

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	25
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	26
Note to Required Supplementary Information	27
COMPLIANCE INFORMATION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29
Management Letter	31



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KIPP Impact
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Impact (the "School"), a Component unit of the School Board of Duval County, Florida (the "District"), and a Division of KIPP Jacksonville, Inc. (the "Charterholder") as of and for the year ended June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Emphasis of Matter

As discussed in Note A-1, the financial statements of the School, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information that is attributable to the transactions of the School and not the Charterholder or the District.

They do not purport to, and do not present fairly the financial position of the Charterholder or the District as of June 30, 2023, the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, 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 School's internal control over financial reporting and compliance.

December 28, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

KIPP Impact

For the year ended June 30, 2023

As management of KIPP Impact (the "School"), a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc., we offer 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, 2023 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements as listed on the table of contents of this report.

Financial Highlights

- This is the first year of the School's operations.
- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$164,333.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$162,171

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the difference 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 giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Government-wide financial statements (continued)

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the School Board of Duval County, Florida. The School Board of Duval County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found as listed on the table of contents of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Both the governmental fund balance sheet and the School's statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains various individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The School reports the general fund, and special revenue fund as their major funds.

The governmental fund financial statements can be found as listed on the table of contents of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules with required notes have been provided to demonstrate compliance with this budget and can be found as listed on the table of contents of this report.

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. The notes to the financial statements can be found as listed on the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$164,333 as of June 30, 2023, there was no balance for 2022 as the School was new this year.

The largest portion of the School's net position reflects its unrestricted portion. Another significant portion of net position is the net investment in capital assets (e.g., land, furniture, fixtures and equipment and software). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below.

KIPP Impact Statement of Net Position

	Governmental Activities		
	2023	2022	Variance
ASSETS			
Current assets	\$ 421,129	\$ -	\$ 421,129
Capital assets, net of accumulated depreciation and amortization	2,162	-	2,162
Total assets	423,291	-	423,291
LIABILITIES			
Current liabilities	258,958	-	258,958
NET POSITION			
Net investment in capital assets	2,162	-	2,162
Restricted	108,233	-	108,233
Unrestricted	53,938	-	53,938
Total net position	\$ 164,333	\$ -	\$ 164,333

The increases to assets and liabilities are due to the opening of the KIPP Impact School ("Impact") as a separate school in the current year. The majority of its current assets are due from related parties as Jacksonville Alliance for KIPP Schools, Inc. ("JAKS") and KIPP K12 holds the resources of, and pays on behalf of, Impact. Their current liabilities are made up of their accounts payable balance that is due to other entities not related to the School.

**KIPP Impact
Statement of Activities**

	Governmental Activities		
	2023	2022	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 1,189,712	\$ -	\$ 1,189,712
General revenues:			
State passed through school district	4,121,951	-	4,121,951
Gifts, grants and bequests	750,000	-	750,000
Other revenues	3,397	-	3,397
Total revenues	<u>6,065,060</u>	<u>-</u>	<u>6,065,060</u>
Expenses:			
Instruction	2,673,456	-	2,673,456
Instructional support	402,781	-	402,781
School administration	766,458	-	766,458
Fiscal services	12,297	-	12,297
Food services	312,059	-	312,059
Central services	19,229	-	19,229
Transportation	325,884	-	325,884
Operation of plant	1,357,780	-	1,357,780
Maintenance of plant	30,383	-	30,383
Proprietary	400	-	400
Total expenses	<u>5,900,727</u>	<u>-</u>	<u>5,900,727</u>
Change in net position	164,333	-	164,333
Net position - beginning	-	-	-
Net position - ending	<u>\$ 164,333</u>	<u>\$ -</u>	<u>\$ 164,333</u>

These changes are mainly due to the opening of the Impact school as a separate school in the current year. Operating grants and contributions mainly consists of funds for the National School Lunch Program. State passed through school district revenue primarily consists of Florida Education Finance Program ("FEFP") revenue due to the student population, teacher salaries and funding for class size reduction.

Instructional expenses primarily consists of salaries which is consistent with the student population. Operation of plant expense primarily consists of rent as well as other support personnel required for the virtual classroom.

Financial Analysis of the Government's Funds

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

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

The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was (\$66,444).

