

**KIPP Jacksonville K12
(A Component unit of the
School Board of Duval
County, Florida and a
Division of KIPP
Jacksonville, Inc.)**

**Basic Financial
Statements and
Supplementary
Information**

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KIPP Jacksonville K12
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of KIPP Jacksonville K12 (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, 2025, 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 and each major fund as of June 30, 2025, 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 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, 2025, 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 September 30, 2025, 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.

September 30, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

Management's Discussion and Analysis

For the year ended June 30, 2025

As management of KIPP Jacksonville K12 (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, 2025 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 found as listed on the table of contents of this report.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$3,422,730.
- The net position of the School decreased by \$1,375,080 during the year.
- The unassigned general fund balance was (\$1,352,530).
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$495,127.

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).

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 \$3,422,730 as of June 30, 2025.

The largest portion of the School's net position reflects its restricted 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 Jacksonville K12 Statement of Net Position

	Governmental Activities		
	2025	2024	Variance
ASSETS			
Current assets	\$ 8,818,454	\$ 9,084,901	\$ (266,447)
Capital assets, net of accumulated depreciation	4,230,362	2,954,482	1,275,880
Total assets	<u>13,048,816</u>	<u>12,039,383</u>	<u>1,009,433</u>
LIABILITIES			
Current liabilities	8,373,520	7,241,573	1,131,947
Noncurrent liabilities	1,252,566	-	1,252,566
Total liabilities	<u>9,626,086</u>	<u>7,241,573</u>	<u>2,384,513</u>
NET POSITION			
Net investment in capital assets	2,927,603	2,954,482	(26,879)
Restricted	376,310	1,346,418	(970,108)
Unrestricted	118,817	496,910	(378,093)
Total net position	<u>\$ 3,422,730</u>	<u>\$ 4,797,810</u>	<u>\$ (1,375,080)</u>

Current assets decreased compared to the prior year, mainly due to a decrease in the amount of federal awards received. Since these funds often contribute to cash balances or accounts receivable, the reduced level of federal funding led to a corresponding drop in total current assets. The increase in current liabilities from the prior year is largely attributable to an increase in amounts owed to other educational institutions and affiliated entities. These obligations typically stem from tuition payments, joint program costs, or cooperative service arrangements. The timing of these transactions led to a higher outstanding balance at the end of the reporting period.

The increase in capital assets, net of accumulated depreciation and amortization, and increase noncurrent liabilities is due to current year additions consisting mainly of office space that is property under lease by the School, amounting to \$1,302,759. These additions are offset by accumulated depreciation and amortization increases. The noncurrent liability is the long-term lease liability for this property under lease.

Government-Wide Financial Analysis (continued)

**KIPP Jacksonville K12
Statement of Activities**

	Governmental Activities		
	2025	2024	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 3,465,812	\$ 6,326,075	\$ (2,860,263)
Capital grants and contributions	885,165	707,443	177,722
Charges for services	-	145,444	(145,444)
General revenues:			
State passed through school district	12,935,928	10,449,866	2,486,062
Gifts, grants and bequests	1,464,974	3,951,336	(2,486,362)
Sales surtax	1,562,463	-	1,562,463
Other revenues	1,588,842	-	1,588,842
Total revenues	<u>21,903,184</u>	<u>21,580,164</u>	<u>323,020</u>
Expenses:			
Instruction	11,882,907	9,516,839	2,366,068
Instructional support services	1,548,181	1,986,672	(438,491)
School administration	3,441,459	2,471,568	969,891
Facilities and acquisition	4,217	-	4,217
Fiscal services	181,378	273,418	(92,040)
Food services	1,573,024	1,342,201	230,823
Central services	295,074	321,704	(26,630)
Transportation	351,695	312,353	39,342
Maintenance of plant	43,123	180,703	(137,580)
Operation of plant	3,568,287	3,784,650	(216,363)
Administrative technology services	244,245	30,307	213,938
Community services	140,945	138,095	2,850
Debt service	2,147	13,009	(10,862)
Proprietary	1,582	61,624	(60,042)
Total expenses	<u>23,278,264</u>	<u>20,433,143</u>	<u>2,845,121</u>
Change in net position	(1,375,080)	1,147,021	(2,522,101)
Net position - beginning	<u>4,797,810</u>	<u>3,650,789</u>	<u>1,147,021</u>
Net position - ending	<u>\$ 3,422,730</u>	<u>\$ 4,797,810</u>	<u>\$ (1,375,080)</u>

Operating grants and contributions decreased primarily due to a reduction in federal and/or state grant funding awarded during the current year, specifically the ESSER program which was completed in the prior year. Revenues received from school districts through state pass-through programs increased as a result of expanded participation in state-funded initiatives and increased allocations based on enrollment, which increased by approximately 20%. Gifts, grants, and bequests declined from the prior year, which is attributed to the timing and variability of philanthropic contributions and one-time gifts received in the previous year that did not recur.

Other revenues increased due to higher collections from miscellaneous sources such as facility use fees, interest income, reimbursements, or program service charges not classified under other revenue categories.

The increase in total expenses is due to an increase in instruction, school administration, and food services expenses. Overall, the increase in expenses is due to an increased student head count as well as an increase in salary and benefit costs. It was noted that the School adjusted some of their expense grouping from the prior year, resulting in various increases and decreases when compared.

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 (\$999,982).

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, 2025, amounts to \$4,230,362 (net of accumulated depreciation and amortization). These capital assets include land, furniture, fixtures and equipment, and software. The new equipment included a fire alarm system and school furniture, which made up the majority of the capital asset additions. Additional information on the School's capital assets can be found in Note C of this report.

Debt Administration. During fiscal year 2025, KIPP Jacksonville, Inc. ("KIPP") entered into a long-term lease agreement and a lease liability of \$1,302,759 was recorded.

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 stay the same for current year to the future year at 1,375 students for the 2025/2026 School 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 1440 North McDuff Avenue, Jacksonville, FL 32254.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

STATEMENT OF NET POSITION

June 30, 2025

	Governmental activities
ASSETS	
CURRENT ASSETS	
Cash - unrestricted	\$ 4,335,506
Grant receivable	376,310
Prepaid expenses	26,616
Due from related entities	4,080,022
Total current assets	8,818,454
CAPITAL ASSETS, NET	
Capital assets not being depreciated	
Land	10,290
Capital assets, net of accumulated depreciation	
Leasehold improvements	809,828
Right of use lease assets	1,292,340
Building and fixed equipment	135,501
Furniture, fixtures and equipment	827,015
Motor vehicle	1,000,845
Audiovisual materials	4,309
Computer software	150,234
Total capital assets, net	4,230,362
Total assets	13,048,816
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	387,111
Accrued liabilities	638,928
Due to related entities	7,297,288
Current portion of lease payable	50,193
Total current liabilities	8,373,520
NONCURRENT LIABILITIES	
Lease liability, net of current portion	1,252,566
Total liabilities	9,626,086
NET POSITION	
Net investment in capital assets	2,927,603
Restricted	376,310
Unrestricted	118,817
Total net position	\$ 3,422,730

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General fund	Special revenue fund	Capital outlay fund	Total governmental funds
ASSETS				
Cash - unrestricted	\$ 4,335,506	\$ -	\$ -	\$ 4,335,506
Grant receivable	186,391	-	189,919	376,310
Prepaid expenses	18,866	7,750	-	26,616
Due from related entities	4,080,022	-	-	4,080,022
Due from other funds	-	473,278	971,453	1,444,731
	<u>\$ 8,620,785</u>	<u>\$ 481,028</u>	<u>\$ 1,161,372</u>	<u>\$ 10,263,185</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 387,111	\$ -	\$ -	\$ 387,111
Accrued liabilities	638,928	-	-	638,928
Due to related entities	7,297,288	-	-	7,297,288
Due to other funds	1,444,731	-	-	1,444,731
	<u>9,768,058</u>	<u>-</u>	<u>-</u>	<u>9,768,058</u>
FUND BALANCES				
Restricted	186,391	-	189,919	376,310
Nonspendable				
Prepaid expenses	18,866	7,750	-	26,616
Unassigned	(1,352,530)	473,278	971,453	92,201
	<u>(1,147,273)</u>	<u>481,028</u>	<u>1,161,372</u>	<u>495,127</u>
	<u>\$ 8,620,785</u>	<u>\$ 481,028</u>	<u>\$ 1,161,372</u>	<u>\$ 10,263,185</u>

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

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

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

June 30, 2025

Fund balances - total governmental funds	\$	495,127
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:		
Land	\$	10,290
Leasehold improvements, net		809,828
Property under lease		1,292,340
Building and fixed equipment, net		135,501
Furniture, fixtures and equipment, net		827,015
Motor vehicle, net		1,000,845
Audiovisual materials		4,309
Computer software		<u>150,234</u>
Total capital assets		4,230,362
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Lease payable		<u>(1,302,759)</u>
Total net position of governmental activities	\$	<u><u>3,422,730</u></u>

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

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

For the year ended June 30, 2025

	General fund	Special revenue fund	Capital outlay fund	Total governmental funds
Revenues				
Federal passed through state and local	\$ 541,735	\$ 2,924,077	\$ -	\$ 3,465,812
State passed through school district	12,615,185	-	1,205,908	13,821,093
Local sources	3,009,114	7,145	1,562,463	4,578,722
Total revenues	16,166,034	2,931,222	2,768,371	21,865,627
Expenditures				
Current:				
Instruction	11,722,976	725,042	-	12,448,018
Instructional support	425,193	1,103,328	-	1,528,521
School administration	2,610,234	42,334	-	2,652,568
Facilities and acquisition	4,217	-	-	4,217
Fiscal services	181,378	-	-	181,378
Food services	163,065	1,374,873	-	1,537,938
Central services	295,074	-	-	295,074
Transportation	18,491	-	-	18,491
Maintenance of plant	16,482	-	25,941	42,423
Operation of plant	1,843,529	-	1,553,606	3,397,135
Administrative technology services	244,245	-	-	244,245
Community services	140,353	-	-	140,353
Debt service	2,147	-	-	2,147
Proprietary	1,456	-	126	1,582
Capital outlay	1,669,949	77,284	275,264	2,022,497
Total expenditures	19,338,789	3,322,861	1,854,937	24,516,587
Excess (deficiency) of revenues over (under) expenditures	(3,172,755)	(391,639)	913,434	(2,650,960)
Other financing sources (uses):				
Transfers in	-	-	199,668	199,668
Transfers out	(70,682)	(128,986)	-	(199,668)
Financing through leasing	1,302,759	-	-	1,302,759
Total other financing sources (uses)	1,232,077	(128,986)	199,668	1,302,759
NET CHANGE IN FUND BALANCES	(1,940,678)	(520,625)	1,113,102	(1,348,201)
Fund balances - beginning of the year	793,405	1,001,653	48,270	1,843,328
FUND BALANCES - END OF THE YEAR	\$ (1,147,273)	\$ 481,028	\$ 1,161,372	\$ 495,127

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

**KIPP Jacksonville K12
(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, 2025

Net change in fund balances - total government funds		\$ (1,348,201)
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	\$ 2,022,497	
Depreciation and amortization expense	<u>(746,617)</u>	
		1,275,880
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Lease liability issuance		<u>(1,302,759)</u>
Change in net position of governmental activities		<u>\$ (1,375,080)</u>

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

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

KIPP Jacksonville K12 (the "School") is a Division of KIPP Jacksonville, Inc. (the "Charterholder") which is a Florida non-profit corporation. The School is comprised of two schools: KIPP BCA and Bold City High School. They provide education services to student in Kindergarten through twelfth 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 renewed by mutual agreement between the School and the District for an additional five years to June 30, 2025 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 Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

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, special revenue fund, and capital outlay 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 Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

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 specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Outlay fund - the capital outlay fund of the School is used to account for expenditures for the acquisition cost of capital assets, such as equipment, or expenditures to make improvements to capital assets that materially increase their value or useful life.

4. Cash

For financial statement purposes, cash and cash equivalents are considered to be cash in banks, bond fund reserves in U.S. treasuries, certificates of deposits and money market funds with original maturities of three months or less. Cash is made up of cash on hand at the School and checking accounts held at financial institutions. The School has no cash equivalents. KIPP K12 holds resources for the other two schools, KIPP Voice and KIPP Impact, and has due to and due from accounts to reflect when resources are being accumulated from the other schools or are being given to the other schools.

5. Receivables

Receivables typically include amounts due from governmental agencies for grant related funding and due from related parties. The School has determined, based on prior experience, that 100% of accounts receivable are deemed to be fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. 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.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Asset class	Estimated useful lives
Furniture, fixtures and equipment	5 - 10
Software	1 - 3
Building	30 - 40
Building improvements	10 - 15
Leasehold improvements	10 - 15 or the remaining life of lease, whichever is shorter
Audio visual materials	3 - 7
Motor vehicles	5 - 10
Property under lease	The shorter of the lease term and the economic useful life of the asset

8. Long-lived assets

The School evaluates its long-lived assets for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The School compares the carrying amount to estimated future net undiscounted cash flows expected to be generated by such assets. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. Management has determined that there was no impairment for 2025.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Long-term right of use lease liability

Under GASB Statement No. 87, *Leases*, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standards as having the right to direct the use of the asset. Management only reevaluates its determination if the terms and conditions of the contract are changed. Finance leases are included in lease right-of-use ("ROU") assets are part of the capital assets, other current liabilities, and other long-term liabilities on the School's balance sheet.

ROU assets represent the right to use an underlying asset for the lease term, and the lease liabilities represent the obligation to make lease payments. The lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The School uses the implicit rate when it is readily determinable. Lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School's lease terms may include options to extend or terminate the lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet (See Note E-2).

10. 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.

KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. 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.

12. 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.

13. 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.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification (continued)

The classifications used in the governmental fund financial statements are as follows:
(continued)

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.

14. Impact of recently issued accounting principles

GASB Statement No. 103, *Financial Reporting Model Improvements*: This statement introduces significant changes to the financial reporting model, including revisions to the management's discussion and analysis (MD&A), the presentation of unusual or infrequent items, and the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: This statement enhances capital asset note disclosures by requiring state and local governments to provide more detailed information about specific types of capital assets. Other intangible assets must also be disclosed separately by major class. The objective is to give financial statement users greater clarity regarding the nature and composition of a government's capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

The School is currently evaluating the impact that these new standards will have on its financial statements and related disclosures.

15. Impact of recently implemented accounting principles

GASB Statement No. 102, *Certain Risk Disclosures*: This statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for the current year.

KIPP Jacksonville K12
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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE B - CASH

As of June 30, 2025 cash consists of \$4,335,506 of unrestricted cash. The associated risk with cash is as follows:

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The deposits are insured by the FDIC up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes.

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance at July 1, 2024	Additions	Disposals	Balance at June 30, 2025
Capital assets not depreciated:				
Land	\$ 10,290	\$ -	\$ -	\$ 10,290
Capital assets depreciated and amortized:				
Leasehold improvements	807,090	356,942	-	1,164,032
Building and fixed equipment	332,006	-	-	332,006
Furniture, fixtures and equipment	1,932,049	362,796	-	2,294,845
Motor vehicle	3,148,637	-	-	3,148,637
Audiovisual materials & software	361,775	-	-	361,775
Right of use asset - lease	-	1,302,759	-	1,302,759
Total assets	<u>6,591,847</u>	<u>2,022,497</u>	<u>-</u>	<u>8,614,344</u>
Less accumulated depreciation and amortization:				
Leasehold improvements	(254,547)	(99,657)	-	(354,204)
Building and fixed equipment	(130,709)	(65,796)	-	(196,505)
Furniture, fixtures and equipment	(1,218,091)	(249,739)	-	(1,467,830)
Motor vehicle	(1,832,929)	(314,864)	-	(2,147,793)
Audiovisual materials & software	(201,089)	(6,142)	-	(207,231)
Right of use asset - lease	-	(10,419)	-	(10,419)
Total accumulated depreciation and amortization:	<u>(3,637,365)</u>	<u>(746,617)</u>	<u>-</u>	<u>(4,383,982)</u>
Total governmental activities capital assets, net	<u>\$ 2,954,482</u>	<u>\$ 1,275,880</u>	<u>\$ -</u>	<u>\$ 4,230,362</u>

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE D - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of federal and state revenue sources and amounts, not including other revenues in the statement of revenues:

Sources	Amounts
School Board of Duval County, Florida:	
FEFP Basic	\$ 7,655,206
Transportation	248,430
Class size reduction	1,361,886
ESE	1,367,252
Vocational	150,321
Safe schools	173,432
Mental health assistance allocation	76,178
AP/IB/AICE	861
Educational enrichment	375,621
Educational enrollment stabilization program	80,728
Capital Outlay LCIR	320,743
One mil - charters	1,125,270
FEFP & state categorical revenues subtotal	12,935,928
State Funding	
Capital outlay	885,165
State passed through school district subtotal	13,821,093
Local Sources	
Sales Surtax	1,562,463
CSP	365,370
Contributions	1,464,974
School generated revenue	68,638
Interest on investments	101,672
Local funds	806,468
E-rates refunds	209,137
Local sources subtotal	4,578,722
Federal passed through state and local:	
Title I funds	1,327,500
National School Lunch Program	1,926,890
Title II funds	130,157
Title IV funds	81,265
Federal passed through state and local subtotal	3,465,812
Total revenues	\$ 21,865,627

KIPP Jacksonville K12
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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Accounting services

The Charterholder entered into an agreement with a professional services firm which extends on a month-to-month basis. This agreement calls for a monthly fee for accounting services to be paid in installments of approximately \$4,000 in July, August, and September of 2024, then increased to \$6,500 from October 2024 onward.

The amount charged to operations for the year ended June 30, 2025 was \$70,500.

2. Facilities expense and right of use lease liability

Jacksonville Alliance for KIPP Schools, Inc. ("JAKS") maintains a lease agreement with the Charterholder for the use of educational facilities, accounted for as rent expense. For the fiscal year ended June 30, 2025, the total rent expense incurred under this agreement was \$1,124,293.

During June of 2025, KIPP K12 entered into a long-term lease for use of these educational facilities. The lease term is for 125 months beginning on the date KIPP K12 takes possession of the space, which was June 1, 2025. The nominal annual interest rate is 4%, and it is compounded monthly. The lease includes escalating monthly rental payments, beginning at \$11,285 and increasing to \$15,154 over the term of the agreement. The following is a schedule of the principal and interest payments and a roll forward for this lease liability:

	Balance at July 1, 2024	Additions	Balance at June 30, 2025	Due within one year
Right of use lease	\$ -	\$ 1,302,759	\$ 1,302,759	\$ 50,193
		Principal	Interest	
	2026	\$ 50,193	\$ 51,369	
	2027	79,360	48,879	
	2028	98,921	45,134	
	2029	107,372	41,024	
	2030	116,252	36,568	
	Thereafter	850,661	104,317	
	Total	\$ 1,302,759	\$ 327,291	

KIPP Jacksonville K12
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NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

3. 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, 2025 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.

4. 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 F - RELATED PARTIES

1. Due from JAKS

JAKS primarily holds, develops and maintains, and retains financing as needed for the real estate used by the Charterholder and to a lesser extent, JAKS receives certain grant funding on behalf of the School. As of June 30, 2025 the School has \$4,080,022 due from JAKS.

2. Due to KIPP Voice

The School holds the liquid resources of KIPP Voice School ("Voice") and pays on their behalf. As of June 30, 2025 the School has \$6,625,487 due to Voice.

3. Due to KIPP Impact

The School holds the liquid resources of KIPP Impact School ("Impact") and pays on their behalf. As of June 30, 2025 the School has \$611,801 due to Impact.

4. Due to KIPP Foundation

As of June 30, 2025, K12 owed the KIPP Foundation \$60,000.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025

NOTE G - 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 H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date noted on the Independent Auditor's Report, the date the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional adjustment or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KIPP Jacksonville K12
(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, 2025

	Budgeted Amounts			Variance with final budget
	Original	Final	Actual	
Revenue				
Federal passed through state and local	\$ -	\$ 541,735	\$ 541,735	\$ -
State passed through school district	14,012,581	12,615,185	12,615,185	-
Local sources	4,450,632	3,009,114	3,009,114	-
Total revenues	18,463,213	16,166,034	16,166,034	-
Expenditures				
Instruction	10,265,285	11,722,976	11,722,976	-
Instructional support services	650,798	425,193	425,193	-
School administration	3,625,824	2,610,234	2,610,234	-
Facilities and acquisition	-	4,217	4,217	-
Fiscal services	251,485	181,378	181,378	-
Food service	210,582	163,065	163,065	-
Central services	328,258	295,074	295,074	-
Transportation	531,859	18,491	18,491	-
Maintenance of plant	182,695	16,482	16,482	-
Operation of plant	2,536,124	1,843,529	1,843,529	-
Administrative technology services	324,528	244,245	244,245	-
Community services	269,258	140,353	140,353	-
Debt service	12,582	2,147	2,147	-
Proprietary	1,000	1,456	1,456	-
Capital outlay	2,000,000	1,669,949	1,669,949	-
Total expenditures	21,190,278	19,338,789	19,338,789	-
Deficiency of revenues under expenditures	\$ (2,727,065)	\$ (3,172,755)	(3,172,755)	\$ -
Transfers			(70,682)	
Financing through leasing			1,302,759	
Total other financing sources			1,232,077	
Net change in fund balance			(1,940,678)	
Fund balance - beginning of the year			793,405	
Fund balance - end of the year			\$ (1,147,273)	

See accompanying note to required supplementary information.

KIPP Jacksonville K12
(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, 2025

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenue				
Federal passed through state	\$ 3,907,786	\$ 2,924,077	\$ 2,924,077	\$ -
Local sources	149,034	7,145	7,145	-
Total revenues	<u>4,056,820</u>	<u>2,931,222</u>	<u>2,931,222</u>	<u>-</u>
Expenditures				
Instruction	1,102,582	725,042	725,042	-
Instructional support services	1,258,985	1,103,328	1,103,328	-
School administration	105,258	42,334	42,334	-
Food services	1,528,523	1,374,873	1,374,873	-
Capital outlay	80,000	77,284	77,284	-
Total expenditures	<u>4,075,348</u>	<u>3,322,861</u>	<u>3,322,861</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>\$ (18,528)</u>	<u>\$ (391,639)</u>	(391,639)	<u>\$ -</u>
Transfers			<u>(128,986)</u>	
Net change in fund balance			(520,625)	
Fund balance - beginning of the year			<u>1,001,653</u>	
Fund balance - end of the year			<u>\$ 481,028</u>	

See accompanying note to required supplementary information.

KIPP Jacksonville K12
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY

For the year ended June 30, 2025

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenue				
State passed through school district	\$ 1,285,698	\$ 1,205,908	\$ 1,205,908	\$ -
Local sources	1,782,589	1,562,463	1,562,463	-
Total revenues	<u>3,068,287</u>	<u>2,768,371</u>	<u>2,768,371</u>	<u>-</u>
Expenditures				
Maintenance of plant	35,627	25,941	25,941	-
Operation of plant	1,592,368	1,553,606	1,553,606	-
Proprietary	-	126	126	-
Capital outlay	300,000	275,264	275,264	-
Total expenditures	<u>1,927,995</u>	<u>1,854,937</u>	<u>1,854,937</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ 1,140,292</u>	<u>\$ 913,434</u>	913,434	<u>\$ -</u>
Transfers			<u>199,668</u>	
Net change in fund balance			1,113,102	
Fund balance - beginning of the year			<u>48,270</u>	
Fund balance - end of the year			<u>\$ 1,161,372</u>	

See accompanying note to required supplementary information.

**KIPP Jacksonville K12
(A Division of KIPP Jacksonville, Inc.)**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2025

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted for the entire operations at the combined school level and may be amended by the Board. Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget 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 Jacksonville K12
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 and each major fund of KIPP Jacksonville K12 (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, 2025 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2025.

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 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.

September 30, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Directors
KIPP Jacksonville K12
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of KIPP Jacksonville K12 (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, 2025, and have issued our report thereon dated September 30, 2025.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and 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 September 30, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings.

There were no recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is KIPP Jacksonville K12, a Component unit of the School Board of Duval County, Florida, and a Division of KIPP Jacksonville, Inc. and the School code is 5901.

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 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 have any such findings.

Purpose of this Letter

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

September 30, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP