,890
Advance contributions and grants	-	51,386	-	-	51,386
Total liabilities	<u>340,079</u>	<u>51,386</u>	<u>809,890</u>	<u>-</u>	<u>1,201,355</u>
DEFERRED INFLOWS OF RESOURCES					
	-	-	-	-	-
FUND BALANCES					
Nonspendable	89,287	-	-	130,300	219,587
Restricted for:					
TCRS Stabilization Reserve Trust	88,400	-	-	-	88,400
Internal school funds	-	-	-	-	-
Scholarships	-	-	-	137,301	137,301
Unassigned	3,895,955	-	-	-	3,895,955
Total fund balances	<u>4,073,642</u>	<u>-</u>	<u>-</u>	<u>267,601</u>	<u>4,341,243</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,413,721</u>	<u>\$ 51,386</u>	<u>\$ 809,890</u>	<u>\$ 267,601</u>	<u>\$ 5,542,598</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP NASHVILLE COLLEGE PREP
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,630,950	\$ 44,366	\$ -	\$ 2,675,316
Investments	-	-	-	-
Receivables	344,821	-	697,780	1,042,601
Due from other funds	697,780	-	-	697,780
Other current assets	89,733	-	-	89,733
Restricted assets:				
TCRS Stabilization Reserve Trust	76,324	-	-	76,324
Total assets	<u>\$ 3,839,608</u>	<u>\$ 44,366</u>	<u>\$ 697,780</u>	<u>\$ 4,581,754</u>
LIABILITIES				
Accounts payable	\$ 286,019	\$ -	\$ -	\$ 286,019
Accrued expenditures	165,812	-	-	165,812
Due to other funds	-	-	697,780	697,780
Advance contributions and grants	-	44,366	-	44,366
Total liabilities	<u>451,831</u>	<u>44,366</u>	<u>697,780</u>	<u>1,193,977</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES				
Nonspendable	89,733	-	-	89,733
Restricted for:				
TCRS Stabilization Reserve Trust	76,324	-	-	76,324
Internal school funds	-	-	-	-
Unassigned	3,221,720	-	-	3,221,720
Total fund balances	<u>3,387,777</u>	<u>-</u>	<u>-</u>	<u>3,387,777</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,839,608</u>	<u>\$ 44,366</u>	<u>\$ 697,780</u>	<u>\$ 4,581,754</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP NASHVILLE COLLEGIATE HIGH SCHOOL
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,804,886	\$ 64,163	\$ -	\$ 3,869,049
Investments	-	-	-	-
Receivables	474,900	-	774,097	1,248,997
Due from other funds	774,097	-	-	774,097
Other current assets	76,843	-	-	76,843
Restricted assets:				
TCRS Stabilization Reserve Trust	110,379	-	-	110,379
Total assets	<u>\$ 5,241,105</u>	<u>\$ 64,163</u>	<u>\$ 774,097</u>	<u>\$ 6,079,365</u>
LIABILITIES				
Accounts payable	\$ 148,104	\$ -	\$ -	\$ 148,104
Accrued expenditures	239,798	-	-	239,798
Due to other funds	-	-	774,097	774,097
Advance contributions and grants	-	64,163	-	64,163
Total liabilities	<u>387,902</u>	<u>64,163</u>	<u>774,097</u>	<u>1,226,162</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES				
Nonspendable	76,843	-	-	76,843
Restricted for:				
TCRS Stabilization Reserve Trust	110,379	-	-	110,379
Internal school funds	-	-	-	-
Unassigned	4,665,981	-	-	4,665,981
Total fund balances	<u>4,853,203</u>	<u>-</u>	<u>-</u>	<u>4,853,203</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,241,105</u>	<u>\$ 64,163</u>	<u>\$ 774,097</u>	<u>\$ 6,079,365</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP KIRKPATRICK ELEMENTARY SCHOOL
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,138,823	\$ 52,931	\$ -	\$ 3,191,754
Investments	-	-	-	-
Receivables	381,395	-	883,548	1,264,943
Due from other funds	883,548	-	-	883,548
Other current assets	41,115	-	-	41,115
Restricted assets:				
TCRS Stabilization Reserve Trust	91,057	-	-	91,057
Total assets	<u>\$ 4,535,938</u>	<u>\$ 52,931</u>	<u>\$ 883,548</u>	<u>\$ 5,472,417</u>
LIABILITIES				
Accounts payable	\$ 103,429	\$ -	\$ -	\$ 103,429
Accrued expenditures	198,787	-	-	198,787
Due to other funds	-	-	883,548	883,548
Advance contributions and grants	-	52,931	-	52,931
Total liabilities	<u>302,216</u>	<u>52,931</u>	<u>883,548</u>	<u>1,238,695</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES				
Nonspendable	41,115	-	-	41,115
Restricted for:				
