KIPP PHILADELPHIA CHARTER SCHOOL

FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2023)

KIPP PHILADELPHIA CHARTER SCHOOL

Contents
June 30, 2024

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Unmodified Opinion on Financial Statements Accompanied by Required Supplementary Information and Supplementary Information – Governmental Entity

Independent Auditor's Report

To the Board of Trustees of
KIPP Philadelphia Charter School:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and the general fund of KIPP Philadelphia Charter School (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of KIPP Philadelphia Charter School as of June 30, 2024, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Proportionate Share of PSERS Net Pension Liability (NPL) and PSERS Net OPEB Liability and Contributions, and the Budgetary Comparison Information in the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 an opinion on the financial statements that collectively comprise the School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2024, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited KIPP Philadelphia Charter School's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

AAFCPAs, Inc.

Westborough, Massachusetts
November 13, 2024

The management of KIPP Philadelphia Charter School (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year include the following:

- Total governmental activities revenues increased by $5,928,726 from $20,410,667 to $26,393,393 due primarily to increases in the local education agencies, Federal sources and other local sources.

- At the close of the current fiscal year, the School reports ending net position of $3,772,925. The net position balance represents an increase in net position of $3,036,276 for the year ended June 30, 2024, due primarily to increases in local education agencies, not restricted to specific programs, state grants and reimbursements and other local sources.

- At the close of the current fiscal year, the School reports an ended general fund balance of $3,121,446. The general fund balance increased by $3,539,781 from the previous year-ended general fund balance as the result of the net change in fund balance for the year ended June 30, 2024.

- The School's cash and restricted cash balance at June 30, 2024, was $5,535,104, representing an increase of $1,693,948 from June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise three components: Management's Discussion and Analysis (this section), the basic financial statements, and the budgetary comparison.

Governmental-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has one governmental fund, the general fund.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by $6,050,043 as of June 30, 2024.

KIPP Philadelphia Charter School
Statement of Net Position
As of June 30, 2024

	2024	2023
Current and other assets	$ 9,036,893	$ 14,364,885
Capital and noncurrent assets	32,578,058	34,176,847
Total assets	$ 41,614,951	$ 48,541,732
Deferred outflows	$ 320,000	$ 205,000
Total liabilities	$ 35,564,908	$ 45,936,245
Deferred inflows	$ 2,597,118	$ 2,073,838
Net invested in capital assets	$ 2,271,287	$ 2,696,456
Restricted for debt service	1,393,588	1,378,762
Unrestricted	108,050	(3,338,569)
Total net position	$ 3,772,925	$ 736,649

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The School's revenues are predominately from the School District of Philadelphia, based on the student enrollment.

KIPP Philadelphia Charter School
Statement of Activities
As of June 30, 2024

	2024	2023
Revenues:		
Local education agencies, not restricted to specific programs	$ 15,670,735	$ 12,261,757
Other local sources	1,643,237	751,928
State grants and reimbursements	401,992	168,768
Federal sources	8,677,429	7,228,214
Total revenues	26,393,393	20,410,667
Expenses:		
Instruction and special education	9,258,624	10,034,250
Student support services	250,577	255,479
Instructional staff support	79,869	119,975
Administration support	1,526,751	1,538,603
Pupil health	170,217	177,988
Transportation	137	295,229
Business services	5,730,353	5,249,071
Operations and maintenance	1,484,460	725,461
Student activities	429,284	394,434
Noninstructional support services	28,725	21,128
Food services	901,461	826,837
Interest	1,164,058	1,195,108
Loss on remeasurement of building lease	220,841	-
Increase (decrease) in net pension deficit	72,000	(395,268)
Decrease in net OPEB deficit	(34,000)	(37,000)
Depreciation and amortization (unallocated)	2,073,760	2,202,948
Total expenses	23,357,117	22,606,243
Net increase (decrease) in net position	3,036,276	(2,193,576)
Net position - beginning	736,649	2,930,225
Net position - ending	$ 3,772,925	$ 736,649

GOVERNMENTAL FUND

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

The School's governmental fund, the General Fund, reported an ending fund balance of $3,121,446. For the year ended June 30, 2024, the School's general revenues of $26,436,979 and other financing sources of $(23,174) exceeded expenditures of $22,874,024 by $3,539,781.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The School's final budget for the general fund anticpated that revenues would exceed expenditures by $900,935. The actual results for the year reflected a net increase of $3,562,955 which increased the general fund equity to $3,121,446. Revenues were more than budgeted by $2,589,199 due to more than budgeted other local sources, local educational agency assistance, Federal sources, and state sources. Expenditures were less than budgeted by $72,821. Lower than budgeted expenditures for student, instructional and administraction support, and business services, were offset by more than budgeted expenditures for instructional and special education.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the School's investment in capital assets, including right-to-use lease assets for its governmental activities, totaled $32,578,058 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture and equipment, and right-to-use assets.

Major capital assets purchased during the year include right-to-use copier lease of $197,667 and machinery and equipment of $11,118. Construction in progress purchased during the year amounted to $296,218.

Additional information on the School's capital assets can be found in Note 3 of this report.

Long-term Debt

As of June 30, 2024, the School has long-term and short-term debt of $14,841,735 and $1,036,843, respectively, for lease liability. See Note 5 of this report.

As of June 30, 2024, the School debt of $14,428,193 for bond payable. See Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2024-25 school year, the School will be fully enrolled from Kindergarten to 8th grade with 858 students enrolled. A budgeted increase in regular education per-pupil tuition rate and special education per-pupil tuition rate is expected to be paid to the School by the School District of Philadelphia. The total per-pupil revenue is expected to increase by 10% to approximately $16,821,619.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE SCHOOL

The School expects a modest increase in per-pupil payment rate in 2024-25 based on current School District budget developments; however, the School is not able to assess the exact financial impact as the students demographics fluctuate throughout the year.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the Chief Executive Officer, KIPP Philadelphia Charter School, 2539 N 16th Street, Philadelphia, PA 19132.

