

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
KIPP COOPER NORCROSS ACADEMY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

KIPP COOPER NORCROSS ACADEMY
JUNE 30, 2015
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October 22, 2015

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the KIPP Cooper Norcross Academy for the fiscal year ended June 30, 2015, is hereby submitted.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Renaissance School's MD&A can be found immediately following the Independent Auditor's Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Renaissance School's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&S) and the basic financial statements including the Renaissance School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

- 1) **REPORTING ENTITY AND ITS SERVICES:** KIPP Cooper Norcross Academy is a free open-enrollment public school. KCNA completed the 2014-15 fiscal year with 105 students in Kindergarten. The mission of KCNA is to relentlessly pursue academic excellence that is grounded in strong character.

KCNA operates with determination, commitment to growth, and passion necessary to lead scholars to a college degree and thus a world of possibilities. KCNA’s vision is that one day, our nation will know Newark and Camden, New Jersey, as a city of world-class public education.

| Average Daily Enrollment | | |
|---------------------------------|---------------------------|---------------------------------------|
| Fiscal Year | Student Enrollment | Percent Change Over Prior Year |
| 2015 | 105 | - |

- 2) **MAJOR ACCOMPLISHMENTS** – 2014-15 marked the first year of operations for KCNA, led by Executive Director, Drew Martin, and School Leader, Anne Kadowaki. Student attendance exceeded 92% and staff attendance was 99%. The school served 105 students in the first year. The students made impressive academic progress as they continued on the path to college and improved the world around them through their volunteer activities and civic engagement.

- 3) **INTERNAL ACCOUNTING CONTROLS:** Management of the Renaissance School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Renaissance School are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the variation of costs and benefits requires estimates and judgments by Management. As a recipient of Federal and State financial assistance, the Renaissance School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulation related to those programs. This internal control structure is also subject to periodic evaluation by the Renaissance School Management.

- 4) **BUDGETARY CONTROLS:** In addition to internal accounting controls, KIPP Cooper Norcross Academy maintains budgetary controls. The objective of these budgetary controls is to ensure that compliance with legal provisions embodied in the annual budgets is adopted for the General Fund and the Special Revenue Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

- 5) **ACCOUNTING SYSTEM AND REPORTS:** KIPP Cooper Norcross Academy’s accounting records reflect Generally Accepted Accounting Principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Renaissance School is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Basic Financial Statements,” Note 1.

- 6) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the Renaissance School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund, for the fiscal year ended June 30, 2015.

| Revenue | Amount | Percent of Total |
|----------------------------------|-------------|------------------|
| Local Revenue | 64,948 | 1% |
| State Share | 1,879,069 | 46% |
| State Aid | 46,400 | 1% |
| Private Funding -General FD | 1,482,238 | 37% |
| Federal Aid - Special Revenue | 112,622 | 2% |
| Private Grants - Special Revenue | 487,592 | 13% |
| | \$4,072,869 | 100% |

The following schedule presents a summary of the general fund, special revenue fund and capital outlay expenditures for the fiscal year ended June 30, 2015.

| Expenditures | Amount | Percent of Total |
|------------------------|-------------|------------------|
| Current - General Fund | \$3,438,666 | 78% |
| Capital Outlay | 392,981 | 9% |
| Special Revenue | 600,214 | 13% |
| Total | \$4,431,861 | 100% |

- 7) **CASH MANAGEMENT:** The investment policy of the Renaissance School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements” Note 2. The KIPP Cooper Norcross Academy has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act
- 8) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard, and theft insurance on property and contents, and fidelity bonds

9) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Renaissance School.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "RHill", written in a cursive style.

Ryan Hill
Lead Person

**KIPP COOPER NORCROSS ACADEMY
ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2015**

| <u>BOARD OF DIRECTORS</u> | <u>Term Expires</u> |
|----------------------------------|----------------------------|
| Susan Bass Levin | 2018 |
| Adrienne Elberfeld | 2018 |
| Douglas Allen | 2018 |
| William Smith | 2018 |
| Christine Choi | 2018 |
| Kathleen Nugent Hughes | 2018 |
| Jordan Metzger | 2018 |
| Tim Carden | 2018 |
| Rahul Goyal | 2018 |

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Independent Auditor's Report

The Honorable Chairperson and
Members of the Board of Trustees
KIPP Cooper Norcross Academy
County of Camden
Camden, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the KIPP Cooper Norcross Academy, County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the KIPP Cooper Norcross Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the KIPP Cooper Norcross Academy as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 4 to the financial statements, in the fiscal year ended June 30, 2015, the KIPP Cooper Norcross Academy adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. My opinion is not modified with respect to this matter.

Other Matters

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, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the KIPP Cooper Norcross Academy's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 22, 2015 on my consideration of the KIPP Cooper Norcross Academy's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 KIPP Cooper Norcross Academy's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 870

A handwritten signature in cursive script that reads "Scott J. Loeffler CPA". The signature is written in black ink and is positioned above the printed name and date.

Scott J. Loeffler CPA
October 22, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

This section of KIPP Cooper Norcross Academy annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-15 fiscal year include the following:

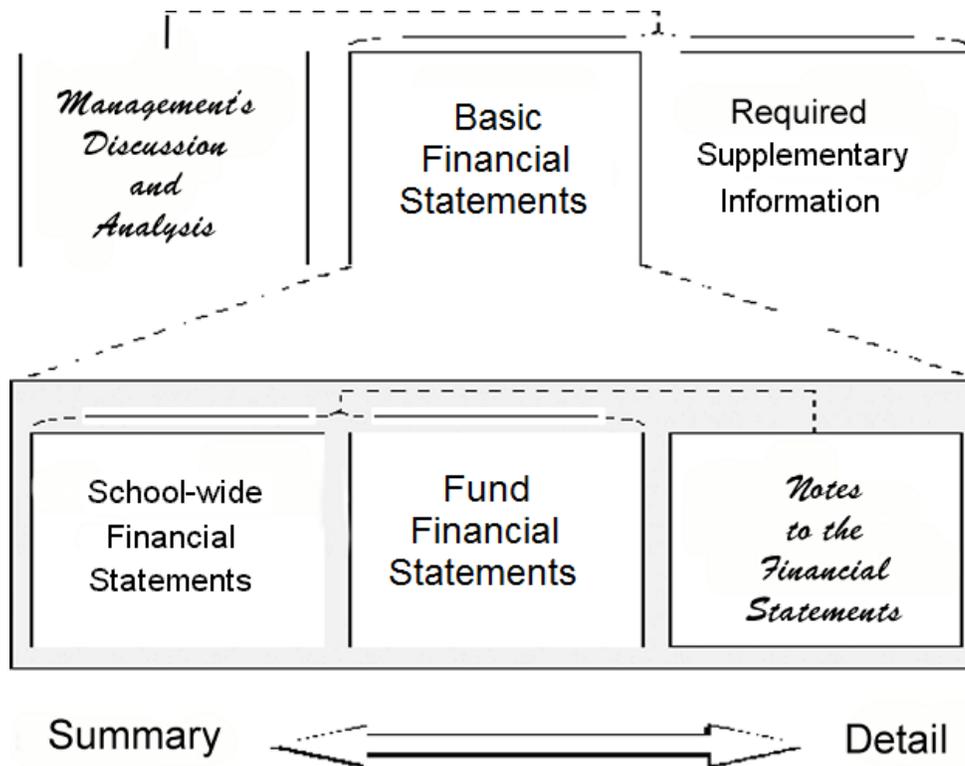
- Total Net Position was \$390,374.
- Total Net Position (decreased) by (\$358,999) from July 1, 2014 to June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the KIPP Cooper Norcross Academy.

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the KIPP Cooper Norcross Academy's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the KIPP Cooper Norcross Academy, reporting the KIPP Cooper Norcross Academy's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the KIPP Cooper Norcross Academy operates like businesses.

KIPP COOPER NORCROSS ACADEMY
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the KIPP Cooper Norcross Academy’s financial statements, including the portion of the KIPP Cooper Norcross Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

| | <u>School-wide Statements</u> | <u>Fund Financial Statements</u> | |
|--|--|---|---|
| | | Governmental Funds | Proprietary Funds |
| Scope | Entire school. (except fiduciary funds) | The activities of the KIPP Cooper Norcross Academy that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education | Activities the KIPP Cooper Norcross Academy operates similar to private businesses: Internal service fund |
| Required financial statements | Statement of net position | Balance sheet | Statement of net position |
| | Statement of activities | Statement of revenue expenditures and changes in fund balances | Statement of revenue, expenses, and changes in fund net position |
| Accounting Basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Statement of cash flows Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/out flow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid |

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

School-wide Statements

The school-wide statements report information about the KIPP Cooper Norcross Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the KIPP Cooper Norcross Academy's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the KIPP Cooper Norcross Academy's net position and how they have changed. Net position – the difference between the KIPP Cooper Norcross Academy's assets and liabilities – are one way to measure the KIPP Cooper Norcross Academy's financial health or position.

In the school-wide financial statements, the KIPP Cooper Norcross Academy's activities are shown in two categories:

- *Governmental activities*- Most of the KIPP Cooper Norcross Academy's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. State aids finance most of these activities.
- *Business-type activities*- The KIPP Cooper Norcross Academy's Food Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the KIPP Cooper Norcross Academy's funds – focusing on its most significant or “major” funds – not the KIPP Cooper Norcross Academy as a whole.

Funds are accounting devices the KIPP Cooper Norcross Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The KIPP Cooper Norcross Academy use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The KIPP Cooper Norcross Academy has three kinds of funds:

- **Governmental funds-** Most of the KIPP Cooper Norcross Academy's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the KIPP Cooper Norcross Academy's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the KIPP Cooper Norcross Academy charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The KIPP Cooper Norcross Academy is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The KIPP Cooper Norcross Academy is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the KIPP Cooper Norcross Academy's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. I exclude these activities from the KIPP Cooper Norcross Academy's government-wide financial statements because the KIPP Cooper Norcross Academy cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE KIPP COOPER NORCROSS ACADEMY PUBLIC SCHOOLS AS A WHOLE

Net position. The KIPP Cooper Norcross Academy's net position is \$390,374 on June 30, 2015. (See Table A-1).

Governmental

\$390,374

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The KIPP Cooper Norcross Academy's financial position for the fiscal year ended June 30, 2015 is the product of these factors:

- Program Special Revenues for Governmental Activities were \$600,214.
- Program Expenditures for Governmental Activities were \$600,214
- General Fund Revenues were \$3,472,655.
- General Fund Expenditures were \$3,438,666.

Table A-1
KIPP COOPER NORCROSS ACADEMY
Statement of Net Position
As of June 30, 2015

| | <u>Total</u> |
|---|--------------------------------|
| Current and Other Assets | 19,833,807 |
| Capital Assets (Including Business Activities) | 36,669,180 |
| Total Assets | <u><u>56,502,987</u></u> |
| Short-Term Liabilities | 1,891,957 |
| Other Liabilities | 54,220,656 |
| Total Liabilities | <u><u>56,112,613</u></u> |
| Net Assets: | |
| Invested In Capital Assets, Net of Related Debt | |
| Restricted | 0 |
| Unrestricted | 390,374 |
| Total Net Position | <u><u>\$390,374</u></u> |

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$390,374 on June 30, 2015.

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Table A-2
KIPP COOPER NORCROSS ACADEMY
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

| Revenues | <u>Total</u> | <u>Percent</u> |
|------------------------------------|---------------------------------|-----------------------|
| Program revenues | | |
| Charges for services | | |
| Operating grants and contributions | | |
| General revenues | | |
| Local Share | \$ 64,948 | 3% |
| State Aid-Unrestricted | 1,879,069 | 13% |
| Federal Aid | 112,622 | 1% |
| Federal and State Aid-Restricted | 46,400 | 79% |
| Other | 1,969,830 | 4% |
| Total revenues | <u>\$ 4,072,869</u> | <u>100%</u> |
| Expenses | | |
| Regular Instruction | 1,330,187 | 31% |
| General Administrative | 2,308,278 | 52% |
| School Administrative | 354,015 | 7% |
| On-behalf TPAF Social Security | 46,400 | 1% |
| Capital Outlay and Debt Service | 392,981 | 9% |
| Total expenses | <u>\$ 4,431,861</u> | <u>100%</u> |
| (Decrease) in net position | (358,992) | |
| Net Position, July 1, 2014 | 749,366 | |
| Net Position, June 30, 2015 | <u><u>\$ 390,374</u></u> | |

**KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Total net assets decreased by (\$344,644) during the 2014-15 school year.

Table A-3 (See Exhibit A-2)
KIPP COOPER NORCROSS ACADEMY
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

| <u>Functions/Programs</u> | <u>Source</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|--------------------------------------|---------------|-----------------------------------|---------------------------------|
| Governmental Activities | | | |
| Instruction | | | |
| Regular | B-2 | \$ 1,330,187 | \$ 2,069,961 |
| Support Services | | | |
| General Administrative Services | B-2 | 2,308,278 | 1,153,835 |
| School Administrative Services | B-2 | 354,015 | 1,135,769 |
| On-behalf TPAF Social Security | B-2 | 46,400 | 84,025 |
| Capital Projects and Debt Service | B-2 | 395,348 | 395,348 |
| Total Governmental Activities | | <u>\$ 4,434,228</u> | <u>\$ 4,838,938</u> |

FINANCIAL ANALYSIS OF THE KIPP COOPER NORCROSS ACADEMY FUNDS

The financial performance of the KIPP Cooper Norcross Academy as a whole is reflected in its governmental activities Exhibit A-2. As the KIPP Cooper Norcross Academy completed the year, its general fund reported a combined fund balance of \$783,355 of which \$-0- is being reserved as capital reserve.

GENERAL FUND

The General Fund includes the primary operations of the KIPP Cooper Norcross Academy in providing educational services to students in Kindergarten.

KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The following schedule presents a summary of Government Revenues.

Table A-4 (See Exhibit B-2)
KIPP COOPER NORCROSS ACADEMY
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

| <u>General Fund Revenues</u> | <u>Inception Year</u> |
|---------------------------------|----------------------------|
| Local Sources: | |
| Local Share | \$ 64,948 |
| Other Local Revenue | 1,969,830 |
| Total Local Sources | <u>\$ 2,034,778</u> |
| Intergovernmental | |
| State Sources | 1,925,469 |
| Federal Sources | 112,622 |
| Total Intergovernmental Sources | <u>\$ 2,038,091</u> |
| Total Revenue | <u><u>\$ 4,072,869</u></u> |

The following schedule presents a summary of Governmental expenditures.

Table A-5 (See Exhibit B-2)
KIPP COOPER NORCROSS ACADEMY
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

| <u>General Fund Revenues</u> | <u>Inception Year</u> |
|-----------------------------------|----------------------------|
| Current: | |
| Regular Instruction | \$ 1,330,187 |
| General Administrative Services | 2,293,930 |
| School Administration | 354,015 |
| On-behalf TPAF Social Security | 46,400 |
| Capital Projects and Debd Service | - |
| Total Expenditures | <u><u>\$ 4,024,532</u></u> |

**KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

**Table A-6
KIPP COOPER NORCROSS ACADEMY
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015**

| General Fund | <u>2015</u> |
|-------------------------|--------------------|
| Unreserved-Undesignated | |
| Fund Balance | 683,355 |
| Expenditures | 4,024,532 |
| Percentage | 8% |

The KIPP Cooper Norcross Academy values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance designated to support the subsequent years budgets \$683,355 for the 2014-15 school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015, in the General Fund, the KIPP Cooper Norcross Academy had invested \$36,669,180 in capital assets (Capital Projects in Progress). (More detailed information about capital assets can be found in Note 17 to the financial statements.) Total General Fund depreciation expense for the year was \$-0-.

**Table A-7
KIPP COOPER NORCROSS ACADEMY
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

**KIPP COOPER NORCROSS ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

**CONTACTING THE KIPP COOPER NORCROSS ACADEMY FINANCIAL
MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the KIPP Cooper Norcross Academy's finances and to demonstrate the KIPP Cooper Norcross Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, KIPP Cooper Norcross Academy, 60 Park Place, Suite 802, Newark, NJ 07102.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the KIPP Cooper Norcross Academy's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2015.

SCHOOL-WIDE FINANCIAL STATEMENTS

KIPP COOPER NORCROSS ACADEMY
Statement of Net Position
As of June 30, 2015

| | Governmental Activities | N/A Business-type Activities | Total |
|---|----------------------------|------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 520,461 | | \$ 520,461 |
| Cash and Cash Equivalents Restricted | 17,821,392 | | 17,821,392 |
| Receivables, net | 1,491,954 | | 1,491,954 |
| Restricted assets: | | | 0 |
| Cash and cash equivalents | | | 0 |
| Capital Projects in Progress | 36,669,180 | | 36,669,180 |
| Capital assets, net | - | - | - |
| Total Assets | <u>56,502,987</u> | <u>-</u> | <u>56,502,987</u> |
| Deferred outflows of resources | | | |
| Pension deferred outflows | - | | - |
| Total assets and deferred outflows of resources | <u>\$ 56,502,987</u> | <u>\$ -</u> | <u>\$ 56,502,987</u> |
| LIABILITIES | | | |
| Note Payable - KIPP NJ | 250,000 | | 250,000 |
| Accounts payable | 986,957 | - | 986,957 |
| Accrued Interest Payable | 655,000 | | 655,000 |
| Payable to school districts | - | | - |
| Noncurrent liabilities | | | - |
| Due within one year | - | | - |
| Due beyond one year | 54,220,656 | | 54,220,656 |
| Net pension liability | - | | - |
| Total liabilities | <u>56,112,613</u> | <u>-</u> | <u>56,112,613</u> |
| Deferred inflows of resources | | | |
| Pension deferred inflows | - | - | - |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | - | - | - |
| Restricted for: | | | |
| Temporarily restricted | 100,000 | | 100,000 |
| Debt Service Fund | (58,823) | | (58,823) |
| Capital Projects Fund | (334,158) | | (334,158) |
| Unrestricted (Note 18) | 683,355 | 0 | 683,355 |
| Total net position | <u>\$ 390,374</u> | <u>\$ -</u> | <u>\$ 390,374</u> |
| Fund Balance June 30, 2015 - B-1 | \$390,374 | | |
| Cost of capital assets net accumulated depreciation | <u>0</u> | | |
| Net position before pension adjustments | 390,374 | | |
| Less pension adjustments net (Note 21) (Deficit) | <u>0</u> | | |
| Total net position | <u>\$390,374</u> | | |

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

KIPP COOPER NORCROSS ACADEMY
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Exhibit A-2

| Functions/Programs | Expenses | Program Revenues | | | Changes in Net Position | | |
|--|-----------------|---------------------------------|---|---|------------------------------------|-------------------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ (1,330,187) | | \$ (405,214) | | \$ (924,973) | | \$ (924,973) |
| Support services: | 0 | | | | | | |
| General administratrion | (2,308,278) | | (195,000) | | (2,113,278) | | (2,113,278) |
| School administrative services/ operations plant serv. | (354,015) | | | | (354,015) | | (354,015) |
| On - behalf TPAF Social Security | (46,400) | | | | (46,400) | | (46,400) |
| Capital Outlay | - | | | | - | | - |
| Total governmental activities | (4,038,880) | | (600,214) | | (3,438,666) | | (3,438,666) |
| Business-type activities: | | | | | | | |
| Food Service and After School Program | | - | | | | - | - |
| Total business-type activities | | - | | | | - | - |
| Total primary government | \$ (4,038,880) | \$ 0 | \$ (600,214) | | \$ (3,438,666) | \$ - | \$ (3,438,666) |
| General revenues: | | | | | | | |
| Local Share | | | | | 64,948 | | 64,948 |
| State Share | | | | | 1,879,069 | | 1,879,069 |
| State and Federal Aid | | | | | 46,400 | | 46,400 |
| Miscellaneous Income | | | | | 1,482,238 | | 1,482,238 |
| Increase in net Capital Outlay | | | | | -- | | 0 |
| Total general revenues, special items, extraordinary | | | | | 3,472,655 | | 3,472,655 |
| Change in Net Position | | | | | 33,989 | 0 | 33,989 |
| Capital Projects net of Debt | | | | | (392,981) | | (392,981) |
| Net Position -July 1,2014 | | | | | 749,366 | 0 | 749,366 |
| Net Position - June 30, 2015 | | | | | \$ 390,374 | \$ - | \$ 390,374 |

The accompanying Notes to the Basic Financial Statements are an integral part of this document.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

KIPP COOPER NORCROSS ACADEMY
Balance Sheet
Governmental Funds
As of June 30, 2015

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 560,855 | \$ (10,484) | \$ (29,910) | | \$ 520,461 |
| Cash and Cash equivalents | | | 17,500,550 | 320,842 | \$ 17,821,392 |
| Receivables, net | 1,270,062 | 141,880 | 80,012 | | 1,491,954 |
| Deferred Expense | - | | - | | - |
| Due To/ From Account | - | - | - | | - |
| Total assets | <u>\$ 1,830,917</u> | <u>\$ 131,396</u> | <u>\$ 17,550,652</u> | <u>\$ 320,842</u> | <u>\$ 19,833,807</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Note Payable- KIPP NJ | 250,000 | | | | 250,000 |
| Accounts payable | 797,562 | 131,396 | 57,999 | | 986,957 |
| Accrued Interest Payable | | | | 655,000 | 655,000 |
| Deferred revenue | | | | | 0 |
| Total liabilities | <u>1,047,562</u> | <u>131,396</u> | <u>57,999</u> | <u>655,000</u> | <u>1,891,957</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | | | | | |
| Legally restricted -- unexpended additional spending proposal | | | | | |
| Legally restricted -- designated for subsequent year's expenditures | 100,000 | | | | 100,000 |
| Capital reserve | | | | | |
| Excess surplus | - | | | | |
| Excess surplus -- designated for Subsequent year's expenditures | | | | | |
| Unreserved, reported in: | | | | | |
| General fund | 683,355 | | - | | 683,355 |
| Debt Service | | | | (334,158) | (334,158) |
| Capital projects fund | | | 17,492,653 | | \$ 17,492,653 |
| Total Fund balances | <u>783,355</u> | | <u>17,492,653</u> | <u>(334,158)</u> | <u>\$ 17,941,850</u> |
| Total liabilities and fund balances | <u>\$ 1,830,917</u> | <u>\$ 131,396</u> | <u>\$ 17,550,652</u> | <u>\$ 320,842</u> | <u>\$ -</u> |

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

| | | |
|---|------------|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is | 36,669,180 | |
| and the accumulated depreciation | | <u>-</u> |
| | | 36,669,180 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities consist of:

| | | |
|---------------|---------------------|-----------------|
| Bonds Payable | (\$38,420,656) | |
| Loans Payable | <u>(15,800,000)</u> | |
| | | \$ (54,220,656) |

Net position before pension adjustments

390,374

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 6)

-

Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 6)

-

Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6)

-

Net position of governmental activities

\$ 390,374

The accompanying Notes to the Basic Financial Statements are an integral part of this statement

KIPP COOPER NORCROSS ACADEMY
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local Share | \$ 64,948 | | | | \$ 64,948 |
| State Share | 1,879,069 | | | | 1,879,069 |
| Other Restricted Miscellaneous Revenues | | | | 2,275,306 | 2,275,306 |
| Miscellaneous | 1,482,238 | 487,592 | | 2,523 | 1,972,353 |
| Total - Local Sources | 3,426,255 | 487,592 | | 2,277,829 | 6,191,676 |
| State Sources | 46,400 | - | | | 46,400 |
| Federal Sources | | 112,622 | | | 112,622 |
| Total Revenues | 3,472,655 | 600,214 | | 2,277,829 | 6,350,698 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | \$ 924,973 | \$ 405,214 | | | \$ 1,330,187 |
| Support services- General Administrative | 2,113,278 | 195,000 | | | 2,308,278 |
| Support Services- School Admin/ operations plant se | 354,015 | | | | 354,015 |
| On-behalf TPAF Social Security | 46,400 | | | | 46,400 |
| Capital outlay | | | | | 0 |
| Land Lease | | | 58,823 | | 58,823 |
| Amortization of Bond Discount | - | | | 336,525 | 336,525 |
| Interest Expense | - | | | 2,275,462 | 2,275,462 |
| Total Expenditures | 3,438,666 | 600,214 | 58,823 | 2,611,987 | 6,709,690 |
| Excess (Deficiency) of revenues over expenditures | 33,989 | --- | (58,823) | (334,158) | (358,992) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | | | | - |
| Transfers out | - | | | | - |
| Total other financing sources and uses | * | | | | - |
| Net change in fund balances | 33,989 | | (58,823) | (334,158) | (358,992) |
| Fund balance - July 1, 2014 | 749,366 | | | - | 749,366 |
| Fund balance - June 30, 2015 | \$ 783,355 | | \$ (58,823) | \$ (334,158) | \$ 390,374 |

The accompanying Notes to the Basic Financial Statements are an integral part of this document.

KIPP COOPER NORCROSS ACADEMY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds (from B-2) \$ (358,992)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. (Note 2)

| | | | | |
|---------------|--|--------------|------------|---------------|
| | Depreciation expense | \$ | - | |
| | Capital Projects To be completed | \$ | 18,330,820 | |
| | Capital Projects Not Being Depreciated | | 36,669,180 | |
| | | | | \$ 55,000,000 |
| Bonds payable | | (38,000,000) | | 0 |
| Loans Payable | | (17,000,000) | | (55,000,000) |

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

Change in net position of governmental activities \$ (358,992)

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

Exhibit B-4

**KIPP COOPER NORCROSS ACADEMY
Statement of Net Position
Proprietary Funds
As of June 30, 2015**

NOT APPLICABLE

Exhibit B-5

KIPP COOPER NORCROSS ACADEMY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

NOT APPLICABLE

Exhibit B-6

**KIPP COOPER NORCROSS ACADEMY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

FIDUCIARY FUNDS

Exhibit B-7

**KIPP COOPER NORCROSS ACADEMY
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2015**

NOT APPLICABLE

Exhibit B-8

**KIPP COOPER NORCROSS ACADEMY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. DESCRIPTION OF THE RENAISSANCE SCHOOL AND REPORTING ENTITY

KIPP Cooper Norcross Academy (the “Renaissance School”) was incorporated in the State of New Jersey as a non-for-profit corporation for the purpose of operating and maintaining a public school under a renaissance granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Renaissance School’s Board of Trustees (the Board) is responsible for the fiscal control of the Renaissance School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Renaissance School. Under the existing the statutes, the Renaissance School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Renaissance School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Renaissance School. For the Renaissance School, this includes general operations, food service and student related activities of the Renaissance School.

The primary criterion for including activities within the Renaissance School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Renaissance School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Renaissance School over which the Board exercises operating control. Based on the aforementioned criteria, the Renaissance School has no component units to be included in the reporting entity. Further, the Renaissance School is not includable in any other reporting entity on the basis of such criteria.

The KIPP Cooper Norcross Academy Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a renaissance school to serve as a neighborhood resource and as a model for other similar schools. The KIPP Cooper Norcross Academy is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of KIPP Cooper Norcross Academy is presented to assist in understanding the Renaissance School's financial statements and notes are a representation of the Renaissance School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the KIPP Cooper Norcross Academy (the "Renaissance School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

The Renaissance School's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Renaissance School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Renaissance School as a whole. These statements include the financial activities of the Renaissance School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Renaissance School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Renaissance School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Renaissance School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Renaissance School.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the school over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Renaissance School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Renaissance School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Renaissance Schools financial reporting in the State of New Jersey.

B **Fund Accounting**

The Renaissance School segregates transactions related to certain Renaissance School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Renaissance School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental Funds (continued)

Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Renaissance Schools' major governmental funds:

General Fund - The General Fund is the primary operating fund of the Renaissance School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Renaissance School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital

outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2015 there was no Capital Projects Fund.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Renaissance School:

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Renaissance School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Renaissance School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Renaissance School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Renaissance School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

Agency Funds – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Renaissance School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. *Basis of accounting* refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total position) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Renaissance School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investments are stated at fair value.

New Jersey Renaissance Schools are limited as to the types of the investments and types of financial institution they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Renaissance Schools.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Renaissance School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Renaissance School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

| <u>Description of Capital Cost</u> | <u>Estimated Lives (Years)</u> |
|------------------------------------|--------------------------------|
| Leasehold improvements | N/A |
| Equipment | N/A |

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Renaissance School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Renaissance School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Renaissance School had no compensated absences as of June 30, 2015.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

K Deferred Revenue

Deferred Revenue represents funds which have been received but not yet earned.

There is no Deferred Revenue in the General Fund or Special Revenue Fund.

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the Renaissance School's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Renaissance School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N On-Behalf Payments

Revenues and expenditures of the General Fund include payments made by the State of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Renaissance School's annual budget.

O Net Position

The KIPP Cooper Norcross Academy implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The KIPP Cooper Norcross Academy implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O Net Position (continued)

A deferred outflow of resources is a consumption of net position by the KIPP Cooper Norcross Academy that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the KIPP Cooper Norcross Academy that is applicable to a future reporting period. The KIPP Cooper Norcross Academy did not have any deferred inflows or outflows of resources at June 30, 2015.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

3 DEPOSITS AND INVESTMENTS

New Jersey statutes require that Renaissance Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Renaissance schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

3 DEPOSITS AND INVESTMENTS (continued)

The Renaissance School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Renaissance School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2015, the Renaissance School’s carrying amount of deposits and investments are as follows:

| General Fund | Special Revenue | Capital Funds | Agency Funds | Total |
|-------------------------|----------------------------|--------------------------|-------------------------|--------------|
| \$560,855 | (\$10,489) | \$17,470,640 | \$320,842 | \$18,341,853 |

Operating cash accounts are held in the Renaissance School’s name by one banking institution. At June 30, 2015, the Renaissance School’s bank balance was \$18,341,853.

A total of \$17,821,392 is reflected as restricted cash in the Balance Sheet, schedule B-1. A total of \$17,500,550 in the Capital Projects Fund and \$320,842 in the Debt Service Fund.

Of the bank balance, \$250,000 of the Renaissance School’s cash deposits on June 30, 2015 were secured by federal deposit insurance and \$18,091,853 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit protection Act (“GUDPA”).

GASB Statement No. 40 requires that the Renaissance School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Renaissance School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1

Insured or collateralized with securities held by the Renaissance School or by its agent in the Renaissance School’s name.

Category 2

Collateralized with securities held by the pledging public depository’s trust department or agent in the Renaissance School’s name.

Category 3

Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Renaissance School’s name.

The Renaissance School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

3 DEPOSITS AND INVESTMENTS (continued)

Investments

New Jersey statutes permit the Renaissance School to purchase the following types of securities:

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Renaissance School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2015, the Renaissance School did not hold any investments.

4. PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtrnl>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the Charter Schools are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$-0- measured on June 30, 2014 and \$-0- as measured on June 30, 2013.

For the year ended June 30, 2015, the Charter School recognized pension expense of \$-0- and revenue of \$-0- for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

| | <u>6/30/2013</u> | <u>6/30/2014</u> |
|--|------------------|------------------|
| Collective deferred outflows of resources | --- | \$2,306,623,861 |
| Collective deferred inflows of resources | --- | \$1,763,205,593 |
| Collective net pension liability (Nonemployer-State of New Jersey) | \$50,539,213,484 | \$53,446,745,367 |
| State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability | 0% | 0% |

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

Actuarial assumptions - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|----------------------------|----------------------------|
| Inflation: | 2.5% |
| Salary Increases: | Varies based on experience |
| Investment Rate of Return: | 7.90% |

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 6.00% | 0.50% |
| Core Fixed Income | 0.00% | 2.19% |
| Core Bonds | 1.00% | 1.38% |
| Short-Term Bonds | 0.00% | 1.00% |
| Intermediate-Term Bonds | 11.20% | 2.60% |
| Long-Term Bonds | 0.00% | 3.23% |
| Mortgages | 2.50% | 2.84% |
| High Yield Bonds | 5.50% | 4.15% |
| Non-US Fixed Income | 0.00% | 1.41% |
| Inflation-Indexed Bonds | 2.50% | 1.30% |
| Broad US Equities | 25.90% | 5.88% |
| Large Cap US Equities | 0.00% | 5.62% |
| Mid Cap US Equities | 0.00% | 6.39% |
| Small Cap US Equities | 0.00% | 7.39% |
| Developed Foreign Equities | 12.70% | 6.05% |
| Emerging Market Equities | 6.50% | 8.90% |
| Private Equity | 8.25% | 9.15% |
| Hedge Funds/Absolute Return | 12.25% | 3.85% |
| Real Estate (Property) | 3.20% | 4.43% |
| Real Estate (REITS) | 0.00% | 5.58% |
| Commodities | 2.50% | 3.60% |
| Long Credit Bonds | 0.00% | 3.74% |

Discount rate - The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. Since the Charter School has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2015, the Charter School a liability of \$-0- for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the Charter School's proportion was 0%, which was a decrease of 0% from its proportion measured as of June 30, 2013.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

For the year ended June 30, 2015, the Charter School recognized pension expense of \$-0-. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | | |
| Changes of assumptions | \$-0- | \$-0- |
| Net difference between projected and actual earnings on pension plan investments | --- | --- |
| Changes in proportion and differences between Charter School contributions and proportionate share of contributions | --- | --- |
| Charter School contributions subsequent to the measurement date. | --- | --- |
| Total | \$-0- | \$-0- |

\$-0- reported as deferred outflows of resources related to pensions resulting from the Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Year Ended June 30: |
|------------|--------------------------------|
| 2015 | \$0 |
| 2016 | 0 |
| 2017 | 0 |
| 2018 | 0 |
| 2019 | 0 |
| Thereafter | 0 |
| Total: | \$0 |

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

| | 6/30/13 | 6/30/14 |
|---|------------------|------------------|
| Collective deferred outflows of resources | - | \$952,194,675 |
| Collective deferred inflows of resources | - | \$1,479,224,662 |
| Collective net pension liability (Non State- Local Group) | \$19,111,986,911 | \$18,722,735,003 |
| Charter schools proportion of net pension liability | -0- | -0- |
| Charter School proportion percentage | 0% | 0% |

Actuarial assumptions. The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--------------------------|
| Inflation | 3.01% |
| Salary Increases: | |
| 2012-2012 | 2.15%-4.40% based on age |
| Thereafter | 3.15%-5.40% based on age |
| Investment Rate of Return | 7.90% |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 6.00% | 0.80% |
| Core Bonds | 1.00% | 2.49% |
| Intermediate-Term Bonds | 11.20% | 2.26% |
| Mortgages | 2.50% | 2.17% |
| High Yield Bonds | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 2.50% | 3.51% |
| Broad US Equities | 25.90% | 8.22% |
| Developed Foreign Equities | 12.70% | 8.12% |
| Emerging Market Equities | 6.50% | 9.91% |
| Private Equity | 8.25% | 13.02% |
| Hedge Funds/Absolute Return | 12.25% | 4.92% |
| Real Estate (Property) | 3.20% | 5.80% |
| Commodities | 2.50% | 5.35% |

Discount rate. The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.3 %, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

| | 1% Decrease (4.39%) | Current Discount Rate (5.39%) | 1% Increase (6.39%) |
|---|--------------------------------|--|------------------------------------|
| Charter School's proportionate share of the net pension liability | 0% | 0% | 0% |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

The sensitivity analysis was based on the proportionate share of the Charter School's net pension liability at June 30, 2014. A sensitivity analysis specific to the Charter School's net pension liability was not provided by the pension system.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.38, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

4. PENSION PLANS (continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43: 15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employer contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll

Three-Year Trend Information for PERS

| Year Funding | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------|---------------------------------|-------------------------------------|------------------------------|
| 6/30/2015 | -0- | N/A | -0- |
| 6/30/2014 | -0- | N/A | -0- |
| 6/30/2013 | -0- | N/A | -0- |

**Three-Year Trend Information for TPAF
(Paid on-behalf of the Charter School)**

| Year Funding | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------|------------------------------------|-------------------------------------|------------------------------|
| 6/30/2015 | -0- | N/A | -0- |
| 6/30/2014 | -0- | N/A | -0- |
| 6/30/2013 | -0- | N/A | -0- |

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$-0- to the TPAF for post-retirement benefits on behalf of the Charter School. Also, in accordance with NJ.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$-0- during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the Charter School's financial statements in accordance with GASB Statement No. 68.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

5. POST RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

6. COMPENSATED ABSENCES

The Renaissance School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Renaissance School employees are granted varying amounts of vacation and sick leave in accordance with the Renaissance School's personnel policy. The Renaissance School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years.

Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Renaissance School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2015, Renaissance School-wide compensated absences amounted to \$-0-.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

7. DEFERRED COMPENSATION

The Renaissance School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan permits participants to defer a portion of their salaries until future years.

8. ECONOMIC DEPENDENCY

The Renaissance School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Renaissance School's programs and activities.

9. CONTINGENT LIABILITIES

The Renaissance School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Renaissance School may be required to reimburse the grantor government.

As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Renaissance School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Renaissance School.

The Renaissance School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Renaissance School and which might materially affect the Renaissance School's financial position.

10. RISK MANAGEMENT

The Renaissance School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Renaissance School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

11. RECEIVABLES

Receivables as of June 30, 2015 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|-------------------|--------------------|----------------------------|-----------------------------|--------------------|
| Receivables: | | | | |
| Accounts | <u>\$1,270,062</u> | <u>\$141,880</u> | <u>\$80,012</u> | <u>\$1,491,954</u> |
| Gross Receivables | <u>\$1,270,062</u> | <u>\$141,880</u> | <u>\$80,012</u> | <u>\$1,491,954</u> |

12. BONDS PAYABLE

Bonds payable to Cooper Lanning Square Renaissance School Facilities, Inc. and Qualified School Construction Bonds (KIPP Cooper Norcross Academy) held to maturity (KIPP Cooper Norcross Academy) series 2014.

The School, a New Jersey Non Profit Corporation obtained funding from the New Jersey Economic Development Authority for the purpose to finance a “Renaissance School Project” (as such term is defined in the New Jersey Urban Hope Act (NJSA 18:36C-1 et seq) consisting of constructing and equipping of an approximately 112,000 square foot pre-kindergarten through eighth grade renaissance school building located at 525 Clinton Street, Camden, New Jersey.

Pursuant to the Internal Revenue Code of 1986, as amended, 26 U.S.C. Sections 54A, 54F and Treasury Regulations promulgated thereunder, the Project, as a public school facility, was financed in part with the proceeds of issuance of obligations known as “Qualified School Construction Bonds (Direct Payment)”, (“QSCBs”) will receive a direct interest subsidy from the Internal Revenue Service (each a “Direct Payment”) reimbursing the School for a portion of the interest payable on such QSCBs on each Interest Payment Date. The interest subsidy for the fiscal year 2015 was \$2,275,306.

On July 1, 2014, the New Jersey Economic Development Authority issued to the Organization \$60,000,000 par value QSCB Bonds (KIPP Cooper Norcross Academy).

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

12. BONDS PAYABLE (continued)

The Project Series 2014 Bonds are as follows at June 30, 2015:

| | <u>Par Value</u> | <u>Unamortized Bond Discount</u> | <u>Bond Payable Value</u> |
|---|---------------------------------------|--|-----------------------------------|
| QSCB (KIPP Cooper Norcross Academy Project Series 2014) 7.927% 21 years maturity collateralized by school building. | \$60,000,000 | \$21,579,344 | \$38,420,656 |
| | <u>Original Bond Discount</u> | <u>Initial Year Amortization</u> | <u>Net Bond Discount</u> |
| QSCB (KIPP Cooper Norcross Academy Project Series 2014) Par Value \$60,000,000 | \$22,000,000 | \$420,656 | \$21,579,344 |

The Amortization of Bond discount of \$420,656 for the QSCB Bonds, was calculated using the effective interest method over the terms of the Bond. A total of \$84,131 of the Bond discount has been capitalized and \$336,525 was recognized as an expenditure in the Debt Service Fund.

13. LOAN PAYABLE COOPERS LANNING SQUARE RENAISSANCE SCHOOL FACILITIES INC. ("CLRSF")

The school has borrowed principal in the amount of \$17,000,000 to finance the constructing and equipping the Renaissance school building located at 525 Clinton Street, Camden, New Jersey. As of June 30, 2015, the loan payable to CLRSF is \$15,800,000.

The loan will be interest free until July 2016. The first payment of interest only will commence October 1, 2016 at a rate of 4.59%.

14. GROUND SUBLEASE

The school is subleasing the land for its premises. The total amount of the sublease is \$4,000,000 and the sublease term is for 68 years and nine months. Sublease expense amounted to \$58,823 for the fiscal year ended June 30, 2015.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

15. RELATED PARTIES

The following entities provide support and have a common organizational mission to support the school:

- a) **The Friends of TEAM Schools, Inc. (FOT)** is a New Jersey nonprofit corporation organized to provide support services to the school.
- b) **KIPP NJ (KNJ)** is a New Jersey nonprofit corporation organized to provide supportive services to nonprofit schools in NJ.

16. NOTE PAYABLE - KIPP - NJ

Amounts due to KIPP-NJ, interest of 1% and non collateralized. The amount outstanding at June 30, 2015 was \$250,000.

17. CONSTRUCTION IN PROGRESS

The school is currently constructing a 112,000 square foot building at 525 Clinton Street, Camden, New Jersey. The building will house prekindergarten through eighth grade students. A total of \$31,879,702 has been expended through June 30, 2015 and is reflected in the Capital Projects Fund (Exhibit F-2).

18. SCHOOL MANAGEMENT AGREEMENTS

In July 2014, the school entered into a school management agreement with KIPP NJ to provide comprehensive operational, administrative and management services.

The terms of the agreement are as follows:

| <u>Initial Term</u> | <u>Optional Renewal Term</u> | <u>Quarterly Fee</u> |
|---------------------|----------------------------------|----------------------|
| 5 Years | 5 Years | \$343,356 |

The quarterly fees are based upon an initial budget of operating expenses associated with providing the services as described in the management agreement. Since actual operating expenses may differ from budgeted amounts, KIPP NJ prepares a final reconciliation of operating expenses incurred. If actual expenses were less than budgeted expenses, KIPP NJ shall remit payment to the school an amount equal to the difference between the actual and projected expenses. If actual expenses exceed the budgeted expenses, KIPP NJ is generally entitled to receive a payment equal to the difference between the actual and projected expenses.

During fiscal year 2015 KIPP Cooper Norcross Academy incurred management fees to KIPP NJ in the amount of \$1,623,153.

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

18. SCHOOL MANAGEMENT AGREEMENTS (continued)

Based on the final reconciliation of actual operating expenses incurred for fiscal year 2015, KIPP Cooper Norcross Academy owes KIPP - NJ \$241,179 which is included in payables in the accompanying financial statements.

This agreement will renew upon three months written notice of each party's intention to renew the agreement. In the absence of such written notice, the agreement noted above will expire at the end of their initial term.

19. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring after the balance sheet through the date of October 22, 2015, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

20. RETROACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period

The Charter School adopted GASB No. 68 - *Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the Charter School to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the Charter School was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in the Notes to the Financial Statements), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*, The Charter School restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Governmental Activities Net Position

| | |
|--|------------------|
| Net Position (per A-1), June 30,2014 | \$749,366 |
| Restatement of Net Pension Liability | --- |
| Restatement of Deferred Outflows-Pension | --- |
| Net Position (per A-1), June 30, 2014, as Restated | <u>\$749,366</u> |

KIPP COOPER NORCROSS ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

21. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

| | |
|---|-----------|
| Fund balance per B-1 | \$390,374 |
| Cost of capital assets net accumulated depreciation | --- |
| Pension deferred outflows | --- |
| Pension deferred inflows | --- |
| Deferred pension liability as of June 30, 2015 | --- |
| Net position (per A-1) as of June 30, 2015 | \$390,374 |

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

KIPP COOPER NORCROSS ACADEMY
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Share | \$ 246,277 | \$ - | \$ 246,277 | \$ 64,948 | \$ 181,329 |
| State Share | 1,512,852 | 0 | 1,512,852 | 1,879,069 | (366,217) |
| Other Restricted Miscellaneous Revenues | 2,136 | | 2,136 | | 2,136 |
| Miscellaneous | 1,657,153 | - | 1,657,153 | 1,482,238 | 174,915 |
| Total - Local Sources | <u>3,418,418</u> | <u>-</u> | <u>3,418,418</u> | <u>3,426,255</u> | <u>(7,837)</u> |
| Nonpublic Aid | - | - | - | - | - |
| Special Education | 6,034 | - | 6,034 | - | 6,034 |
| Security Aid | - | - | - | - | - |
| Categorical Aid | - | - | - | - | - |
| Targeted At- Risk Aid | - | - | - | - | - |
| Bilingual Education | - | - | - | - | - |
| Demonstrably Effective | - | - | - | - | - |
| TPAF Pension (On-Behalf - Non-Budgeted) | - | - | - | - | - |
| TPAF Social Security (Reimbursed - Non-Budgeted) | - | - | - | 46,400 | (46,400) |
| Total State Sources | <u>6,034</u> | <u>-</u> | <u>6,034</u> | <u>46,400</u> | <u>(40,366)</u> |
| Federal Sources: | | | | | |
| Impact Aid | | | | | |
| Medical Assistance Program | | | | | |
| Total - Federal Sources | | | | | |
| Total Revenues | <u>3,424,452</u> | <u>-</u> | <u>3,424,452</u> | <u>3,472,655</u> | <u>(48,203)</u> |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction | | | | | |
| Teachers Salary | 602,868 | (149,623) | 453,245 | 453,212 | \$ 33 |
| Other Salaries | 16,063 | 18,688 | 34,751 | 34,751 | - |
| Prof/Tech Services | - | - | - | - | - |
| Other Purchased Services (400-500 series) | - | - | - | - | - |
| General Supplies | 177,259 | 149,810 | 327,069 | 326,468 | 601 |
| Textbooks | 56,500 | 37,225 | 93,725 | 93,568 | 157 |
| Other Objects | 25,544 | (7,389) | 18,155 | 16,974 | 1,181 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | <u>878,234</u> | <u>48,711</u> | <u>926,945</u> | <u>924,973</u> | <u>1,972</u> |

KIPP COOPER NORCROSS ACADEMY
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| Support Services - General Administrative | | | | | |
| Salaries of Administrative Salaries | 263,726 | (260,700) | 3,026 | 3,026 | - |
| Salaries of Secretarial and Clerical Assistants | 50,700 | 6,500 | 57,200 | 57,200 | - |
| Cost of Benefits | 256,556 | (59,561) | 196,995 | 173,880 | 23,115 |
| Consultants | - | - | - | - | - |
| Other Purchased Services (400-500 series) | 1,568,389 | 142,980 | 1,711,369 | 1,710,494 | 875 |
| Communications/Telephone | 25,487 | (9,763) | 15,724 | 15,479 | 245 |
| Supplies and Materials | 22,411 | - | 22,411 | 21,630 | 781 |
| Other Objects | 52,672 | 79,525 | 132,197 | 131,569 | 628 |
| | <u>2,239,941</u> | <u>(101,019)</u> | <u>2,138,922</u> | <u>2,113,278</u> | <u>25,644</u> |
| Support Services - School Admin/Operation Plant Services | | | | | |
| Salaries | 116,523 | 6,000 | 122,523 | 122,235 | 288 |
| Purchased Professional and Technical Services | 51,450 | 72,678 | 124,128 | 123,548 | 580 |
| Other Purchased Services | 32,418 | 5,592 | 38,010 | 36,391 | 1,619 |
| Rental of Land and Building- other than Lease Purchase Agreements | - | - | - | - | - |
| Insurance | 25,000 | (1,894) | 23,106 | 23,106 | - |
| General Supplies | 26,147 | (17,542) | 8,605 | 7,938 | 667 |
| Transportation- Trips | - | 7,100 | 7,100 | 7,091 | 9 |
| Energy (Energy and Electricity) | 40,000 | (14,773) | 25,227 | 24,863 | 364 |
| Other Objects | 14,739 | (4,853) | 9,886 | 8,843 | 1,043 |
| | <u>306,277</u> | <u>52,308</u> | <u>358,585</u> | <u>354,015</u> | <u>4,570</u> |
| Total Undist. Expend. - Other Oper. & Maint. Of Plant | | | | | |
| Food Service and After Care Program | | | | | |
| Other Purchased Services | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Food Services | | | | | |
| On-behalf TPAF pension Contributions (non-budgeted) | | | | | |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 46,400 | (46,400) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>46,400</u> | <u>(46,400)</u> |
| TOTAL ON-BEHALF CONTRIBUTIONS | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>46,400</u> | <u>(46,400)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | | | | | |
| | <u>2,546,218</u> | <u>(48,711)</u> | <u>2,497,507</u> | <u>2,513,693</u> | <u>(16,186)</u> |
| TOTAL GENERAL CURRENT EXPENSE | | | | | |
| | <u>3,424,452</u> | <u>-</u> | <u>3,424,452</u> | <u>3,438,666</u> | <u>(14,214)</u> |

KIPP COOPER NORCROSS ACADEMY
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Regular Programs - Instruction: | | | | | |
| Instructional Equipment | - | - | - | - | - |
| Interest Expense- Mortgages | - | - | - | - | - |
| Building Improvements | - | - | - | - | - |
| Lease paymernts | - | - | - | - | - |
| Total Equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| TOTAL EXPENDITURES- GENERAL FUND | 3,424,452 | - | 3,424,452 | 3,438,666 | (14,214) |
| | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>--</u> | <u>--</u> | <u>33,989</u> | <u>(33,989)</u> |
| | | | | | |
| Other Financing Sources: | | | | | |
| Operating Transfer In: | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources: | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,989</u> | <u>(33,989)</u> |
| | | | | | |
| Fund Balance, July 1, 2014 | <u>-</u> | <u>-</u> | <u>-</u> | <u>749,366</u> | <u>749,366</u> |
| Fund Balance, June 30, 2015 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 783,355</u> | <u>\$ 715,377</u> |

KIPP COOPER NORCROSS ACADEMY
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Exhibit C-2
Page 1

| | <u>Budget</u> | <u>Transfers</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------|------------------|----------------|----------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ 487,592 | | \$ 487,592 | \$ 487,592 | |
| State Sources | - | | - | - | |
| Federal Sources | 112,622 | | 112,622 | 112,622 | |
| Total Revenues | <u>600,214</u> | | <u>600,214</u> | <u>600,214</u> | |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 176,372 | | 176,372 | 176,372 | |
| Other Salaries for Instruction | | | | | |
| Purchased Professional -Educational Services | - | | - | - | |
| Purchased Professional and Technical Services | - | | - | - | |
| Food Service Subsidy | - | | - | - | |
| Other Purchased Services (400-500 series) | 20,008 | | 20,008 | 20,008 | |
| Textbooks | 107,168 | | 107,168 | 107,168 | |
| General Supplies | 42,832 | | 42,832 | 42,832 | |
| Personal Services- Employee Benefits | 18,677 | | 18,677 | 18,677 | |
| Instructional services | - | | - | - | |
| Equipment- Non instructional | - | | - | - | |
| Miscellaneous Expneses | 40,157 | | 40,157 | 40,157 | |
| Total Instruction | <u>405,214</u> | <u>-</u> | <u>405,214</u> | <u>405,214</u> | |
| Support Services | | | | | |
| Salaries of Supervisor of Instruction | 195,000 | | 195,000 | 195,000 | |
| Salaries of Program Directors | | | | | |
| Salaries of Other Professional Staff | - | | - | - | |
| Salaries of Secretaries & Clerical Assistants | | | | | |
| Other Salaries | | | | | |
| Personal Services - Employee Benefits | - | | - | - | |
| Purchased Professional - Educational Services | - | | - | - | |
| Other Purchased Professional Services | | | | | |
| Supplies | | | | | |
| Field Trips | | | | | |
| Scholarships | | | | | |
| Tuition | | | | | |
| Travel | | | | | |
| Other purchased Services (400-500 series) | - | | - | - | |
| Building Improvements | | | | | |
| Total Support Services | <u>195,000</u> | | <u>195,000</u> | <u>195,000</u> | |

KIPP COOPER NORCROSS ACADEMY
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| Buildings Improvements | | | | | |
| Instructional Equipment | | | | | |
| Noninstructional Equipment | | | | | |
| Total Facilities Acquisition and Construction Services | | | | | |
| Transfer to Charter School | | | | | |
| Total Expenditures | 600,214 | | 600,214 | 600,214 | |
| Other Financing Sources (Uses) | | | | | |
| Transfer in from General Fund | | | | | |
| Transfer Out to Whole School Reform (General Fund) | | | | | |
| