

Hood & Strong

Advisory, Tax
and Assurance

KIPP Foundation

June 30, 2025

Single Audit Report



KIPP Foundation

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Independent Auditors' Report

THE BOARD OF DIRECTORS
KIPP FOUNDATION
San Francisco, California

Opinion

We have audited the financial statements of **KIPP FOUNDATION (the Foundation)**, which comprise the statement of financial position as of June 30, 2025, and 2024, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025, and 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year from the date of this report.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, on our consideration of the Foundation'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 Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Hood & Strong LLP

San Francisco, CA
March 24, 2026

KIPP Foundation

Statement of Financial Position

June 30,	2025	2024
Assets		
Cash and cash equivalents	\$ 34,664,054	\$ 13,084,007
Receivables, net of allowance for credit losses of \$71,647 and \$86,488 for 2025 and 2024	6,967,107	7,482,054
Government grants receivable	3,291,941	7,521,078
Contributions receivable, net (Note 4)	61,163,847	44,027,599
Investments (Note 6)	67,571,680	58,470,864
Notes receivable, net of allowance for credit losses of \$1,350,000 and \$0 for 2025 and 2024 (Note 7)	3,110,000	4,645,000
Furniture and equipment, net (Note 8)	653,190	1,071,585
Right-of-use leased assets	2,021,321	2,513,033
Deposits, prepaids, and other assets	2,135,932	2,161,964
Total assets	\$ 181,579,072	\$ 140,977,184
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 9,224,268	\$ 6,653,171
Accrued expenses	4,292,987	1,798,039
Government grants accrued expenses	3,174,563	7,324,944
Guarantees and other liabilities (Note 10)	150,000	100,000
Lease obligation (Note 10)	2,723,300	3,463,384
Government advance - KCEP (Note 9)	8,731,379	8,347,233
Total liabilities	28,296,497	27,686,771
Net Assets:		
Without donor restrictions:		
Board-designated net assets	3,680,589	3,680,589
Undesignated net assets	60,050,808	47,549,840
Total net assets without donor restrictions	63,731,397	51,230,429
With donor restrictions (Note 13)	89,551,178	62,059,984
Total net assets	153,282,575	113,290,413
Total liabilities and net assets	\$ 181,579,072	\$ 140,977,184

See accompanying notes to the financial statements.

KIPP Foundation

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support:			
Contributions	\$ 43,455,362	\$ 79,558,192	\$ 123,013,554
Government grants (Note 9)	-	1,204,358	1,204,358
Government grants - school designated grants (Note 9)	-	10,374,651	10,374,651
License fees	6,002,676	-	6,002,676
Network support service income	2,195,555	-	2,195,555
Contributed services	4,754,989	-	4,754,989
Sublease income (Note 10)	105,792	-	105,792
Investment return, net	4,325,466	-	4,325,466
Total revenue, gains and support	60,839,840	91,137,201	151,977,041
Net Assets Released from Restrictions (Note 14)	63,646,007	(63,646,007)	-
Expenses:			
Program services:			
One KIPP	79,581,096	-	79,581,096
Network Growth & Sustainability	21,935,943	-	21,935,943
Network Infrastructure	3,126,885	-	3,126,885
Total program services	104,643,924	-	104,643,924
Support services:			
Administration	5,415,697	-	5,415,697
Fundraising	1,925,258	-	1,925,258
Total support services	7,340,955	-	7,340,955
Total expenses	111,984,879	-	111,984,879
Change in Net Assets	12,500,968	27,491,194	39,992,162
Net Assets, beginning of year	51,230,429	62,059,984	113,290,413
Net Assets, end of year	\$ 63,731,397	\$ 89,551,178	\$ 153,282,575

See accompanying notes to the financial statements.

KIPP Foundation

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support:			
Contributions	\$ 42,950,758	\$ 39,278,018	\$ 82,228,776
Government grants (Note 9)	-	1,868,925	1,868,925
Government grants - school designated grants (Note 9)	-	16,945,001	16,945,001
License fees	6,059,553	-	6,059,553
Network support service income	1,691,515	-	1,691,515
Contributed services	4,123,917	-	4,123,917
Sublease income (Note 10)	26,448	-	26,448
Investment return, net	4,006,362	-	4,006,362
Total revenue, gains and support	58,858,553	58,091,944	116,950,497
Net Assets Released from Restrictions (Note 14)	42,830,872	(42,830,872)	-
Expenses:			
Program services:			
One KIPP	40,717,857	-	40,717,857
Network Growth & Sustainability	27,468,766	-	27,468,766
Network Infrastructure	14,306,535	-	14,306,535
Total program services	82,493,158	-	82,493,158
Support services:			
Administration	8,748,968	-	8,748,968
Fundraising	2,588,816	-	2,588,816
Total support services	11,337,784	-	11,337,784
Total expenses	93,830,942	-	93,830,942
Change in Net Assets	7,858,483	15,261,072	23,119,555
Net Assets, beginning of year	43,371,946	46,798,912	90,170,858
Net Assets, end of year	\$ 51,230,429	\$ 62,059,984	\$ 113,290,413

See accompanying notes to the financial statements.

KIPP Foundation

Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services			Support Services		2025 Total
	One KIPP	Network Growth & Sustainability	Network Infrastructure	Administration	Fundraising	
Salaries and related employee expenses	\$ 38,339,877	\$ 380,796	\$ 1,028,723	\$ 1,113,245	\$ 1,260,821	\$ 42,123,462
Grants	21,289,333	16,630,651	614,527	3,299,457	22,611	41,856,579
Professional fees	7,559,097	4,828,746	308,143	264,212	451,405	13,411,603
Training and event production	4,277,639	442	593,094	10,213	5,199	4,886,587
Travel	3,037,574	1,650	135,217	45,908	44,158	3,264,507
Information technology	2,062,560	4,475	60,374	128,788	33,039	2,289,236
Advertising and promotion	848,021	239	78,781	4,003	20,053	951,097
Occupancy	442,987	38,597	133,536	104,988	36,667	756,775
Insurance	233,944	23,324	77,904	92,316	22,158	449,646
Depreciation	237,766	23,705	79,177	64,005	22,521	427,174
Office expenses	135,365	3,318	16,902	6,322	5,045	166,952
Other	1,116,933	-	507	282,240	1,581	1,401,261
	\$ 79,581,096	\$ 21,935,943	\$ 3,126,885	\$ 5,415,697	\$ 1,925,258	\$ 111,984,879

Included in professional fees above is \$4,754,989 in contributed services (see Note 2).

See accompanying notes to the financial statements.

KIPP Foundation

Statement of Functional Expenses

For the Year Ended June 30, 2024

	Program Services			Support Services		2024 Total
	One KIPP	Network Growth & Sustainability	Network Infrastructure	Administration	Fundraising	
Grants	\$ 13,544,199	\$ 20,162,790	\$ 3,228,568	\$ -	\$ -	\$ 36,935,557
Salaries and related employee expenses	18,375,518	2,378,122	6,896,704	5,845,750	2,107,323	35,603,417
Professional fees	5,251,753	4,652,710	1,247,981	913,717	287,845	12,354,006
Travel	1,470,718	60,545	1,106,134	222,278	85,657	2,945,332
Training and event production	1,066,918	26,030	758,886	55,611	7,175	1,914,620
Information technology	620,436	24,395	385,378	574,917	45,653	1,650,779
Occupancy	18,610	7,985	10,203	894,431	1,871	933,100
Depreciation	190,548	108,884	137,807	88,469	25,520	551,228
Advertising and promotion	60,029	336	453,056	10,283	12,121	535,825
Insurance	70,536	40,306	51,012	32,748	9,447	204,049
Office expenses	46,566	6,663	26,582	21,095	3,581	104,487
Other	2,026	-	4,224	89,669	2,623	98,542
	\$ 40,717,857	\$ 27,468,766	\$ 14,306,535	\$ 8,748,968	\$ 2,588,816	\$ 93,830,942

Included in professional fees above is \$4,123,917 in contributed services (see Note 2).

See accompanying notes to the financial statements.

KIPP Foundation

Statement of Cash Flows

<i>For the Year Ended June 30,</i>	2025	2024
Cash Flows from Operating Activities:		
Changes in net assets	\$ 39,992,162	\$ 23,119,555
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	427,174	551,230
Loss on disposal of assets	3,100	11,413
Amortization of right-of-use leased assets	491,712	379,241
Change in allowance on receivables	(14,841)	86,488
Change in discount on contributions receivable	3,160,826	2,110,021
Change in allowance on notes receivable	1,350,000	-
Realized and unrealized gain on investments	(2,677,017)	(1,312,722)
Decrease (increase) in operating assets:		
Receivables	529,788	(1,041,256)
Government grants receivable	4,229,137	(806,725)
Contributions receivable	(20,297,074)	(36,562,805)
Deposits, prepaids and other assets	26,032	(473,626)
(Decrease) increase in operating liabilities:		
Accounts payable	2,571,097	2,814,161
Accrued expenses	2,494,948	(2,260,569)
Lease obligations	(740,084)	(130,808)
Government grants accrued expenses	(4,150,381)	984,287
Guarantees and other liabilities	50,000	-
Net cash provided (used) by operating activities	27,446,579	(12,532,115)
Cash Flows from Investing Activities:		
Purchase of investments	(46,007,282)	(61,049,455)
Proceeds from the sale of investments	39,583,483	75,944,278
Advances on notes receivables	(795,000)	(2,545,000)
Collections on notes receivable	980,000	1,283,334
Collections on investment contracts	-	3,750,000
Purchases of furniture and equipment	(11,879)	(298,670)
Interest earned on KCEP investment	384,146	384,409
Net cash (used) provided by investing activities	(5,866,532)	17,468,896
Net Change in Cash and Cash Equivalents	21,580,047	4,936,781
Cash and Cash Equivalents, beginning of year	13,084,007	8,147,226
Cash and Cash Equivalents, end of year	\$ 34,664,054	\$ 13,084,007
Supplementary Disclosure of Cash Activities:		
Cash paid under operating right-of-use leases	\$ 859,910	\$ 824,148

See accompanying notes to the financial statements.

KIPP Foundation

Notes to the Financial Statements

Note 1 - Nature of the Organization:

KIPP Foundation (the Foundation) is a nonprofit corporation, organized under the laws of the State of California in April 2000. The mission of the Foundation is to collaborate with families and communities to create joyful, academically excellent schools that prepare students with the skills and confidence to pursue the paths they choose, so that they can lead fulfilling lives and build a more just world. KIPP Schools & Regions are separate entities operating independently of the Foundation and, therefore, are not consolidated with these financial statements of the Foundation.

To fulfill its mission, the Foundation focuses on three programmatic areas:

One KIPP:

The KIPP Foundation partners with KIPP Schools & Regions to deliver joyful, academically excellent education by building systems that promote equity, establish healthy school culture, and support teachers in expanding content knowledge and culturally responsive pedagogy.

The Foundation provides KIPP Schools & Regions with:

- Curriculum, assessment, and instructional resources with implementation support;
- Regional superintendent coaching and support;
- Professional development, training, and shared tools for executive directors and school leaders;
- Strengthened college counseling and alumni advising to prepare graduates for their chosen educational and career paths; and
- National initiatives supporting local KIPP Forward programs, including:
 - Alumni support on college campuses;
 - Career exposure and exploration opportunities; and
 - College partnerships.

Network growth & sustainability:

The Foundation strengthens regional capabilities and drives mission delivery by partnering with executive directors and senior leaders to support growth, scale, and strategic planning aligned with public policy goals.

KIPP Foundation

Notes to the Financial Statements

The Foundation provides KIPP Schools & Regions with:

- Financial and operational support;
- Integration and scaling assistance;
- Strategic leadership for new sites;
- Brand protection and narrative advancement to expand stakeholder engagement;
- National and local policy advocacy through authentic stakeholder relationships;
- Alumni networking and connection services; and
- Capacity building to leverage national scale for coordinated communication and advocacy.

Network infrastructure:

The Foundation supports continuous learning and improvement among KIPP Schools & Regions by:

- Creating on-going visibility into KIPP's network-wide performance and generating actionable insights;
- Delivering high quality data and research to support network leaders in making data-driven decisions;
- Promoting innovation and facilitating the exchange of ideas through network-wide retreats and professional development events; and
- Providing direct legal and technology support.

Note 2 - Significant Accounting Policies:

Basis of Accounting

These financial statements are prepared on the accrual basis of accounting. The accounts of the Foundation are maintained in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) relevant to not-for-profit organizations.

KIPP Foundation

Notes to the Financial Statements

Description of Net Assets

Net Assets Without Donor Restrictions - the portion of net assets that is not subject to donor-imposed stipulations. Net assets without donor restrictions include Board-designated net assets, which are funds reserved by the Board of Directors for guarantees made by the Foundation to a third party for the performance of certain schools and for loans made directly to schools.

Net Assets With Donor Restrictions - the portion of net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation. Net assets with donor restrictions also include net assets to be retained in perpetuity of which the Foundation has none as of June 30, 2025 and 2024.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and highly liquid money market funds held with banks, except those held for investment purposes. Based on the Foundation's investment policy, cash is to be employed productively at all times by investment in short-term cash equivalents to provide safety, liquidity, and return.

Receivables

Receivables represent uncollateralized obligations due from KIPP Schools & Regions for network support service, license fees, and reimbursement of expenses. Receivables are due from KIPP Schools & Regions as billed.

Management estimates the credit loss allowance balance by performing an analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions, and the likelihood of future changes in the overall economic environment. An allowance for expected credit losses of \$71,647 and \$86,488 was recorded as of June 30, 2025 and 2024 respectively. The change in allowance for credit losses is comprised of a decrease to the provision for credit losses of \$14,841. There were no write offs or recoveries recorded during the year.

Contributions Receivable

Unconditional promises to give are recognized as contributions when such promises are made by the donor. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the rates applicable in the years in which those promises are received. Amortization of the discount is included in contribution revenue.

KIPP Foundation

Notes to the Financial Statements

The Foundation uses the allowance method to record uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible unconditional promises to give at June 30, 2025 and 2024.

Investments

Investments are recorded at fair value based on quoted market prices. Investment income is accrued when earned. Unrealized gains and losses are included in the statements of activities and changes in net assets.

U.S. Department of Education funds must be held in cash and investments, which protect the principal from undue market risk while allowing the funds to be liquidated and applied toward the five statutory purposes allowed under the program guidelines (see Note 9).

Notes Receivable

Notes receivable represent loans to KIPP Schools & Regions used primarily to finance facilities-related projects or school start-up costs, or to meet financial compliance targets. These notes receivable are uncollateralized and are stated at principal amount. Payments of notes receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. The carrying amount of notes receivable is reduced by an allowance for expected credit losses that reflects management's best estimate of the amounts that will not be collected, if any. Management estimates the credit loss allowance balance by performing an aging analysis and determining the probability of default using relevant available internal and external information, considering past and current condition, and the likelihood of future changes in the overall economic environment.

Management estimates the credit loss allowance balance for notes receivable by performing an analysis and determining the probability of default using relevant available internal and external information, considering past and current conditions, and the likelihood of future changes in the overall economic environment. An allowance for expected credit losses of \$1.3 million was recorded during the year ended June 30, 2025. There were no write offs or recoveries recorded during the year.

Furniture and Equipment

Furniture and equipment are carried at cost less accumulated depreciation and amortization and are depreciated on a straight-line basis over the assets' estimated useful lives of 3 - 7 years. Leasehold improvements are amortized on the straight-line basis over the estimated useful lives of the assets or term of the lease. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

KIPP Foundation

Notes to the Financial Statements

Leases

The Foundation accounts for its leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842. The Foundation determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases. The Foundation does not have any finance leases. Operating lease Right of Use (ROU) assets and obligations are recognized based on the present value of the future minimum lease payments over the lease term. As the Foundation's leases do not provide an implicit rate, the Foundation uses the risk-free rate at the lease commencement date to determine the present value of future lease payments in accordance with the private company expedient available under FASB ASC 842. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Foundation made an accounting policy election available under FASB ASC 842 not to recognize ROU assets and lease obligations for leases with a term of 12 months or less.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy within three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Foundation's determination of assumptions that market participants might reasonably use in valuing the securities.

Revenue Recognition

Contributions - Contributions received are recorded at fair value as net assets without donor restrictions, or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. The Foundation's contributions in the form of securities, are sold as soon as practicable and may result in a gain or loss. These contributions are recorded at their net realizable value when sold.

Government Grants - The Foundation has received various grants from one federal agency. These funds are conditional contributions and are recognized when the conditions on which they depend (expenditures have been incurred in accordance with the contract specifications) are substantially met and they become unconditional.

KIPP Foundation

Notes to the Financial Statements

Government Grants - School Designated Grants - The Foundation has received several grants from one federal agency to be awarded to various KIPP Schools & Regions. These funds are conditional contributions and are recognized when the conditions on which they depend generally when expenditures have been incurred in accordance with the contract specifications are substantially met and they become unconditional.

The Foundation accounts for license fees and network support services as exchange transactions under FASB ASC Topic 606, *Revenue from Contracts with Customers*.

License Fees - License fees represent annual fees received from KIPP Schools & Regions for use of the KIPP brand and network and are recorded at the end of the fiscal year that the license covers (performance obligation) based on either a flat rate or an agreed-upon percentage of funding received by the KIPP Schools & Regions from state and local governments during the year (transaction price). Amounts are collected within a given fiscal year. Amounts received in advance, if any, are recorded as deferred revenue, a contract liability, in the statement of financial position. There were no such advance amounts at June 30, 2025 and 2024.

Network Support Service Income - Network support service income represents fees received from KIPP Schools & Regions and unrelated parties for curriculum or network development, or for participation in leadership development courses, programs, or conferences. The Foundation recognizes the income over the period the service, or events occur (performance obligation). Amounts received in advance are recorded as unearned network support service income, a contract liability, in the statement of financial position. For the years ended June 30, 2025 and 2024 the Foundation recorded no unearned network support service income.

Contributed Services

The Foundation receives donations of professional services from third-parties. Contributions of donated services that create or enhance non-financial assets that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions of \$4.8 million consisted of legal services of \$210 thousand and consulting services of \$4.6 million provided for the year ended June 30, 2025. In-kind contributions of \$4.1 million consisted of legal services of \$1.2 million and consulting services of \$2.9 million provided for the year ended June 30, 2024. The value of legal and consulting services is based on market rates typically charged for those items in the normal course of business for similar services.

KIPP Foundation

Notes to the Financial Statements

Contributed services are included on the statements of activities and changes in net assets, and were utilized in the following functional areas for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Network growth & sustainability	\$ 4,754,989	\$ 4,123,917
Total Contributed services	\$ 4,754,989	\$ 4,123,917

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statements of activities and changes in net assets and functional expenses. Certain costs, such as occupancy, information technology, depreciation, and other miscellaneous expenses, have been allocated among the programs and supporting services by management based upon headcount. Grant expenses are recognized when unconditional promises to give are approved and are recorded directly to the program which the grants support. All other costs are allocated directly to the functions they benefit.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, investments, and receivables. The Foundation places its cash and investments with high credit quality financial institutions. At times, the account balances may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. To address the market risk of investments, the Foundation maintains a formal investment policy that sets out performance criteria, investment guidelines, and asset allocation guidelines, and requires review of the investment managers' performance. Receivables are due from various individuals and organizations which mitigate the risk associated therein.

During the year ended June 30, 2025, contributions receivable from three donors/foundations accounted for approximately 98% of total contributions receivable. During the year ended June 30, 2024, contributions receivable from three donors/foundations accounted for approximately 87% of total contributions receivable.

During the years ended June 30, 2025, and 2024, contributions from three donors/foundations accounted for approximately 78% and 64% of total contributions revenue, respectively.

KIPP Foundation

Notes to the Financial Statements

Use of Estimates

The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these financial statements. Actual results could differ from those estimates.

Tax Exempt Status

The Foundation has received a determination from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and from the State of California Franchise Tax Board granting exemption from taxation on related income. The Foundation may be subject to tax on unrelated business income, if any, generated by its investments.

Management has evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to these financial statements. Therefore, no provision or liability for income taxes has been included in these financial statements.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements in order to conform to the 2025 presentation. These reclassifications had no impact on net assets or the change in net assets.

Subsequent Events

The Foundation evaluated subsequent events from June 30, 2025 through March 24, 2026, the date these financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 3 - Availability and Liquidity:

The following reflects the Foundation's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if the governing board approves that action.

KIPP Foundation

Notes to the Financial Statements

The Foundation's financial assets available within one year for general expenditures were as follows at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 34,664,054	\$ 13,084,007
Receivables, net	6,967,107	7,482,054
Government grants receivable	3,291,941	7,521,078
Contributions receivable, net - current portion	26,537,426	23,740,351
Investments	67,571,680	58,470,864
Notes receivable - current portion	950,000	2,450,000
Other assets - current portion	576,136	1,642,797
Total financial assets	140,558,344	114,391,151
Less amounts not available to be used within one year:		
Net assets with donor restrictions	89,551,178	62,059,984
Government advance - KCEP	8,731,379	8,347,233
Board-designated net assets	3,680,589	3,680,589
Add net assets with restrictions to be met in less than a year	(24,517,424)	(17,371,007)
Total amounts not available to be used within one year	77,445,722	56,716,799
Financial assets available to meet general expenditures over the next twelve months	\$ 63,112,622	\$ 57,674,352

The Foundation's investment policy is designed to manage investment risk and to optimize investment returns within acceptable risk parameters to support the mission. As such, the objectives of the Foundation's funds include the preservation of capital, liquidity, and optimization of investment returns.

KIPP Foundation

Notes to the Financial Statements

Note 4 - Contributions Receivable:

Contributions receivable are expected to be collected as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 26,537,426	\$ 23,740,351
In one to five years	40,000,000	22,500,000
<hr/>		
Total	66,537,426	46,240,351
Less: Discount	(5,373,579)	(2,212,752)
<hr/>		
Contributions receivable, net	\$ 61,163,847	\$ 44,027,599

The Foundation has approximately \$25 million and \$38.9 million in conditional contributions receivable (not including federal grants) at June 30, 2025 and 2024, respectively. The contributions are conditional upon attaining certain program achievements and other barriers and therefore have not been recorded at year end. Approximately 76% of total conditional contributions receivable at June 30, 2025 were due from three donors/foundations. Approximately 79% of total conditional contributions receivable at June 30, 2024 were due from three donors/foundations.

Federal grants are generally on a reimbursement basis and therefore not recorded until the qualifying expenditures have been made.

Note 5 - Investment Contracts:

On June 24, 2021, the Foundation entered into an investment contract for approximately \$3.8 million to enable a KIPP school to facilitate financing for the refurbishment of a facility utilizing \$3.4 million of KIPP Credit Enhancement Program (KCEP) funds and \$0.4 million of Foundation funds. The contract is a three-year contract with interest payable on a quarterly basis using the 1% per annum plus the six-month Treasury rate, to be reset annually. The principal balance on this contract had been paid in full at June 30, 2024.

KIPP Foundation

Notes to the Financial Statements

Note 6 - Investments and Fair Value Measurements:

The table below presents the Foundation's investments measured at fair value on a recurring basis at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 15,058,238	\$ -	\$ -	\$ 15,058,238
Equity securities and funds	4,168,593	-	-	4,168,593
Fixed income:				
U.S. Treasuries	-	26,611,040	-	26,611,040
U.S. corporate bonds	-	16,487,613	-	16,487,613
International bonds	-	5,246,196	-	5,246,196
Investments	\$ 19,226,831	\$ 48,344,849	\$ -	\$ 67,571,680

The table below presents the Foundation's investments measured at fair value on a recurring basis at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 9,221,513	\$ -	\$ -	\$ 9,221,513
Equity securities and funds	3,652,373	-	-	3,652,373
Fixed income:				
U.S. Treasuries	-	24,483,951	-	24,483,951
U.S. corporate bonds	-	15,909,520	-	15,909,520
International bonds	-	5,203,507	-	5,203,507
Investments	\$ 12,873,886	\$ 45,596,978	\$ -	\$ 58,470,864

Note 7 - Notes Receivable:

Start Up Loan Program

Unsecured notes receivable from KIPP Schools & Regions, issued under a start-up loan pool program, bear interest at 1% per annum and have annual principal payments due. The notes receivable balance relating to this loan program was approximately \$0.2 million and \$0.3 million at June 30, 2025 and June 30, 2024, respectively.

KIPP Foundation

Notes to the Financial Statements

KIPP Loan Fund

Unsecured notes receivable from KIPP Schools & Regions issued under an emergency loan program in order for the KIPP Schools & Regions to meet financial covenants, were distributed. The Foundation holds six such notes as of June 30, 2025 and June 30, 2024. The notes issued bear interest payable annually at rates lower than the market rate. Imputed interest is immaterial and has not been recorded. The notes do not contain forgiveness provisions. The notes receivable balances relating to this loan program totaled approximately \$4.2 million and \$4.3 million at June 30, 2025 and June 30, 2024, respectively.

Future principal payments on all notes are due as follows:

Years Ending June 30,	
2026	\$ 950,000
2027	-
2028	750,000
2029	745,000
2030	665,000
Thereafter	1,350,000
Total	4,460,000
Less: Allowance for credit losses	(1,350,000)
Total	\$ 3,110,000

Note 8 - Furniture and Equipment:

Furniture and equipment were comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Computer equipment	\$ 631,702	\$ 631,702
Computer software	5,500,807	5,499,414
Office furniture	338,368	357,951
Leasehold improvements	1,392,190	1,496,797
Total	7,863,067	7,985,864
Accumulated depreciation	(7,209,877)	(6,914,279)
Furniture and equipment, net	\$ 653,190	\$ 1,071,585

KIPP Foundation

Notes to the Financial Statements

Note 9 - Government Grants and Government Advance - KCEP:

The Foundation is the recipient of various government grants from the U.S. Department of Education:

Grant Program	Charter School Program Replication & Expansion of High Quality Charter Schools		Charter School Program Replication & Expansion of High Quality Charter Schools		Charter School Program Replication & Expansion of High Quality Charter Schools	
Grant Awarded	Spring 2024		Spring 2023		Spring 2019	
Span of Grant	5 years		5 years		7 years	
No Cost Extension Approved	Not Applicable		Not Applicable		Yes	
					3/30/2024-3/29/2026	
Amount of Total Grant	\$12.5 million		\$9.2 million		\$97.1 million	
Total Authorized	\$10.3 million		\$8.9 million		\$97.1 million	
Conditional Amount	\$11.6 million		\$5.7 million		\$25.3 million	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2025	2024	2025	2024	2025	2024
Total Expenditures including Pass-through Grants (in millions)	\$0.9	\$ -	\$2.4	\$1.0	\$8.2	\$17.8
Pass-through Grants Portion (in millions)	\$0.8	\$ -	\$2.3	\$0.9	\$7.3	\$16.0

KIPP Foundation

Notes to the Financial Statements

In addition to the grants summarized in the table above, in fiscal year 2007, the Foundation started KCEP (see Note 5) to sustain as well as increase the number of KIPP and KIPP-affiliated charter schools by promoting affordable financing of the acquisition and renovation of school facilities. In the same fiscal year, the Foundation was awarded a federal grant in the amount of approximately \$6.8 million from the U.S. Department of Education under the Credit Enhancement of Charter School Facilities Program to support KCEP. This grant covers the time period from June 2007 until the federal funds and earnings on those funds have been expended for the grant purposes or until financing facilitated by the grant has been retired, whichever is later. The purpose of the funds is to help charter schools gain access to capital from the private sector and other non-federal sources in order to address their facilities renovation, construction, and acquisition needs. The funds are to be used to leverage the \$6.8 million to secure \$91.8 million in construction loans, permanent loans, leasehold guarantees, letters of credit, and tax-exempt bonds. No direct loans will be made using the federal funds. The funds for this grant were drawn down in November 2007 and are included in the statement of financial position as Government advances - KCEP until the funds are expended to fulfill guarantee obligations (see Note 10) or are returned to the U.S. Department of Education. The Foundation is required to match the \$6.8 million grant by 10%. The grant agreement also restricts the type of investments in which the funds can be invested. Interest income earned is reinvested and increases the government advances balance as earned.

Note 10 - Commitments and Contingencies:

Operating Leases

The Foundation leases its office facilities and certain office equipment in San Francisco, Chicago, New York, and Washington DC under various operating leases expiring at various times through October 2030. Rent expense totaled approximately \$0.6 million and \$1 million for the years ended June 30, 2025 and 2024, respectively.

As of June 30, 2025, the Foundation had right-to-use leased assets of \$2.0 million and lease obligations related to its operating leases of \$2.7 million. The weighted average remaining lease term as of June 30, 2025 was 4.47 years. The weighted average discount rate as of June 30, 2025 was 2.90%

KIPP Foundation

Notes to the Financial Statements

Maturities of the lease obligations are as follows:

Year Ending June 30,	
2026	\$ 591,193
2027	660,283
2028	675,228
2029	690,435
2030	244,822
Thereafter	51,833
	<hr/>
	2,913,794
Less imputed discount	(190,494)
	<hr/>
Total present value of right-of-use lease liabilities	\$ 2,723,300

The Foundation subleases its office facilities in San Francisco under an operating lease expiring in February 2025. The lease and sublease were not renewed or extended at their expiration. Sublease income received from this property was \$105,792 for the year ended June 30, 2025. Sublease income received from this property was \$26,448 for the year ended June 30, 2024.

Other Commitments and Contingencies

Guarantees are contingent commitments issued by the Foundation generally to guarantee the performance of certain schools to a third party in borrowing arrangements, such as loans and lines of credit. The terms of these guarantees range from the performance of specific transactions to the term of the related debt. The maximum potential amount of future payments the Foundation could be required to make under these guarantees at June 30, 2025, was \$1.5 million, of which \$0.15 million would be from unrestricted funds and \$1.35 million from KCEP funds. At June 30, 2024 the maximum amount of future payments was \$2.5 million of which \$0.25 million would be from unrestricted funds and \$2.25 million from KCEP funds. Management determines the carrying value of the Foundation's guarantees based on an estimated payout rate. The estimated payable on commitments is included in liabilities in the statement of financial position and was \$0.2 million and \$0.1 million as of June 30, 2025 and 2024, respectively. There were no payouts related to the guarantees during June 30, 2025 and 2024.

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the statement of financial position of the Foundation.

KIPP Foundation

Notes to the Financial Statements

Federal grants administered by the Foundation are subject to audit and final acceptance by the granting agency. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the Foundation's management expects such amounts, if any, will not have a significant impact on these financial statements.

The Foundation has entered into certain agreements totaling approximately \$5.7 million as of June 30, 2025 for leadership and training meetings and events, professional services, fees and subscriptions, which are to be held or completed during the next three fiscal years.

Note 11 - Employee Benefit Plan:

Employees of the Foundation may participate in a 401(k) defined contribution retirement plan available upon completion of one month of service. The Foundation matches employees' contributions up to 4% of base salary. Matching contributions totaled approximately \$1.2 million and \$933 thousand for the years ended June 30, 2025 and 2024, respectively.

The Foundation offers a 457(b) non-qualified deferred compensation plan that covers certain employees. The Foundation made no contributions made to the 457(b) plan during June 30, 2025 and 2024.

Note 12 - Related Party Transactions:

For the year ending June 30, 2025, the Foundation received contributions totaling \$53.5 million from related parties (Board members, their family, foundations and companies at which they sit on the board), of which \$29.7 million was from one related party. The Foundation incurred \$1.3 million for services provided by related parties for the year ended June 30, 2025. There were contributions receivable totaling \$23.3 million from two related parties and no amounts payable to related parties at June 30, 2025. Some Board members sit on the boards of a KIPP Region & School, from which the Foundation recorded license, program, and service fees of \$624 thousand for the year ended June 30, 2025. The amount receivable relating to these fees was \$177 thousand at June 30, 2025.

For the year ending June 30, 2024, the Foundation received contributions totaling \$46.9 million from related parties (Board members, their family, foundations and companies at which they sit on the board), of which \$36.5 million was from two related parties. The Foundation incurred \$5.2 million for services provided by related parties for the year ended June 30, 2024. There were contributions receivable totaling \$28 million from related parties, of which \$22 million was from two related parties at June 30, 2024. Some Board members sit on the boards of a KIPP Region & School, from which the Foundation recorded license, program, and service fees of \$1.2 million for the year ended June 30, 2024. The amount receivable relating to these fees was \$1.1 million at June 30, 2024.

KIPP Foundation

Notes to the Financial Statements

Note 13 - Net Assets With Donor Restrictions:

Net assets with donor restrictions were restricted as follows at June 30:

	<u>2025</u>	<u>2024</u>
One KIPP	\$ 23,123,797	\$ 11,051,886
Network Growth & Sustainability	1,705,046	3,202,046
Network Infrastructure	-	-
Time restrictions	64,722,335	47,806,052
	<hr/>	<hr/>
	\$ 89,551,178	\$ 62,059,984

Note 14 - Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrences of other events specified by donors as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Government Grants - school-designated grants (Note 9)	\$ 10,374,651	\$ 16,945,001
Government Grants (Note 9)	1,204,358	1,868,925
One KIPP	19,966,998	9,996,946
Network Growth & Sustainability	1,500,000	270,000
Network Infrastructure	100,000	-
Time Restrictions	30,500,000	13,750,000
	<hr/>	<hr/>
	\$ 63,646,007	\$ 42,830,872

Independent Auditors' 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*

THE BOARD OF DIRECTORS
KIPP FOUNDATION
San Francisco, California

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 **KIPP FOUNDATION (the Foundation)**, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2026.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 determination of financial statement amounts. 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hood & Strong LLP

San Francisco, California
March 24, 2026

Independent Auditors' Report on Compliance for Each Major Federal Program on Internal Control Over Compliance in Accordance with *Uniform Guidance*

THE BOARD OF DIRECTORS
KIPP FOUNDATION
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **KIPP FOUNDATION's (the Foundation)** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2025. The Foundation's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Hood & Strong LLP

San Francisco, California
March 24, 2026

KIPP Foundation

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Grantor Program Title	Federal Assistance Listing Number	Award Period	Expenditures	
			Passed through to Subrecipients	From Direct Awards
U.S. Department of Education:				
Charter Schools Program - Grants for Replication and Expansion of High-Quality Charter Schools	84.282M	3/29/2019-3/29/2026		\$ 8,231,341
Charter Schools Program - Grants for Replication and Expansion of High-Quality Charter Schools	84.282M	4/1/2023-3/31/2028		2,440,676
Charter Schools Program - Grants for Replication and Expansion of High-Quality Charter Schools	84.282M	4/1/2024-3/31/2029		906,991
Total Charter School Program				11,579,008
Credit Enhancement for Charter School Facilities Program - Funds Received	84.354A	6/14/2006 - 6/14/2031		8,731,379
Total Federal Awards Expended			\$ -	\$ 20,310,387

See accompanying notes to the schedule.

KIPP Foundation

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Foundation under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance.) Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditure are not allowable or are limited for reimbursement.

Note 3 - Credit Enhancement for Charter School Facilities Program:

Funds shown as federal expenditures under the program are the original federal funds drawn plus interest and fees earned. \$8,731,379 of the funds are being held in accounts with financial institutions in accordance with the program requirements. No funds were expended for obligations secured or collateralized in accordance with the program in the fiscal year ended June 30, 2025. Interest earned on the funds through June 30, 2025 totaled \$1,925,488 and remained with the grant funds to be expended.

Note 4 - Indirect Cost:

The Foundation uses a negotiated indirect cost rate of 20.8% of total direct salaries, wages and fringe benefits and a restricted indirect cost rate of 9.5% on salaries, wages and fringe benefits, depending on individual grant requirements and as approved by the U.S. Department of Education. The Foundation has elected not to use the 10% diminished indirect cost rate as allowed under the Uniform Guidance.

KIPP Foundation

Schedule of Findings and Questioned Costs Year Ended June 30, 2025

A. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified?	<i>None reported</i>
Noncompliance material to financial statements noted?	<i>No</i>

Federal Awards

Type of auditors' report issued on compliance for major programs:	<i>Unmodified</i>
Internal control over major programs:	
Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified?	<i>None reported</i>
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<i>No</i>

Identification of major program:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.354A	Credit Enhancement for Charter School Facilities Program

Dollar threshold used to distinguish between type A and type B programs:	<i>\$750,000</i>
Auditee qualified as low-risk auditee?	<i>Yes</i>

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Federal Award Audit

None