KIPP PHILADELPHIA CHARTER SCHOOL

Statement of Net Position
As of June 30, 2024
(With Summarized Financial Information as of June 30, 2023)

	Governmental Activities	
	2024	**2023**
Assets:		
Cash	$ 4,141,516	$ 2,462,394
Restricted cash	1,393,588	1,378,762
State subsidies receivable	96,382	29,190
Federal subsidies receivable	371,517	1,490,681
Lease receivable	2,564,324	2,010,678
Due from related parties	371,520	6,895,219
Prepaid items	15,466	15,381
Deposits	82,580	82,580
Capital assets, net	17,176,961	17,727,146
Right-to-use lease assets, net	15,401,097	16,449,701
Total assets	41,614,951	48,541,732
Deferred Outflows of Resources:		
Deferred outflows from pensions	304,000	195,000
Deferred outflows from OPEB	16,000	10,000
Total deferred outflows of resources	320,000	205,000
Total assets and deferred outflows of resources	$ 41,934,951	$ 48,746,732
Liabilities:		
Accounts payable	$ 2,816,198	$ 4,374,738
Accrued benefits payable	148,058	275,251
Due to related parties	333,146	8,242,897
Interest payable	170,475	173,725
Unearned revenue	79,260	243
Lease liability - due within one year	1,036,843	979,090
Lease liability - due beyond one year	14,841,735	15,718,076
Bonds payable - due within one year	335,000	325,000
Bonds payable - due beyond one year	14,093,193	14,458,225
Net pension liability	1,646,000	1,334,000
Net OPEB liability	65,000	55,000
Total liabilities	35,564,908	45,936,245
Deferred Inflows of Resources:		
Deferred inflows from pensions	58,000	189,000
Deferred inflows from OPEB	57,000	95,000
Deferred inflows from lease receivables	2,482,118	1,789,838
Total deferred inflows of resources	2,597,118	2,073,838
Total liabilities and deferred inflows of resources	38,162,026	48,010,083
Net Position:		
Net investment in capital assets	2,271,287	2,696,456
Restricted for debt service	1,393,588	1,378,762
Unrestricted	108,050	(3,338,569)
Total net position	3,772,925	736,649
Total liabilities, deferred inflows of resources and net position	$ 41,934,951	$ 48,746,732

KIPP PHILADELPHIA CHARTER SCHOOL

Statement of Activities
For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
				Total Governmental Activities	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**2024**	**2023**
Governmental Activities:					
Instruction and special education	$ 9,258,624	$ -	$ 8,677,429	$ (581,195)	$ (2,806,036)
Student support services	250,577	-	-	(250,577)	(255,479)
Instructional staff support	79,869	-	-	(79,869)	(119,975)
Administration support	1,526,751	-	-	(1,526,751)	(1,538,603)
Pupil health	170,217	-	-	(170,217)	(177,988)
Business services	5,730,353	-	-	(5,730,353)	(5,249,071)
Operations and maintenance	1,484,460	-	-	(1,484,460)	(725,461)
Transportation	137	-	-	(137)	(295,229)
Student activities	429,284	-	-	(429,284)	(394,434)
Noninstructional support services	28,725	-	-	(28,725)	(21,128)
Food services	901,461	-	-	(901,461)	(826,837)
Interest expense	1,164,058	-	-	(1,164,058)	(1,195,108)
Loss on remeasurement of building lease	220,841	-	-	(220,841)	-
Increase in net pension deficit	72,000	-	-	(72,000)	395,268
Decrease in net OPEB deficit	(34,000)	-	-	34,000	37,000
Depreciation and amortization (unallocated)	2,073,760	-	-	(2,073,760)	(2,202,948)
Total	$ 23,357,117	$ -	$ 8,677,429	(14,679,688)	(15,376,029)
General Revenues:					
State grants and reimbursements				401,992	168,768
Local education agencies, not restricted to specific programs				15,670,735	12,261,757
Other local sources				1,643,237	751,928
Total general revenues				17,715,964	13,182,453
Change in net position				3,036,276	(2,193,576)
Net Position - Beginning July 1, 2023				736,649	2,930,225
Net Position - Ending June 30, 2024				$ 3,772,925	$ 736,649

The accompanying notes are an integral part of these statements.

KIPP PHILADELPHIA CHARTER SCHOOL

Balance Sheet
Governmental Fund
June 30, 2024
(With Summarized Financial Information as of June 30, 2023)

	General Fund	
	2024	**2023**
Assets:		
Cash	$ 4,141,516	$ 2,462,394
Restricted cash	1,393,588	1,378,762
State subsidies receivable	96,382	29,190
Federal subsidies receivable	371,517	1,490,681
Lease receivable	2,564,324	2,010,678
Due from related parties	371,520	6,895,219
Prepaid items	15,466	15,381
Deposits	82,580	82,580
Total assets	$ 9,036,893	$ 14,364,885
Liabilities, Deferred Inflows of Resources and Fund Balances:		
Liabilities:		
Accounts payable	$ 2,816,198	$ 4,374,738
Accrued benefits payable	148,058	275,251
Due to related entities	333,146	8,242,897
Unearned revenue	79,260	243
Total liabilities	3,376,662	12,893,129
Deferred inflows of resources:		
Lease receivable	2,482,118	1,789,838
Unavailable revenues	56,667	100,253
Total deferred inflows of resources	2,538,785	1,890,091
Fund balances:		
Nonspendable:		
Prepaid items	15,466	15,381
Restricted fund balance:		
Debt service	1,393,588	1,378,762
Unassigned	1,712,392	(1,812,478)
Total fund balances	3,121,446	(418,335)
Total liabilities, deferred inflows of resources and fund balances	$ 9,036,893	$ 14,364,885

Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
June 30, 2024

Total Fund Balance for Governmental Fund - General Fund		$ 3,121,446
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets and construction in progress	23,832,918	
Accumulated depreciation and amortization	(6,655,957)	
		17,176,961
Right-to-use lease assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Right-to-use lease assets	17,844,145	
Accumulated amortization	(2,443,048)	
		15,401,097
Lease liability that pertains to governmental funds is not due and payable in the current period and, therefore, is not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. The balances at year-end are:		
Lease liability		(15,878,578)
Certain Federal and state subsidies receivable will be collected in the future, but are not available to pay for current period's expenditures and, therefore, are not recognized as revenue on the funds:		
Deferred inflows of resources - unavailable revenue		56,667
Long-term liabilities and interest payable that pertain to governmental funds, including loan and note payables, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. The balances at year-end are:		
Bonds payable	(14,428,193)	
Interest payable	(170,475)	
		(14,598,668)
Long-term liabilities that pertain to governmental funds, including net pension obligations, net OPEB liability, deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Pension		(1,400,000)
OPEB		(106,000)
Total Net Position of Governmental Activities		$ 3,772,925

The accompanying notes are an integral part of these statements.

KIPP PHILADELPHIA CHARTER SCHOOL

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)

	General Fund	
	2024	**2023**
Revenues:		
Local educational agency assistance	$ 15,670,735	$ 12,261,757
Federal sources	8,756,502	7,703,408
Other local sources	1,643,237	751,928
State sources	366,505	152,507
Total revenues	26,436,979	20,869,600
Expenditures:		
Instruction and special education	9,258,624	10,034,250
Student support services	250,577	255,479
Instructional staff support	79,869	119,975
Administration support	1,526,751	1,538,603
Pupil health	170,217	177,988
Business services	5,730,353	5,249,071
Operations and maintenance	1,484,460	725,461
Transportation	137	295,229
Student activities	429,284	394,434
Noninstructional support services	28,725	21,128
Food services	901,461	826,837
Capital outlay	307,336	1,094,727
Lease liability expenditures	197,667	17,551,670
Debt service:		
Principal	325,000	310,000
Interest	694,900	707,300
Lease service:		
Principal	1,016,255	1,002,336
Interest	472,408	490,908
Total expenditures	22,874,024	40,795,396
Surplus (deficiency) of revenues under expenditures	3,562,955	(19,925,796)
Other Financing Sources (Uses):		
Proceeds from lease liability	197,667	17,551,670
Loss on remeasurement of building lease	(220,841)	-
Total other financing sources (uses)	(23,174)	17,551,670
Net change in fund balances	3,539,781	(2,374,126)
Fund Balance - July 1, 2023	(418,335)	1,955,791
Fund Balance - June 30, 2024	$ 3,121,446	$ (418,335)

KIPP PHILADELPHIA CHARTER SCHOOL

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balance - Total Government Fund	$ 3,539,781
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of net position, assets are capitalized and cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds transfers, eliminations, and depreciation and amortization expense in the current period.	
Capital outlays	307,336
Depreciation	(857,521)
Governmental funds reported increases in right-to-use assets. However, in the statement of net position, these assets are capitalized and cost is allocated over their estimated useful lives and reported as amortization expense. Decrease in right-to-use lease assets by the current year amortization of the right-to-use assets, allocated over the term of the leases.	
Additions to right-to-use assets	197,667
Amortization	(1,246,271)
Governmental funds report debt obligation proceeds as financing sources, while repayment is reported as expenditures. In the statement of net position, however, the debt obligation increases liabilities and does not affect the statement of activities and repayment of principal reduces the obligation. The effect of these differences in the treatment of the debt obligation is as follows:	
Payments on bonds payable	325,000
Amortization of bond issuance premium	30,032
Governmental funds report lease liability proceeds as other financing sources in the period the lease is initially recognized, while repayment is reported as expenditures . In the statement of net position, however, the lease liability increases liabilities and does not affect the statement of activities, and repayment of principal reduces the obligation. The effect of these differences in the treatment of the lease liability is as follows:	
Proceeds from lease liability	(197,667)
Payments on lease liability	1,016,255
Governmental funds report accrued interest as expenditures in the statement of activities. The net effect of interest expense recorded in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. The net effect of this difference in interest payable is as follows:	
Accrued interest	3,250
Because Federal and State subsidy revenue will not be collected for several months after fiscal year-end, it is not considered as available revenues in the funds. Unavailable Federal and State subsidy revenue decreased by the amount during the year.	
Unavailable revenue	(43,586)
Governmental funds report school pension and OPEB contributions as expenditures. However, in the statement of activities, the cost incurred for future pension and OPEB benefits is reported as pension and OPEB expense, as follows:	
Change in pension expense	(72,000)
Change in OPEB expense	34,000
Change in Net Position of Governmental Activities	$ 3,036,276

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The KIPP Philadelphia Charter School (the School) is a charter school located in Philadelphia, Pennsylvania. The charter school was established and operates under the provisions enacted by the General Assembly of the Commonwealth of Pennsylvania in 1997.

On July 1, 2010, the School Reform Commission of the School District of Philadelphia had authorized the School, under its original charter, to increase its enrollment and allow for grade expansion. As part of the expansion of the School, the School opened an elementary school, called KIPP Philadelphia Elementary Academy, to educate students in grades kindergarten through fourth grade. In addition to KIPP Philadelphia Elementary Academy, the School opened a high school called KIPP DuBois Collegiate Academy in 2010, grades nine through twelve, which later spun off into its own charter.

On July 1, 2015, School Reform Commission of the School District of Philadelphia granted a renewal of the School for a five-year period commencing on July 1, 2015, and ended June 30, 2020. Under this renewal, the School was restructured from a K-12 to a K-8, with total student enrollment in 2015-2016 at 750 seats, increasing to 800 seats in 2016-2017, and finally 860 seats in 2019-2020. The School collectively served 848 students in fiscal year 2024. During fiscal year 2020, the School's charter agreement was renewed under the same terms through June 30, 2025. This agreement includes the KIPP Philadelphia Elementary Academy and KIPP Philadelphia Charter School as both schools operate under one charter.

The School is a charter school which has financial accountability and control over all activities related to the students' education. The School receives funding from local, state and Federal government resources and must comply with the requirement of these funding sources. The School, however, is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) pronouncement. In addition, there are no component units as defined by GASB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's functions are offset by program revenues.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures and changes in fund balance) report on the School's general fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by provider have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Grants and similar items are recognized as soon as all eligibility requirements imposed by providers have been met. For this purpose, the School considers revenues to be available if they are collected within the current period or within 120 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. Compensated absences are recognized as expenditures only to the extent that they are normally expected to be paid from existing unrestricted fund net position. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under leases are reported as other financing sources. Under the terms of grant agreements, the School supports certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

General Fund - The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

Method of Accounting

The Accounting Standards require a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. There were no unspent proceeds at June 30, 2024.

- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Method of Accounting (Continued)

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to inventory, prepaid items, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statue, grantors, bond agreements, etc.). Committed fund balances represent resources segregated from the unassigned fund balance. Committed fund balances are established and modified by a resolution approved by the board of trustees. Assigned fund balances are intended by the School to be used for specific purposes which is determined by board approval. Unassigned fund balances are considered the remaining amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, it is the School's policy to use restricted first, then unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the School's policy to use committed first, then assigned, and finally unassigned amounts.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the General Fund.

The Budgetary Comparison Schedule should present both the original and the final appropriated budgets for the reporting period. The School has a general fund budget. The original budget was filed and accepted by the Labor, Education and Community Services Comptroller's Office in July 2023. The budget is included as required supplementary information.

Fair Value of Financial Instruments

The School follows the accounting and disclosure standards pertaining to GASB No. 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that the School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount 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 expenditures during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The School maintains its cash balances at two banks which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). Periodically, the School may maintain deposits in excess of the FDIC limit of $250,000, with financial institutions. The School believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash

Cash includes petty cash, change funds and cash in banks.

Federal and State Subsidies Receivable and Allowance for Doubtful Accounts

Federal and state subsidies receivable primarily consist of amounts due from the Pennsylvania Department of Education for Federal, state subsidy programs, and other receivables. Federal and state subsidies receivable are stated at the amount management expects to collect from outstanding balances. As of June 30, 2024, no allowance of doubtful accounts was deemed warranted.

Capital Assets

Capital assets, which include furniture and equipment, are reported in the government-wide financial statements. The School's capitalization policy is to capitalize additions in excess of $5,000 with a useful life in excess of one year. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

Description of Capital Cost	Estimated Useful Lives
Building and building improvements	30 years
Furniture and equipment	3-5 years

Land is not depreciated.

Bonds Payable

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time the debt is incurred.

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The School's bonds payable are reported net of its unamortized premium of $653,193 as of June 30, 2024 (see Note 7).

Leases

The School is a lessee and a lessor for buildings and various equipment. When the lessee, the School recognizes a lease liability, and an intangible right-to-use asset in the government-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases* (GASB 87). When the lessor, the School recognizes a lease receivable and deferred inflows of resources based on the criteria dictated in GASB 87.

At the commencement of a lease, the School initially measures the lease liability or lease receivable at the present value of payments expected to be made during the lease term. Subsequently, the lease liability and receivable is reduced by the principal portion of lease payments made.

An intangible right-to-use asset or deferred inflows of resources is initially measured as the initial amount of the lease liability or receivable adjusted for lease payments made at or before the lease commencement date. The intangible right-to-use asset and deferred inflows of resources are amortized on a straight-line basis over the shorter of the life of the underlying asset or the lease term.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School is utilizing the incremental borrowing rate in place at the date of lease inception along with other risk factors to determine the discount interest rate for leases.

The lease terms include the noncancellable and renewal periods of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments through the end of the term, which includes any renewal periods.

The School has recognized payments for short-term leases with a term of twelve months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use assets on the statement of net position.

Income Tax Status

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision or liability for income taxes has been recorded in the accompanying financial statements.

Uncertain Tax Positions

The School accounts for uncertainty in income taxes in which tax positions initially need to be recognized in the financial statements when it is more-likely-than-not that the positions will be sustained upon examination by taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As of June 30, 2024, the School had no uncertain tax positions that qualified for either recognition or disclosure in the accompanying financial statements. Additionally, the School had no interest or penalties related to income taxes. The School files an information return in the U.S. Federal jurisdiction.

Pensions

Plan Description

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows resources to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS or the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PSERS is a governmental cost-sharing multiemployer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at lease 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with thirty or more years credited service; or (c) thirty-five or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership T-F (Class T-F).

To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of thirty-five years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, or the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had a normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at lease one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2011, automatically contribute at 7.5% (automatic Membership Class T-D). For all new hires and for new members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

Member Contributions (Continued)

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Act 5 of 2017 created additional classes of service (Class T-G, T-H and DC) that reduce the defined benefit formula but add a defined contribution component to the employee benefit. These plans are effective for employees who join PSERS on or after July 1, 2019. Total member contributions between the two plans range from 7.5% to 8.25%, depending on the class selection. The employer contribution to the defined contribution plan ranges from 2% to 2.25%, with the balance of the contractually required PSERS contribution rate paid to the defined benefit plan. The defined contribution component of a PSERS retirement benefit will be based on the amount of contributions made by the member and the School and the investment performance on those contributions. Contributions have the potential to grow based on investment earnings but are not guaranteed against loss in the declining investment markets.

Employer Contributions

The employer's contractually required contribution rate for fiscal year ended June 30, 2024, was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the employer were $154,000 for the year ended June 30, 2024.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PSERS and additions to deductions from the System's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (Continued)

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance Program if they satisfy the following criteria:

- Have 24 1/2 or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive Premium Assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible retirees must obtain their health insurance through either their school employer or PSERS' Health Options Program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were $4,000 for the year ended June 30, 2024.

Unearned Revenue

Unearned revenue represents funds that have been received but not yet earned. Unearned revenue as of June 30, 2024, is expected to be earned in fiscal year 2025.

3. DEPOSITS

Custodial Credit Risk

The School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the School's deposits are exposed to custodial credit risk. The School does not have a policy for custodial credit risk.

Operating and restricted cash accounts are held in the School's name by two banking institutions. As of June 30, 2024, $1,627,862 was exposed to custodial credit risk as follows:

Reconciliation to the financial statements:

Uninsured and collateralized amount	$ 1,627,862
Plus - insured amount	3,908,721
Less - outstanding checks	(1,479)
Total cash per school-wide financial statements	$ 5,535,104

3. DEPOSITS (Continued)

Restricted Cash

The School has restricted cash of $1,393,588 at June 30, 2024. The restricted cash serves as collateral pursuant to the Bond Loan Agreement with the School's lender with respect to the Revenue Bond debt discussed in Note 7. The cash is held in custody by the issuing bank.

4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS

Changes in capital assets are as follows for the year ended June 30, 2024:

	Beginning Balance July 1, 2023	Net Additions	Ending Balance June 30, 2024
Capital assets:			
Land	$ 734,300	$ -	$ 734,300
Building and building improvements	19,614,050	-	19,614,050
Furniture and equipment	2,288,457	11,118	2,299,575
Construction in progress	888,775	296,218	1,184,993
Total capital assets	23,525,582	307,336	23,832,918
Less - accumulated depreciation:			
Building and building improvements	3,818,239	678,002	4,496,241
Furniture and equipment	1,980,197	179,519	2,159,716
Total accumulated depreciation	5,798,436	857,521	6,655,957
Total capital assets, net	$ 17,727,146	$ (550,185)	$ 17,176,961

Depreciation expense for the year ended June 30, 2024, amounted to $857,521 and was charged to an unallocated function in the accompanying statement of activities.

Construction in process of $1,184,993 as of June 30, 2024, consists of construction and various costs related to additional leased space. The total cost of the project is expected to be approximately $1,500,000. This project is expected to be completed and placed in service in fiscal year 2025.

Changes in right-to-use lease assets are as follows for the year ended June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Disposals	Ending Balance June 30, 2024
Right-to-use lease assets:				
Building	$ 17,551,699	$ -	$ -	$ 17,551,699
Equipment	225,456	197,667	130,677	292,446
Total right-to-use lease assets	17,777,155	197,667	130,677	17,844,145
Less - accumulated amortization:				
Building	1,170,113	1,170,113	-	2,340,226
Equipment	157,341	76,158	130,677	102,822
Total accumulated and amortization	1,327,454	1,246,271	130,677	2,443,048
Total right-to-use lease assets, net	$ 16,449,701	$ (1,048,604)	$ -	$ 15,401,097

4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS (Continued)

Amortization expense for the year ended June 30, 2024, amounted to $1,246,271 and was charged to an unallocated function in the accompanying statement of activities.

5. COMMITMENTS

The School entered into a building lease agreement in July 2022 with a landlord which expires in June 2037. The School was required to make monthly principal and interest payments of $117,778 during fiscal year 2024. Interest expense on the lease was $463,029 for the year ended June 30, 2024, which is included in lease service - interest in the accompanying statement of revenues, expenditures and changes in fund balance. The net present value of the lease liabilities was $15,678,149 as of June 30, 2024, and was calculated using a discount rate of 2.88% (the School's estimated incremental borrowing rate as of the lease commencement date).

The School leases copiers under lease agreements which expire at various dates through September 2028. The School is required to make monthly cumulative principal and interest payments of $6,277 during fiscal year 2024. Interest expense on the leases was $9,379 for the year ended June 30, 2024, which is included in lease service - interest in the accompanying statement of revenues, expenditures and changes in fund balance. The net present value of the lease liabilities was $200,429 as of June 30, 2024, and was calculated using discount rates ranging from 0.89% through 4.16% (the School's estimated increment borrowing rates as of lease commencement dates).

Future minimum payments under these agreements and future amortization are as follows:

Fiscal Year	Principal	Interest	Amortization
2025	$ 1,036,843	$ 441,221	$ 1,228,357
2026	1,131,554	409,846	1,228,357
2027	1,147,542	376,761	1,211,634
2028	1,167,481	342,891	1,199,475
2029	1,102,268	310,291	1,172,368
2030 - 2034	6,122,457	1,045,467	5,850,566
2035 - 2038	4,170,433	177,322	3,510,340
Total	$ 15,878,578	$ 3,103,799	$ 15,401,097

6. LONG-TERM LEASE RECEIVABLES

The School, acting as lessor, leases certain real property under a long-term, noncancelable lease agreement. During fiscal year 2024, this lease was amended effective July 1, 2023, and increased monthly payments. All other terms remained consistent. This amended lease agreement contains a discount rate of 6% and expires in June 2026. The lessee is required to make monthly principal and interest payments of $112,000 through June 2025, at which time monthly payments increase to approximately $114,250. During the year ended June 30, 2024, the School recognized $1,241,059 and $185,147 in lease revenue and interest revenue, respectively, for the lease agreement, which are included in other local sources in the accompanying statement of revenues, expenditures and changes in fund balance. The lease receivable is the result of recognizing the deferred inflows from leases receivables on a straight-line basis. Upon amending the lease, the School recognized a loss of $220,841 related to the remeasurement of the lease liability.

6. LONG-TERM LEASE RECEIVABLES (Continued)

The future minimum lease payments to be received under the lease agreement is as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 1,230,329	$ 113,671	$ 1,344,000
2026	1,333,995	36,897	1,370,892
Total	$ 2,564,324	$ 150,568	$ 2,714,892

Amortization of deferred inflows from leases receivable is expected to be $1,241,059 for fiscal years 2025 and 2026.

7. BONDS PAYABLE

During 2016, the School issued $15,425,000 and $370,000 in the form of a Revenue Bond, Series of 2016A and Series of 2016B, respectively, for the purpose of the acquisition and renovation of the school facilities and paying the costs of issuing and insuring the bonds. The Series B bonds were paid off in fiscal year 2019. The school facilities are located at 2539 N. 16th Street and 2401 W. Westmoreland Street in Philadelphia, Pennsylvania. The bonds have varying maturities from April 1, 2019 to April 1, 2046, with interest being paid semiannually, April 1 and October 1, at of rate of 4%.

The bonds payable have certain covenants which the School was in compliance with as of June 30, 2024. The School is current on its payments as of June 30, 2024.

Following is the summary of changes in debt obligations for the year ended June 30, 2024:

	Balance July 1, 2023	Decreases	Balance June 30, 2024
Bonds payable	$ 14,100,000	$ (325,000)	$ 13,775,000
Bond issue premium	683,225	(30,032)	653,193
Total bonds payable	$ 14,783,225	$ (355,032)	$ 14,428,193

Minimum future principal payments under the leasehold improvement financing agreements are as follows:

Fiscal Year	Principial	Interest	Total
2025	$ 335,000	$ 681,900	$ 1,016,900
2026	350,000	668,500	1,018,500
2027	365,000	654,500	1,019,500
2028	385,000	636,250	1,021,250
2029	400,000	617,000	1,017,000
2029 - 2034	2,335,000	2,763,250	5,098,250
2035 - 2039	2,980,000	2,117,750	5,097,750
2040 - 2044	3,800,000	1,294,500	5,094,500
2045 - 2046	2,825,000	238,500	3,063,500
Total	$ 13,775,000	$ 9,672,150	$ 23,447,150

8. LOCAL EDUCATIONAL AGENCIES REVENUE

Charter schools are funded by the local public school district in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. All of the students for the School reside in Philadelphia. For the year ended June 30, 2024, the rate for the School District of Philadelphia was $11,569 per year for regular education and $36,431 for special education students. The annual rate is paid monthly by the School District of Philadelphia and is prorated if a student enters or leaves during the year. Total revenue from the School District of Philadelphia was $15,670,735.

9. GOVERNMENT GRANTS AND REIMBURESEMENT PROGRAMS

The School participates in numerous state reimbursement and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not compiled with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and collectability of any related receivable at June 30, 2024, may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

10. FUNDING AND CONCENTRATIONS

The School receives significant funding from the Pennsylvania Department of Education (the PDE) and various Federal agencies passed-through the PDE for its tuition and grant revenue, respectively. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the School as of June 30, 2024, or on the changes in its net position for the year then ended. The School received approximately 95% of its operating revenue from the PDE for the year ended June 30, 2024. In addition, all of the School's receivables are due from the PDE as of June 30, 2024.

11. RETIREMENT PLAN

The School offers a defined contribution plan under Section 403(b) of the IRC, which employees of the School can elect to contribute. Employees can contribute up to 5% of their qualified compensation, with the School matching up to 5% of their qualified compensation. For the year ended June 30, 2024, the School had contributed $309,731 to the Section 403(b) plan.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in the School contributions and earnings on School contributions after one year of service. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to pay a portion of the plan's administrative expenses.

The School had a liability to the plan totaling $44,997 as of June 30, 2024, which is included in accrued benefits payable in the accompanying statement of net position.

12. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2024, the School reported a liability of $1,646,000 for its proportionate share of net pension liability. The School's net pension liability for the PSERS Plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. No material change in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The employer's portion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the employer's portion was 0.0037%, which was an increase of 0.0007% from its proportion measured as of June 30, 2022.

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (23,000)
Difference between projected and actual investment earnings	47,000	-
Changes in proportions	232,000	(35,000)
Changes in assumptions	25,000	-
Contributions subsequent to measurement date	N/A	N/A
Total	$ 304,000	$ (58,000)

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 Ending June 30:	Amount
2025	$ 70,000
2026	34,000
2027	127,000
2028	15,000
Total	$ (246,000)

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined by rolling forward the System's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method - Entry Age Normal - Level % of Pay.
- Investment Return - The investment rate of return was 7.00%, including inflation at 2.50%.
- Salary Growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

12. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Actuarial Assumptions (Continued)

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

    - Salary growth rate - decreased from 5.00% to 4.50%.
    - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
    - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2020 Improvement Scale.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net asset position was projected to be available to make all projected future benefit payments of current plan 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.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

12. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.0%	5.2%
Private Equity	12.0	7.9%
Fixed Income	33.0	3.2%
Commodities	7.5	2.7%
Infrastructure/MLPs	10.0	5.4%
Real Estate	11.0	5.7%
Absolute Return	4.0	4.1%
Cash	3.0	1.2%
Leverage	(10.5)	1.2%
Total	100.0%	

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.00%), or one-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's Proportionate Share of the Net Pension Liability	$ 2,134,000	$ 1,646,000	$ 1,235,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.state.pa.us.

13. OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

At June 30, 2024, the School reported a liability of $65,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one year reported covered payroll. At June 30, 2023, the employer's proportion was 0.0036%, which was an increase of 0.0006% from its proportion measured as of June 30, 2022.

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ -
Difference between expected and actual experience	-	(1,000)
Changes in proportions	10,000	(44,000)
Changes in assumptions	6,000	(12,000)
Difference between employer contributions and proportionate share of total contributions	-	-
Total	$ 16,000	$ (57,000)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Amount
2025	$ (7,485)
2026	(9,228)
2027	(10,975)
2028	(12,560)
2029	(752)
Total	$ (41,000)

13. OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS total OPEB liability as of the June 30, 2022 actuarial valuation to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2022
- Actuarial Cost Method - Entry Age Normal - Level % of Pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate pre-age 65 at 50%
    - Eligible retirees will elect to participate post-age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021, determined the employer contribution rate for fiscal year 2023.
- Cost method was developed using the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method was market value.
- Participation rate assumed that 63% of eligible retirees will elect Premium Assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy with regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Following is the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major class, as of June 30, 2023.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.2%

13. OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13% at June 30, 2023. Under the Plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered to be a pay-as-you-go plan. A discount rate of 4.13%, which represents the S&P twenty-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum amount allowed of $1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of $1,200 per year and 522 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the School's share of the Premium Assistance net OPEB liability at June 30, 2023, calculated using Healthcare Cost Trends as well as what the System net OPEB liability would be if the Healthcare Cost Trends were one-percentage point lower or one-percentage point higher than the current rate:

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (in Thousands)

1% Decrease	Healthcare Cost Trend Current Rate	1% Increase
$ 65	$ 65	$ 65

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.09%) or one-percentage point higher (5.09%) than the current rate (4.09%):

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Discount Rate (in Thousands)

1% Decrease 3.09%	Current Rate 4.09%	1% Increase 5.09%
$ 74	$ 65	$ 58

13. OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in the PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.pa.gov.

14. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.

15. RELATED PARTY TRANSACTIONS

The School, KIPP West Philadelphia Charter School (KWPCS), KIPP Dubois Charter School (KDCS), KIPP North Philadelphia Charter School (KNPCS), KIPP Philadelphia Octavius Catto Charter School (KPOC), and KIPP Administrative Services Corporation (KASC) are considered related parties as a result of common members of the Board and the management of the schools.

The School has an arrangement with KASC where KASC provided management, professional, and facility services rendered to the School. The School pays a fee equal to 12% of public local and state funds, as defined in the agreement, to KASC. During fiscal year 2024, the School incurred $1,880,441 for these services, which is included in business services in the accompanying statement of activities.

From time-to-time, the School and other related entities pay for shared costs which are reimbursed. As of June 30, 2024, the School has a receivable from related parties in the amount of $371,520 and a payable to related parties in the amount of $333,146, which is comprised of the following:

Related Parties	Due from Related Parties	Due to Related Parties
KDCS	$ -	$ 21,515
KASC	371,520	-
KNPCS	-	153,000
KPOC	-	22,091
KWPCS	-	136,540
Total	$ 371,520	$ 333,146

16. CONTINGENCIES

The School is sometimes subject to litigation or the threat of litigation in the ordinary course of its business. In accordance with accounting principles generally accepted in the United States of America, the School recognizes such contingencies in the financial statements when it is both probable that a material liability has been incurred and the amount can be reasonably estimated.

17. LICENSE AGREEMENT

The School maintains a trademark licensing agreement with KIPP Foundation (KIPP), a California Public Benefit Corporation, that is renewed annually. The School must abide by certain educational guidelines as set forth in the agreement. Under the licensing agreement, the School has the right to use various trademarks owned by KIPP.

KIPP's operating committee has elected to charge the School a fee of $30,000 per fiscal year. In accordance with their licensing agreement, the School is to pay KIPP a fee of 1% of the per-pupil tuition per year, not to exceed $30,000.

The School can elect to terminate this agreement. However, if the School elects to terminate the agreement, they are required to reimburse KIPP up to $300,000, which is intended to offset costs KIPP incurred in the training of staff and assistance in operating the School.

KIPP PHILADELPHIA CHARTER SCHOOL

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund (Unaudited)
For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Revenues:				
Local educational agency assistance	$ 14,544,623	$ 15,361,969	$ 15,670,735	$ 308,766
Federal sources	7,740,887	7,171,887	8,756,502	1,584,615
Other local sources	1,080,400	1,080,400	1,643,237	562,837
State sources	233,524	233,524	366,505	132,981
Total revenues	23,599,434	23,847,780	26,436,979	2,589,199
Expenditures:				
Instruction and special education	7,370,707	7,053,875	9,258,624	(2,204,749)
Student support services	1,972,922	1,855,556	250,577	1,604,979
Instructional staff support	162,000	162,000	79,869	82,131
Administration support	1,972,922	1,855,556	1,526,751	328,805
Pupil health	208,605	208,605	170,217	38,388
Business services	6,284,013	6,243,147	5,730,353	512,794
Operations and maintenance	1,463,163	1,504,623	1,484,460	20,163
Transportation	-	-	137	(137)
Student activities	393,860	443,860	429,284	14,576
Noninstructional support services	-	-	28,725	(28,725)
Food services	798,624	798,624	901,461	(102,837)
Capital outlay	307,336	307,336	307,336	-
Lease liability expenditures	-	-	197,667	(197,667)
Debt service:				
Principal	293,857	293,857	325,000	(31,143)
Interest	731,143	731,143	694,900	36,243
Lease payments:				
Principal	1,016,255	1,016,255	1,016,255	-
Interest	472,408	472,408	472,408	-
Total expenditures	23,447,814	22,946,845	22,874,024	72,821
Surplus of revenues under expenditures	151,620	900,935	3,562,955	2,516,378
Other Financing Sources (Uses):				
Proceeds from lease liability	-	-	197,667	197,667
Loss on remeasurement of building lease	-	-	(220,841)	(220,841)
Total other financing sources (uses)	-	-	(23,174)	(23,174)
Net change in fund balance	$ 151,620	$ 900,935	3,539,781	$ 2,493,204
Fund Balance, July 1			(418,335)	
Fund Balance, June 30			$ 3,121,446	

KIPP PHILADELPHIA CHARTER SCHOOL

Schedules of Proportionate Share of PSERS Net Pension Liability (NPL) and Contributions (Unaudited)
For the Year Ended June 30, 2024
(in thousands)

Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)
PSERS Measurement Date (Unaudited)
(in thousands)

Measurement Date	PSERS Net Pension Liability School's Proportionate Share	PSERS Net Pension Liability School's Proportionate Share	School's Covered Payroll	School's Proportionate Share of NPL as a Percentage of Covered Payroll	PSERS Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.0483%	$ 19,177	$ 6,167	310%	57.2%
June 30, 2015	0.0429%	$ 18,582	$ 5,523	336%	54.4%
June 30, 2016	0.0155%	$ 7,682	$ 2,005	383%	50.1%
June 30, 2017	0.0117%	$ 5,778	$ 1,558	371%	51.8%
June 30, 2018	0.0077%	$ 3,696	$ 1,030	359%	54.0%
June 30, 2019	0.0040%	$ 1,871	$ 555	337%	55.7%
June 30, 2020	0.0032%	$ 1,576	$ 451	349%	54.3%
June 30, 2021	0.0031%	$ 1,273	$ 456	279%	63.7%
June 30, 2022	0.0030%	$ 1,334	$ 436	306%	61.3%
June 30, 2023	0.0037%	$ 1,646	$ 452	364%	61.8%

PSERS Schedule of Contributions (Unaudited)
(in thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2014/15	$ 798	$ 798	$ -	$ 5,523	14.4%
2015/16	$ 795	$ 795	$ -	$ 2,005	39.7%
2016/17	$ 493	$ 493	$ -	$ 1,558	31.6%
2017/18	$ 466	$ 466	$ -	$ 1,030	45.2%
2018/19	$ 173	$ 173	$ -	$ 555	31.2%
2019/20	$ 151	$ 151	$ -	$ 451	33.5%
2020/21	$ 176	$ 176	$ -	$ 456	38.6%
2021/22	$ 116	$ 116	$ -	$ 436	26.6%
2022/23	$ 154	$ 154	$ -	$ 436	35.3%
2023/24	$ 154	$ 154	$ -	$ 452	34.1%

Note - 10 years is required, additional years will be added as they become available.

Notes to Required Supplemental Information

(1) Methods and Assumptions used in Calculations of Actuarially Determined Proportionate Share of PSERS Net Pension Liability and Contributions.

Actuarial Cost Method - Entry Age Normal - Level % of Pay.

Investment Return - The investment rate of return was 7.00%, includes inflation of 2.50%.

Salary Increases - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

KIPP PHILADELPHIA CHARTER SCHOOL

Schedules of Proportionate Share of PSERS Net OPEB Liability and Contributions (Unaudited)
For the Year Ended June 30, 2024
(in thousands)

Schedule of Proportionate Share of PSERS Net OPEB Liability
PSERS Measurement Date (Unaudited)
(in thousands)

	PSERS Net Pension Liability				
Measurement Date	**School's Proportionate Share**	**School's Proportionate Share**	**School's Covered Payroll**	**School's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll**	**PSERS Fiduciary Net Position as a Percentage of Total OPEB Liability**
June 30, 2017	0.0117%	$ 238	$ 1,558	15%	5.73%
June 30, 2018	0.0077%	$ 161	$ 1,030	16%	5.56%
June 30, 2019	0.0040%	$ 85	$ 555	15%	5.56%
June 30, 2020	0.0032%	$ 69	$ 451	15%	5.69%
June 30, 2021	0.0031%	$ 73	$ 456	16%	5.30%
June 30, 2022	0.0030%	$ 55	$ 436	13%	6.86%
June 30, 2023	0.0036%	$ 65	$ 452	14%	7.22%

PSERS OPEB Schedule of Contributions (Unaudited)
(in thousands)

Fiscal Year	**Contractually Required Contributions**	**Contributions Recognized by PSERS**	**Contribution Deficiency (Excess)**	**Covered Payroll**	**Contributions as a Percent of Covered Payroll**
2017/18	$ 12	$ 12	$ -	$ 1,030	1.17%
2018/19	$ 4	$ 4	$ -	$ 555	0.72%
2019/20	$ 4	$ 4	$ -	$ 451	0.89%
2020/21	$ 4	$ 4	$ -	$ 456	0.88%
2021/22	$ 5	$ 5	$ -	$ 436	1.15%
2022/23	$ 3	$ 3	$ -	$ 436	0.69%
2023/24	$ 4	$ 4	$ -	$ 452	0.88%

Note - 10 years is required, additional years will be added as they become available.

Notes to Required Supplemental Information

(1) Changes in Actuarial Assumptions

The investment rate of return was changed from 2.18% to 4.09%.

(2) Methods and Assumptions used in Calculations of Actuarially Determined Proportionate Share of PSERS Net Pension Liability and Contributions.

Actuarial Cost Method - Entry Age Normal - Level % of Pay.

Investment Return - 4.09% - S&P 20 Year Municipal Bond Rate.

Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Premium Assistance reimbursement benefits capped at $1,200 per year.

Assumed health care cost trends were applied to retirees with less than $1,200 in Premium Assistance per year.

Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

Eligible retirees will elect to participate pre-age 65 at 50%.

Eligible retirees will elect to participate post-age 65 at 70%.

KIPP PHILADELPHIA CHARTER SCHOOL

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed-Through Pennsylvania Department of Education:			
Title I Grants to Local Educational Agencies	84.010	013-23-0669-A 013-24-0669-A	$ 902,348
Supporting Effective Instruction State Grants (Formerly, Improving Teacher Quality State Grants)	84.367	020-23-0669-A 020-24-0669-A	54,658
Student Support and Academic Enrichment Program	84.424	144-23-0669-A 144-24-0669-A	64,096
COVID-19 - Education Stabilization Fund	84.425U	225-21-0669 223-21-0669	4,814,017
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	5034	213,129
Total U.S. Department of Education			6,048,248
U.S. Department of Agriculture:			
Passed-Through Pennsylvania Department of Education:			
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	126510013	3,256
Child Nutrition Cluster:			
National School Lunch Program	10.555	126510013	1,691,226
School Breakfast Program	10.553	126510013	934,699
Total Child Nutrition Cluster			2,625,925
Total U.S. Department of Agriculture			2,629,181
Total Expenditures of Federal Awards			$ 8,677,429

1. GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the Federal financial assistance programs of KIPP Philadelphia Charter School (the School). Financial awards received directly from Federal agencies, as well as financial assistance passed through other governmental agencies or nonprofit organizations, are included in the schedule.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to the reimbursement.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

The Schedule of Expenditures of Federal Awards presents only a selected portion of the activities of the School. It is not intended to, and does not, present either the balance sheet or statement of revenues, expenditures and changes in fund balance of the governmental fund. The financial activity for the aforementioned awards is reported in the School's statement of revenues, expenditures and changes in fund balance of governmental fund.

4. INDIRECT COST RATE

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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*

Independent Auditor's Report

To the Board of Trustees of
KIPP Philadelphia Charter School:

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 and the general fund of KIPP Philadelphia Charter School (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 13, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

AAFCPAs, Inc.

Westborough, Massachusetts
November 13, 2024

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees and Management of
KIPP Philadelphia Charter School:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited KIPP Philadelphia Charter School's (the School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major Federal programs for the year ended June 30, 2024. The School's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2024.

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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.

Report on Internal Control Over Compliance (Continued)

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.

AAFCPAs, Inc.

Westborough, Massachusetts
November 13, 2024

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report?	____ Yes	X No

Internal control over financial reporting:

• Material weakness(es) disclosed?	____ Yes	X No
• Significant deficiency(ies) disclosed?	____ Yes	X No
Noncompliance material to financial statements disclosed?	____ Yes	X No

Federal Awards

Internal control over each major Federal program:

• Material weakness(es) disclosed?	____ Yes	X No
• Significant deficiency(ies) disclosed?	____ Yes	X No

Type of auditor's report issued on compliance for each major Federal 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 Federal programs:

Name of Federal Programs or Cluster	Assistance Listing Number
Title I Grants to Local Educational Agencies	84.010
COVID-19 - Education Stabilization Fund	84.425

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

Auditee qualified as low-risk auditee?	X Yes	____ No

2. FINANCIAL STATEMENT FINDINGS

None.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.