

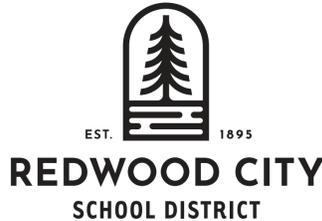
**REDWOOD CITY SCHOOL DISTRICT**

750 Bradford Street • Redwood City • CA 94063 • (650) 423-2200 • FAX: (650) 423-2204

***Mission: RCSD creates a safe and supportive, inspirational and rigorous, joyful and inclusive environment for all learners***

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John R. Baker, Ed.D.

January 14, 2026

Frank Wu, Chief Financial Officer  
KIPP Public Schools Northern California  
1 Kaiser Plaza, Suite 550  
Oakland, CA 94612

Subject: **First Interim Financial Report – Fiscal Year 2025-26**

Dear Mr. Wu:

The Redwood City School District (District) has examined the First Interim Financial Report for KIPP Excelencia Community Prep Charter School (KIPP) for fiscal year 2025-26 in accordance with the District's duties as chartering authority per Education Code Section 47604.32 to determine, monitor, and assess the charter school's fiscal position.

Based on the review of the financial statements, the District Superintendent and staff have the following comments/concerns:

**General Fund Financial Report Summary**

We noted that the General Fund revenues increased by approximately \$6,000 from the 2025-26 Adopted Budget. There is a \$105,000 decrease is due to lower Local Control Fund Formula (LCFF) funding due to lower average daily attendance (ADA) than projected during budget adoption. Total Federal and Other State revenues increased by \$84,000. Local revenues have increased by \$28,000. The General Fund expenditures have increased by approximately \$439,000.

The 2025-26 First Interim Financial Report projects an operating deficit of \$1,170,342 as shown below:

	General Fund – Unrestricted/Restricted	2025-26 Adopted Budget	2025-26 First Interim
A.	Revenues	\$13,592,069	\$13,598,518
B.	Expenditures	14,330,119	14,768,860
C.	Excess (Deficiency) of Expenditures over Revenues	<738,050>	<1,170,342>
D.	Other Sources/Uses and Transfers	0	0
E.	Total Increase (Decrease) in Fund Balance	<738,050>	<1,170,342>
F.	Ending Balance – Unrestricted/Restricted	\$4,692,112	\$3,875,215
G.	Ending Balance – Unrestricted only	\$4,089,296	\$3,121,527

The General Fund expenditures increase of approximately \$439,000 at First Interim include increases of \$111,000 in certificated and classified salaries and benefits due to increase in staffing, an increase of \$76,000 in Books and Supplies, an increase of \$44,000 in Services and Other Operating Expenses as well as increased expenses in Capital Outlay and Other Outgo of \$208,000.

The total Unrestricted ending balance is approximately \$3.1 million or 21% of General Fund expenditures for 2025-26. KIPP is commended for maintaining a reserve level that exceeds the 5% minimum reserve for economic uncertainties required per the Memorandum of Understanding (MOU) with the District.

KIPP is reminded to review carefully the conditions for receipt of state and federal grants and resources to ensure that revenues are properly recorded and funds are expended in accordance with the grant requirements.

### Cash Flow Projections

KIPP submitted its cash flow projections for the 2025-26 and 2026-27 fiscal years. Both fiscal years show positive monthly cash balances in each month. The total Receipts and Disbursements do not equal the First Interim Financial Report Revenues and Expenditures.

<b>Cash Flow</b>	<b>2025-26</b>	<b>2026-27</b>
Cash Flow Receipts	\$13,592,069	\$13,420,685
MYP per SACS Alternative Form Revenues	\$13,598,518	\$13,409,075
Cash Flow Disbursements	\$14,330,119	\$14,090,393
MYP per SACS Alternative Form Expenditures	\$14,768,861	\$14,165,939

The District Superintendent urges the charter school to continue to implement best practices and monitor its cash position regularly to ensure payroll and other monthly obligations are met on a timely basis.

### Multi-Year Projections (MYP)

The multi-year projection is one of the most important tools in determining the financial position of the school. Approximately 75%-79% of the total General Fund revenues for KIPP are from LCFF

funding sources. LCFF revenues are projected to increase in the two future fiscal years due to increases in ADA.

The District noted that revenues reflected in the FCMAT LCFF Calculator do not match the First Interim Financial Report shown in the SACS Alternative Form, as shown below:

	2025-26	2026-27	2027-28
FCMAT LCFF Calculator Revenues	\$10,219,253	\$10,844,979	\$11,379,475
MYP per SACS Alternative Form	\$10,219,022	\$10,475,374	\$10,837,082

The LCFF-funded Average Daily Attendance (ADA) for the current and subsequent two fiscal years are, as follows:

	2024-25	2025-26	2026-27	2027-28
Enrollment	711	704	724	733
LCFF-funded ADA	657.54	655.01	673.33	681.69
Increase (decrease) from prior year		<2.53>	18.32	8.36

KIPP’s attendance rate is projected at 93% of enrollment in all three fiscal years. KIPP serves students in grades TK-8.

The chart below summarizes the projected revenues, expenditures, and fund balances each year in the multi-year projections:

General Fund (Unrestricted/Restricted)	2025-26	2026-27	2027-28
Estimated Beginning Balance	\$5,045,557	\$3,875,215	\$3,118,350
Revenues & Other Financing Sources	13,598,518	13,409,074	13,709,639
Expenditures & Other Financing Uses	14,768,860	14,165,939	14,305,114
Net increase (Decrease)	<1,170,342>	<756,865>	<595,475>
Ending Fund Balance- Restricted/Unrestricted	\$3,875,215	\$3,118,350	\$2,522,875
Ending Fund Balance- Unrestricted Only	\$3,127,527	\$2,574,930	\$2,189,723
<i>Fund Balance as a % to Total Expenditures</i>	21%	18%	15%

KIPP’s Estimated Beginning Balance for 2025-26 included an audit adjustment of <\$568,751> to the 2024-25 Ending Fund Balance. The Unrestricted General Fund ending balances are maintained at 15%-21% of the total General Fund expenditures.

**CONCLUSION**

Based on the District’s review of the financial documents submitted, KIPP’s 2025-26 First Interim Financial Report and multi-year projections appear sufficient to meet the charter school’s financial obligations for the current and subsequent two fiscal years.

It was noted in our review that the Cash Flow information for 2025-26 and 2026-27 did not equal the Alternative form Receipts and Disbursements for these fiscal years. Please explain the differences between them.

As public schools continue to experience the current situation resulting from the coronavirus pandemic, it is critical to stay vigilant of developments in the federal, state and local level that may impact the charter school budget. It is highly important to closely monitor the budget and prudently manage the charter school resources to maintain long-term fiscal solvency and stability.

The District appreciates the support and cooperation of KIPP's administration and staff during the process.

If you have any questions regarding the District's fiscal oversight or the contents of this letter, please do not hesitate to contact us.

Sincerely,

*Rick Edson*  
Rick Edson  
Chief Business Official  
(650) 482-2232

*John R. Baker*  
John R. Baker, Ed.D.  
Superintendent  
(650) 482-2230

Cc: Mahreez Berloui, Controller, KIPP Excelencia  
Roshad Lewis, Accounting Manager, KIPP Excelencia  
Ravi Takhar, Finance Manager, KIPP Excelencia  
Luis Perez, Accounting Manager, KIPP Excelencia  
Sarah Sanchez, Associate Director of Operations, KIPP Excelencia  
Francesca D'Amato, Financial Analyst, District Business Service, San Mateo COE  
Rosalie Bowman, Manager, District Business Services, San Mateo COE  
Dhanya Unni, Executive Director, District Business Services, San Mateo COE  
Board of Trustees, Redwood City School District

# Audit trail

## Details

FILE NAME KIPP 1st Interim Review Letter - FY 2025-26.pdf - 1/6/26, 2:00 PM

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- Rick Edson (redson@rcsdk8.net)
- John R. Baker (jbaker@rcsdk8.net)

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22:01:06 UTC



SIGNED

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2026/01/07  
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SIGNED

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2026/01/06  
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