TCRS Stabilization Reserve Trust	91,057	-	-	91,057
Internal school funds	-	-	-	-
Unassigned	4,101,550	-	-	4,101,550
Total fund balances	<u>4,233,722</u>	<u>-</u>	<u>-</u>	<u>4,233,722</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,535,938</u>	<u>\$ 52,931</u>	<u>\$ 883,548</u>	<u>\$ 5,472,417</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP NASHVILLE COLLEGE PREP ELEMENTARY SCHOOL
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,405,248	\$ 57,424	\$ -	\$ 3,462,672
Investments	-	-	-	-
Receivables	428,837	-	767,348	1,196,185
Due from other funds	767,348	-	-	767,348
Other current assets	158,427	-	-	158,427
Restricted assets:				
TCRS Stabilization Reserve Trust	98,786	-	-	98,786
Total assets	<u>\$ 4,858,646</u>	<u>\$ 57,424</u>	<u>\$ 767,348</u>	<u>\$ 5,683,418</u>
LIABILITIES				
Accounts payable	\$ 153,589	\$ -	\$ -	\$ 153,589
Accrued expenditures	214,611	-	-	214,611
Due to other funds	-	-	767,348	767,348
Advance contributions and grants	-	57,424	-	57,424
Total liabilities	<u>368,200</u>	<u>57,424</u>	<u>767,348</u>	<u>1,192,972</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES				
Nonspendable	158,427	-	-	158,427
Restricted for:				
TCRS Stabilization Reserve Trust	98,786	-	-	98,786
Internal school funds	-	-	-	-
Unassigned	4,233,233	-	-	4,233,233
Total fund balances	<u>4,490,446</u>	<u>-</u>	<u>-</u>	<u>4,490,446</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,858,646</u>	<u>\$ 57,424</u>	<u>\$ 767,348</u>	<u>\$ 5,683,418</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP ANTIOCH COLLEGE PREP ELEMENTARY SCHOOL
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,454,298	\$ 75,114	\$ -	\$ 4,529,412
Investments	-	-	-	-
Receivables	976,076	-	543,701	1,519,777
Due from other funds	543,701	-	-	543,701
Other current assets	84,373	-	-	84,373
Restricted assets:				
TCRS Stabilization Reserve Trust	129,219	-	-	129,219
Total assets	<u>\$ 6,187,667</u>	<u>\$ 75,114</u>	<u>\$ 543,701</u>	<u>\$ 6,806,482</u>
LIABILITIES				
Accounts payable	\$ 105,870	\$ -	\$ -	\$ 105,870
Accrued expenditures	280,726	-	-	280,726
Due to other funds	-	-	543,701	543,701
Advance contributions and grants	-	75,114	-	75,114
Total liabilities	<u>386,596</u>	<u>75,114</u>	<u>543,701</u>	<u>1,005,411</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES				
Nonspendable	84,373	-	-	84,373
Restricted for:				
TCRS Stabilization Reserve Trust	129,219	-	-	129,219
Internal school funds	-	-	-	-
Unassigned	5,587,479	-	-	5,587,479
Total fund balances	<u>5,801,071</u>	<u>-</u>	<u>-</u>	<u>5,801,071</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,187,667</u>	<u>\$ 75,114</u>	<u>\$ 543,701</u>	<u>\$ 6,806,482</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP ANTIOCH COLLEGE PREP MIDDLE SCHOOL
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,238,732	\$ 54,616	\$ -	\$ 3,293,348
Investments	-	-	-	-
Receivables	750,813	-	444,698	1,195,511
Due from other funds	444,698	-	-	444,698
Other current assets	57,901	-	-	57,901
Restricted assets:				
TCRS Stabilization Reserve Trust	93,955	-	-	93,955
Total assets	<u>\$ 4,586,099</u>	<u>\$ 54,616</u>	<u>\$ 444,698</u>	<u>\$ 5,085,413</u>
LIABILITIES				
Accounts payable	\$ 128,349	\$ -	\$ -	\$ 128,349
Accrued expenditures	204,117	-	-	204,117
Due to other funds	-	-	444,698	444,698
Advance contributions and grants	-	54,616	-	54,616
Total liabilities	<u>332,466</u>	<u>54,616</u>	<u>444,698</u>	<u>831,780</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES				
Nonspendable	57,901	-	-	57,901
Restricted for:				
TCRS Stabilization Reserve Trust	93,955	-	-	93,955
Internal school funds	-	-	-	-
Other	-	-	-	-
Unassigned	4,101,777	-	-	4,101,777
Total fund balances	<u>4,253,633</u>	<u>-</u>	<u>-</u>	<u>4,253,633</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,586,099</u>	<u>\$ 54,616</u>	<u>\$ 444,698</u>	<u>\$ 5,085,413</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES BY SCHOOL
KIPP ANTIOCH COLLEGE PREP HIGH SCHOOL
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Other current assets	-	-	-	-
Restricted assets:				
TCRS Stabilization Reserve Trust	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	-
Due to other funds	-	-	-	-
Advance contributions and grants	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
TCRS Stabilization Reserve Trust	-	-	-	-
Internal school funds	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP ACADEMY NASHVILLE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Contributions	\$ 389,279	\$ 25,694	\$ -	\$ -	\$ 414,973
District funding	5,361,133	-	-	-	5,361,133
Federal and state grants	-	-	1,417,259	-	1,417,259
Interest and investment income	8,458	-	-	(40,281)	(31,823)
Other income	35,352	-	-	-	35,352
Other income - internal school fund	6,518	-	-	-	6,518
Total revenues	<u>5,800,740</u>	<u>25,694</u>	<u>1,417,259</u>	<u>(40,281)</u>	<u>7,203,412</u>
EXPENDITURES					
Current:					
Instructional	182,866	-	307,430	-	490,296
Instructional - internal school fund	6,518	-	-	-	6,518
Occupancy	78,518	-	13,096	-	91,614
Office	80,741	-	-	-	80,741
Organizational development	11,232	25,694	-	-	36,926
Professional services and fees	131,259	-	100,431	-	231,690
Employee compensation	2,695,153	-	919,602	-	3,614,755
Staff development	111,969	-	-	-	111,969
Transportation	57,036	-	-	-	57,036
Debt service:					
Principal	250,506	-	-	-	250,506
Interest	128,258	-	-	-	128,258
Capital outlay	<u>2,856,499</u>	<u>-</u>	<u>76,700</u>	<u>-</u>	<u>2,933,199</u>
Total expenditures	<u>6,590,555</u>	<u>25,694</u>	<u>1,417,259</u>	<u>-</u>	<u>8,033,508</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from leases	2,677,961	-	-	-	2,677,961
Proceeds from issuance of debt	-	-	-	-	-
Debt issue premium	-	-	-	-	-
Transfers out	<u>(447,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(447,843)</u>
Total other financing sources (uses)	<u>2,230,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,230,118</u>
NET CHANGE IN FUND BALANCES	1,440,303	-	-	(40,281)	1,400,022
FUND BALANCES, June 30, 2021	<u>2,633,339</u>	<u>-</u>	<u>-</u>	<u>307,882</u>	<u>2,941,221</u>
FUND BALANCES, June 30, 2022	<u>\$ 4,073,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,601</u>	<u>\$ 4,341,243</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP NASHVILLE COLLEGE PREP
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 336,100	\$ 22,183	\$ -	\$ 358,283
District funding	4,893,528	-	-	4,893,528
Federal and state grants	-	-	1,646,541	1,646,541
Interest and investment income	7,303	-	-	7,303
Other income	30,436	-	-	30,436
Other income - internal school fund	11,746	-	-	11,746
Total revenues	<u>5,279,113</u>	<u>22,183</u>	<u>1,646,541</u>	<u>6,947,837</u>
EXPENDITURES				
Current:				
Instructional	133,791	-	470,563	604,354
Instructional - internal school fund	11,746	-	-	11,746
Occupancy	402,184	-	127,366	529,550
Office	81,281	-	-	81,281
Organizational development	11,059	22,183	-	33,242
Professional services and fees	135,333	-	97,675	233,008
Employee compensation	3,064,081	-	889,737	3,953,818
Staff development	75,268	-	-	75,268
Transportation	83,207	-	-	83,207
Debt service:				
Principal	117,632	-	-	117,632
Interest	205,711	-	-	205,711
Capital outlay	541,561	-	61,200	602,761
Total expenditures	<u>4,862,854</u>	<u>22,183</u>	<u>1,646,541</u>	<u>6,531,578</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Debt issue premium	-	-	-	-
Transfers in	737,093	-	-	737,093
Total other financing sources (uses)	<u>737,093</u>	<u>-</u>	<u>-</u>	<u>737,093</u>
NET CHANGE IN FUND BALANCES	1,153,352	-	-	1,153,352
FUND BALANCES, June 30, 2021	<u>2,234,425</u>	<u>-</u>	<u>-</u>	<u>2,234,425</u>
FUND BALANCES, June 30, 2022	<u>\$ 3,387,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,387,777</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP NASHVILLE COLLEGIATE HIGH SCHOOL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 486,069	\$ 32,081	\$ -	\$ 518,150
District funding	6,720,831	-	-	6,720,831
Federal and state grants	-	-	1,285,641	1,285,641
Interest and investment income	10,561	-	-	10,561
Other income	74,841	-	-	74,841
Other income - internal school fund	23,196	-	-	23,196
Total revenues	<u>7,315,498</u>	<u>32,081</u>	<u>1,285,641</u>	<u>8,633,220</u>
EXPENDITURES				
Current:				
Instructional	341,077	-	301,585	642,662
Instructional - internal school fund	23,196	-	-	23,196
Occupancy	108,149	-	13,095	121,244
Office	91,205	-	-	91,205
Organizational development	17,337	32,081	-	49,418
Professional services and fees	165,080	-	127,562	292,642
Employee compensation	4,459,140	-	725,299	5,184,439
Staff development	120,142	-	-	120,142
Transportation	33,980	-	-	33,980
Debt service:				
Principal	248,341	-	-	248,341
Interest	128,258	-	-	128,258
Capital outlay	2,763,217	-	118,100	2,881,317
Total expenditures	<u>8,499,122</u>	<u>32,081</u>	<u>1,285,641</u>	<u>9,816,844</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	2,677,961	-	-	2,677,961
Proceeds from issuance of debt	-	-	-	-
Debt issue premium	-	-	-	-
Transfers in	368,300	-	-	368,300
Total other financing sources (uses)	<u>3,046,261</u>	<u>-</u>	<u>-</u>	<u>3,046,261</u>
NET CHANGE IN FUND BALANCES	1,862,637	-	-	1,862,637
FUND BALANCES, June 30, 2021	<u>2,990,566</u>	<u>-</u>	<u>-</u>	<u>2,990,566</u>
FUND BALANCES, June 30, 2022	<u>\$ 4,853,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853,203</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP KIRKPATRICK ELEMENTARY SCHOOL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 401,170	\$ 26,465	\$ -	\$ 427,635
District funding	5,388,975	-	-	5,388,975
Federal and state grants	-	-	1,922,640	1,922,640
Interest and investment income	8,713	-	-	8,713
Other income	36,312	-	-	36,312
Other income - internal school fund	1,250	-	-	1,250
Total revenues	<u>5,836,420</u>	<u>26,465</u>	<u>1,922,640</u>	<u>7,785,525</u>
EXPENDITURES				
Current:				
Instructional	197,154	-	533,069	730,223
Instructional - internal school fund	1,250	-	-	1,250
Occupancy	177,318	-	13,096	190,414
Office	77,917	-	-	77,917
Organizational development	12,470	26,465	-	38,935
Professional services and fees	107,643	-	108,833	216,476
Employee compensation	2,715,203	-	1,198,442	3,913,645
Staff development	119,149	-	-	119,149
Transportation	42,942	-	-	42,942
Debt service:				
Principal	79,081	-	-	79,081
Interest	13,166	-	-	13,166
Capital outlay	455,731	-	69,200	524,931
Total expenditures	<u>3,999,024</u>	<u>26,465</u>	<u>1,922,640</u>	<u>5,948,129</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	300,597	-	-	300,597
Proceeds from issuance of debt	-	-	-	-
Debt issue premium	-	-	-	-
Transfers out	(598,609)	-	-	(598,609)
Total other financing sources (uses)	<u>(298,012)</u>	<u>-</u>	<u>-</u>	<u>(298,012)</u>
NET CHANGE IN FUND BALANCES	1,539,384	-	-	1,539,384
FUND BALANCES, June 30, 2021	<u>2,694,338</u>	<u>-</u>	<u>-</u>	<u>2,694,338</u>
FUND BALANCES, June 30, 2022	<u>\$ 4,233,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,233,722</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP NASHVILLE COLLEGE PREP ELEMENTARY SCHOOL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 435,015	\$ 28,712	\$ -	\$ 463,727
District funding	6,072,107	-	-	6,072,107
Federal and state grants	-	-	1,971,212	1,971,212
Interest and investment income	9,452	-	-	9,452
Other income	39,394	-	-	39,394
Other income - internal school fund	895	-	-	895
Total revenues	<u>6,556,863</u>	<u>28,712</u>	<u>1,971,212</u>	<u>8,556,787</u>
EXPENDITURES				
Current:				
Instructional	269,127	-	600,754	869,881
Instructional - internal school fund	895	-	-	895
Occupancy	397,409	-	145,783	543,192
Office	81,955	-	-	81,955
Organizational development	12,036	28,712	-	40,748
Professional services and fees	118,598	-	111,452	230,050
Employee compensation	3,306,438	-	1,047,423	4,353,861
Staff development	122,687	-	-	122,687
Transportation	90,054	-	-	90,054
Debt service:				
Principal	82,816	-	-	82,816
Interest	205,711	-	-	205,711
Capital outlay	68,326	-	65,800	134,126
Total expenditures	<u>4,756,052</u>	<u>28,712</u>	<u>1,971,212</u>	<u>6,755,976</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Debt issue premium	-	-	-	-
Transfers in	631,955	-	-	631,955
Total other financing sources (uses)	<u>631,955</u>	<u>-</u>	<u>-</u>	<u>631,955</u>
NET CHANGE IN FUND BALANCES	2,432,766	-	-	2,432,766
FUND BALANCES, June 30, 2021	<u>2,057,680</u>	<u>-</u>	<u>-</u>	<u>2,057,680</u>
FUND BALANCES, June 30, 2022	<u>\$ 4,490,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,490,446</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP ANTIOCH COLLEGE PREP ELEMENTARY SCHOOL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 569,030	\$ 37,557	\$ -	\$ 606,587
District funding	8,354,764	-	-	8,354,764
Federal and state grants	-	-	1,391,672	1,391,672
Interest and investment income	12,364	-	-	12,364
Other income	51,530	-	-	51,530
Other income - internal school fund	5,222	-	-	5,222
Total revenues	<u>8,992,910</u>	<u>37,557</u>	<u>1,391,672</u>	<u>10,422,139</u>
EXPENDITURES				
Current:				
Instructional	529,142	-	502,355	1,031,497
Instructional - internal school fund	5,222	-	-	5,222
Occupancy	199,858	-	212,295	412,153
Office	81,658	-	-	81,658
Organizational development	15,794	37,557	-	53,351
Professional services and fees	364,136	-	47,599	411,735
Employee compensation	4,372,331	-	629,423	5,001,754
Staff development	154,648	-	-	154,648
Transportation	99,422	-	-	99,422
Debt service:				
Principal	174,068	-	-	174,068
Interest	512,837	-	-	512,837
Capital outlay	213,831	-	-	213,831
Total expenditures	<u>6,722,947</u>	<u>37,557</u>	<u>1,391,672</u>	<u>8,152,176</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Debt issue premium	-	-	-	-
Transfers out	(6,683,023)	-	-	(6,683,023)
Total other financing sources (uses)	<u>(6,683,023)</u>	<u>-</u>	<u>-</u>	<u>(6,683,023)</u>
NET CHANGE IN FUND BALANCES	(4,413,060)	-	-	(4,413,060)
FUND BALANCES, June 30, 2021	<u>10,214,131</u>	<u>-</u>	<u>-</u>	<u>10,214,131</u>
FUND BALANCES, June 30, 2022	<u>\$ 5,801,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,801,071</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP ANTIOCH COLLEGE PREP MIDDLE SCHOOL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 413,743	\$ 27,308	\$ -	\$ 441,051
District funding	6,034,004	-	-	6,034,004
Federal and state grants	-	-	1,289,082	1,289,082
Interest and investment income	8,990	-	-	8,990
Other income	37,468	-	-	37,468
Other income - internal school fund	4,231	-	-	4,231
Total revenues	<u>6,498,436</u>	<u>27,308</u>	<u>1,289,082</u>	<u>7,814,826</u>
EXPENDITURES				
Current:				
Instructional	108,610	-	584,259	692,869
Instructional - internal school fund	4,231	-	-	4,231
Occupancy	268,088	-	151,110	419,198
Office	55,603	-	-	55,603
Organizational development	11,358	27,308	-	38,666
Professional services and fees	270,101	-	45,527	315,628
Employee compensation	2,789,131	-	508,186	3,297,317
Staff development	85,399	-	-	85,399
Transportation	73,668	-	-	73,668
Debt service:				
Principal	400,344	-	-	400,344
Interest	801,571	-	-	801,571
Capital outlay	2,284,193	-	-	2,284,193
Total expenditures	<u>7,152,297</u>	<u>27,308</u>	<u>1,289,082</u>	<u>8,468,687</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Debt issue premium	-	-	-	-
Transfers out	(4,255,674)	-	-	(4,255,674)
Total other financing sources (uses)	<u>(4,255,674)</u>	<u>-</u>	<u>-</u>	<u>(4,255,674)</u>
NET CHANGE IN FUND BALANCES	(4,909,535)	-	-	(4,909,535)
FUND BALANCES, June 30, 2021	<u>9,163,168</u>	<u>-</u>	<u>-</u>	<u>9,163,168</u>
FUND BALANCES, June 30, 2022	<u>\$ 4,253,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,253,633</u>

See accompanying independent auditor's report and notes to schedules.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY SCHOOL
KIPP ANTIOCH COLLEGE PREP HIGH SCHOOL
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Restricted Contribution Fund	Federal and State Grants Fund	Total Governmental Funds
REVENUES				
Contributions	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
District funding	-	-	-	-
Federal and state grants	-	-	-	-
Interest and investment income	-	-	-	-
Other income	-	-	-	-
Other income - internal school fund	-	-	-	-
Total revenues	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
EXPENDITURES				
Current:				
Instructional	-	-	-	-
Instructional - internal school fund	-	-	-	-
Occupancy	-	-	-	-
Office	-	-	-	-
Organizational development	-	-	-	-
Professional services and fees	-	-	-	-
Employee compensation	-	-	-	-
Staff development	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	<u>15,277,972</u>	<u>-</u>	<u>-</u>	<u>15,277,972</u>
Total expenditures	<u>15,277,972</u>	<u>-</u>	<u>-</u>	<u>15,277,972</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from leases	-	-	-	-
Proceeds from issuance of debt	7,250,000	-	-	7,250,000
Debt issue premium	-	-	-	-
Transfers in	<u>5,527,972</u>	<u>-</u>	<u>-</u>	<u>5,527,972</u>
Total other financing sources (uses)	<u>12,777,972</u>	<u>-</u>	<u>-</u>	<u>12,777,972</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, June 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to schedules.

KIPP NASHVILLE
NOTES TO SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
BY SCHOOL AND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES BY SCHOOL
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

As of June 30, 2022, KIPP Nashville operates the following charter schools in Nashville, Tennessee (collectively, the “Schools”):

- KIPP Academy Nashville (grades five through eight)
- KIPP Nashville College Prep (grades five through eight)
- KIPP Nashville Collegiate High School (grades nine through twelve)
- KIPP Kirkpatrick Elementary School (grades kindergarten through four)
- KIPP Nashville College Prep Elementary School (grades kindergarten through four)
- KIPP Antioch College Prep Elementary School (grades kindergarten through three in fiscal year 2022, an additional grade will be added each year through fiscal year 2023)
- KIPP Antioch College Prep Middle School (grades five through seven in fiscal year 2022, an additional grade will be added each year through fiscal year 2023)
- KIPP Antioch College Prep High School (anticipated to open in fiscal year 2024 with grade nine, an additional grade will be added each year through grade twelve)

KIPP Nashville operates a regional office for the management and support of the Schools.

Allocations

Each School is a part of the KIPP Nashville network of schools. KIPP Nashville maintains a regional office for management and support of the schools. Certain activities, including fundraising and administration are conducted centrally by the regional office. Accordingly, all assets, liabilities, fund balance, revenues and expenses recorded on the regional office general ledger have been allocated to the various schools in operation and, when applicable, those schools in process of being opened. All financial transactions and balances directly related to a school are recorded directly by that school. Financial transactions and balances of the regional office are allocated to the Schools using the following methodology:

- Cash transfers are made to fund any unrestricted operating deficits and growth needs, which are based primarily on enrollment
- Revenues from fundraising are allocated based primarily on enrollment
- Expenditures of shared services and administration are allocated based primarily on enrollment

Cash and Cash Equivalents

KIPP Nashville operates a pooled-cash management program for the benefit of the Schools. Cash balances reported within the schedule of assets, liabilities and fund balance by school represent each school’s portion of the pooled-cash program, resulting from its operation. Also included in KIPP Academy Nashville’s cash balances may be accounts received from central fundraising activities, which have not been transferred or utilized by other schools. KIPP Academy Nashville, as the first school in KIPP Nashville’s network, holds certain funds for operational needs and future development.

KIPP Nashville management, under the direction of the Board of Directors, and within limits of grant agreements or donor restrictions, may make transfers among the Schools as necessary to fund operations and growth. Accordingly, cash presented for each school may be transferred among the KIPP Nashville schools.



Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Directors
KIPP Nashville
Nashville, Tennessee

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 Nashville as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise KIPP Nashville's basic financial statements, and have issued our report thereon dated December 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KIPP Nashville'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 KIPP Nashville's internal control. Accordingly, we do not express an opinion on the effectiveness of KIPP Nashville'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 have not been identified.



To the Board of Directors
KIPP Nashville

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIPP Nashville'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 Nashville'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 Nashville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
December 30, 2022



Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance
Required by the Uniform Guidance

To the Board of Directors
KIPP Nashville
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP Nashville's 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 Nashville's major federal programs for the year ended June 30, 2022. KIPP Nashville'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 Nashville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of KIPP Nashville 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 Nashville'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 Nashville'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 Nashville'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 Nashville'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 Nashville'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 Nashville'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 Nashville'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Croslin, PLLC

Nashville, Tennessee
December 30, 2022

KIPP NASHVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major program:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? x yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None reported.

KIPP NASHVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2021-001	Child Nutrition Cluster	Corrected