General Fund Budgetary Highlights

Actual general fund revenues and expenditures were the same as the final budget. The budgetary information can be found as listed on the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's capital assets for its governmental activities as of June 30, 2023, amounts to \$2,162 (net of accumulated depreciation and amortization). These capital assets include furniture, fixtures and equipment. Additional information on the School's capital assets can be found in Note B of this report.

Economic Factors and Events Affecting Operations. A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to reach 600 students in the current year, which is an increase of no students in the prior year.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director's office at 813 Golfair Blvd, Jacksonville, FL 32209.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental activities</u>
ASSETS	
CURRENT ASSETS	
Accounts Receivable	\$ 49,797
Due from related parties	250,950
Prepaid expenses	<u>120,382</u>
Total current assets	<u>421,129</u>
CAPITAL ASSETS, NET	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	<u>2,162</u>
Total assets	<u>423,291</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	<u>258,958</u>
Total current liabilities	<u>258,958</u>
NET POSITION	
Net investment in capital assets	2,162
Restricted	108,233
Unrestricted	<u>53,938</u>
Total net position	<u>\$ 164,333</u>

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

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
Instruction	\$ 2,673,456	\$ -	\$ 70,343	\$ -	\$ (2,603,113)
Instructional support services	402,781	-	-	-	(402,781)
School administration	766,458	-	130,636	-	(635,822)
Fiscal services	12,297	-	-	-	(12,297)
Food services	312,059	-	420,292	-	108,233
Central services	19,229	-	-	-	(19,229)
Transportation	325,884	-	-	-	(325,884)
Operation of plant	1,357,780	-	568,441	-	(789,339)
Maintenance of plant	30,383	-	-	-	(30,383)
Proprietary	400	-	-	-	(400)
Total governmental activities	\$ 5,900,727	\$ -	\$ 1,189,712	\$ -	(4,711,015)
General revenues:					
					4,121,951
					750,000
					3,397
					<u>4,875,348</u>
					CHANGE IN NET POSITION
					<u>164,333</u>
					Net position - beginning of the year
					<u>-</u>
					NET POSITION - END OF THE YEAR
					<u><u>\$ 164,333</u></u>

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

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	General fund	Special revenue fund	Total governmental funds
ASSETS			
Accounts receivable	49,797	\$ -	\$ 49,797
Due from related parties	142,717	108,233	250,950
Prepaid expenses	120,382	-	120,382
Total assets	\$ 312,896	\$ 108,233	\$ 421,129
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	258,958	\$ -	\$ 258,958
Total liabilities	258,958	-	258,958
FUND BALANCES			
Restricted	-	108,233	108,233
Nonspendable			
Prepaid expenses	120,382	-	120,382
Unassigned	(66,444)	-	(66,444)
Total fund balances	53,938	108,233	162,171
Total liabilities and fund balances	\$ 312,896	\$ 108,233	\$ 421,129

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

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2023

Fund balances - total governmental funds	\$ 162,171 ,
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The net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Furniture, fixtures and equipment, net	<u>\$ 2,162,</u>
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Total net position of governmental activities	<u><u>\$ 164,333 .</u></u>
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The accompanying notes are an integral part of this financial statement.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2023

	General fund	Special revenue fund	Total governmental funds
Revenues			
Federal passed through state	\$ -	\$ 609,254	\$ 609,254
State passed through school district	4,121,950	-	4,121,950
Gifts, grants and bequests	750,000	-	750,000
Local revenues	3,397	-	3,397
Other revenues	-	580,457	580,457
Total revenues	<u>4,875,347</u>	<u>1,189,711</u>	<u>6,065,058</u>
Expenditures			
Current:			
Instruction	2,603,112	70,342	2,673,454
Instructional support services	402,781	-	402,781
School administration	635,822	130,636	766,458
Fiscal services	12,297	-	12,297
Food services	-	312,059	312,059
Central services	19,229	-	19,229
Transportation	325,884	-	325,884
Operation of plant	789,339	568,441	1,357,780
Maintenance of plant	30,383	-	30,383
Community services	-	-	-
Proprietary	400	-	400
Capital outlay	2,162	-	2,162
Total expenditures	<u>4,821,409</u>	<u>1,081,478</u>	<u>5,902,887</u>
NET CHANGES IN FUND BALANCES	<u>53,938</u>	<u>108,233</u>	<u>162,171</u>
Fund balances - beginning of the year	-	-	-
FUND BALANCES - END OF THE YEAR	<u><u>\$ 53,938</u></u>	<u><u>\$ 108,233</u></u>	<u><u>\$ 162,171</u></u>

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

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2023

Net change in fund balances - total governmental funds \$ 162,171 .

The change in net position reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital outlay	\$	2,647 .	
Depreciation and amortization expense		<u>(485) .</u>	
			<u>2,162 .</u>

Change in net position of governmental activities \$ 164,333 .

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

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

KIPP Impact (the "School") is a division of KIPP Jacksonville, Inc. (the "Charterholder") which is a Florida non-profit corporation. The School provides education services to students in kindergarten through eighth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of ten members.

The financial information presented is that of the School only and is not intended to be a complete presentation of the Charterholder or the School Board of Duval County, Florida (the "District"). Additionally, there are consolidated financial statements issued for the Charterholder.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the District. The current charter was issued by the District to the School starting in June 30, 2022 for five years to June 30, 2027 and shall be automatically extended on a month-to-month basis until the charter has been renewed, non-renewed, or terminated by the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the non-fiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the sum of assets and deferred outflows less liabilities and deferred inflows, as presented in the statement of net position, is subdivided into three categories: amounts invested in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining net position that does not meet the definition of the other two categories.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and special revenue fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of Special Revenue sources that are restricted or committed to expenditures for the programs

4. Cash Management

The School does not currently have their own bank accounts. Cash is pooled with an entity related through common ownership, and intercompany activity is tracked accordingly.

5. Interfund activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Transfers are used to move unrestricted fund revenues to finance programs and debt service activities that the School must account for in other funds.

6. Intercompany activity

The majority of Impact's current assets and liabilities are due from and due to related parties such as Jacksonville Alliance for KIPP Schools, Inc. ("JAKS") and KIPP K12; they hold the resources for and pays on behalf of the School.

7. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets (continued)

Capital assets of the School are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Asset class</u>	<u>Estimated useful lives</u>
Furnitures, fixtures and equipment	5 - 10
Software	1 - 3

8. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

9. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

11. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are in non-spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest-level action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Impact of recently issued accounting principles

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for the School's June 30, 2025 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the School's financial statements.

13. Statement No. 87, Leases ("GASB 87")

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the School's June 30, 2023 fiscal year. There was no impact for the adoption of this statement on the School's financial statements.

14. Statement 96, Subscription-Based Information Technology Arrangements ("GASB 96")

In May 2020, the Governmental Accounting Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which establishes that a government should recognize a subscription liability at the commencement of the subscription term, which is when the subscription is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. This statement is effective for the School's June 30, 2023 fiscal year. There was no impact on the School's financial statements as of June 30, 2023.

NOTE B - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets depreciated and amortized:				
Furniture, fixtures and equipment	\$ -	\$ 2,647	\$ -	\$ 2,647
Total assets depreciated	-	2,647	-	2,647
Less accumulated depreciation and amortization:				
Furniture, fixtures and equipment	-	(485)	-	(485)
Total accumulated depreciation and amortization:	-	(485)	-	(485)
Total governmental activities capital assets, net	\$ -	\$ 2,162	\$ -	\$ 2,162

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE B - CAPITAL ASSETS (continued)

Depreciation and amortization expense for the year ended June 30, 2023 was charged to functions of the School as follows:

Administrative	<u>\$</u>	<u>485</u>
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NOTE C - CONCENTRATIONS

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Duval County, Florida:	
Base student allocation	\$ 2,587,803
Exceptional student allocation	484,788
Supplemental academic instruction	128,507
Teacher Salary increase allocation	137,905
Student transportation	110,808
Instructional materials allocation	42,118
Safe schools	42,434
Mental health assistance allocation	24,014
Lead teachers program	10,400
Class size	525,035
Research-based reading instruction	<u>28,139</u>
FEFP School Board subtotal	<u>4,121,951</u>
Operating grants and contributions:	
NSLP	586,831
Title II funds	8,787
Title IV funds	<u>13,636</u>
Operating Grants Passed through district subtotal	<u>609,254</u>
Total revenues	<u>\$ 4,731,205</u>

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE D - COMMITMENTS AND CONTINGENCIES

1. Facilities expense

There is an annual lease between Jacksonville Alliance for KIPP Schools, Inc. ("JAKS") with the Charterholder that is renewed on an annual basis, the expense related to this lease was \$296,737 in the current year. The full amount of the lease expenses is recorded as an operating expense as of June 30, 2023.

The School pays on behalf of the Charterholder as they utilize the facilities.

2. Federal and State grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. The School is subject to periodic audits and inquiries by various regulatory agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. The School has determined that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

3. Legal

The School may be involved in legal actions arising from the normal course of activities. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School's financial statements.

NOTE E - RELATED PARTIES

1. Due from JAKS

JAKS holds, develops and maintains, and retains financing as needed for the real estate used by the Charterholder. As of June 30, 2023 the School has \$199,732 due from KIPP JAKS for accrued contribution from Jacksonville Alliance.

2. Due from KIPP K12

KIPP K12 pays for expenses related to Impact and collects money that is counted as revenue for Impact as they hold the pooled cash account. As of June 30, 2023 the School has a net \$51,218 due from KIPP K12.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE F - 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; and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School has no liability per occurrence. There have been no significant reductions in insurance coverage during the fiscal year. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

NOTE G - SUBSEQUENT EVENTS

The School has evaluated subsequent events and transactions for potential recognition or disclosure through December 28, 2023, the date at which the financial statements were available to be issued and has determined that no material events have occurred that would warrant additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with final budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
State passed through school district	\$ 4,707,600	\$ 4,121,950	\$ 4,121,950	\$ -
Gifts, grants and bequests	600,000	750,000	750,000	-
Local revenues	256,311	3,397	3,397	-
Total revenues	<u>5,563,911</u>	<u>4,875,347</u>	<u>4,875,347</u>	<u>-</u>
Expenditures				
Instruction	3,815,197	2,603,112	2,603,112	-
Instructional support services	887,189	402,781	402,781	-
School administration	664,763	635,822	635,822	-
Fiscal services	22,882	12,297	12,297	-
Central services	34,951	19,229	19,229	-
Transportation	28,234	325,884	325,884	-
Operation of plant	591,845	789,339	789,339	-
Maintenance of plant	108,298	30,383	30,383	-
Proprietary	-	400	400	-
Total expenditures	<u>6,153,359</u>	<u>4,819,247</u>	<u>4,819,247</u>	<u>-</u>
Change in net position	<u>\$ (589,448)</u>	<u>\$ 56,100</u>	<u>56,100</u>	<u>\$ -</u>
Adjustments to conform to GAAP:				
Capital outlay expenditures			(2,162)	
Excess (deficiency) of revenues over (under) expenditures			53,938	
Fund balances - beginning of the year			<u>-</u>	
Fund balances - end of the year			<u>\$ 53,938</u>	

See accompanying note to required supplementary information.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with final budget
	Original	Final		
Revenue				
Federal passed through state	\$ 449,476	\$ 609,254	\$ 609,254	\$ -
Other revenues	750,000	580,457	580,457	-
Total revenues	<u>1,199,476</u>	<u>1,189,711</u>	<u>1,189,711</u>	-
Expenditures				
Instruction	71,251	70,342	70,342	-
School administration	177,757	130,636	130,636	-
Food service	315,468	312,059	312,059	-
Operation of plant	569,681	568,441	568,441	-
Total expenditures	<u>1,134,157</u>	<u>1,081,478</u>	<u>1,081,478</u>	-
Change in net position	<u>\$ 65,319</u>	<u>\$ 108,233</u>	<u>108,233</u>	<u>\$ -</u>
Fund balances - beginning of the year			-	
Fund balances - end of the year			<u>\$ 108,233</u>	

See accompanying note to required supplementary information.

KIPP Impact
(A division of KIPP Jacksonville, Inc.)

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2023

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board. Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budgeted and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation to excess of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

COMPLIANCE INFORMATION



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

To the Board of Directors
KIPP Impact
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of KIPP Impact (the "School"), a Component unit of the School Board of Duval County, Florida, and a Division of KIPP Jacksonville, Inc. (the "Charterholder"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 28, 2023.

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 opinions 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 28, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



MANAGEMENT LETTER

To the Board of Directors
KIPP Impact
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of KIPP Impact (the "School"), a component unit of the School Board of Duval County, Florida (the "District"), and a division of KIPP Jacksonville, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated December 28, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated December 28, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. As of July 1, 2023, the official title of the entity is KIPP Impact, a component unit of the School Board of Duval County, Florida, and a division of KIPP Jacksonville, Inc., 161271.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

December 28, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP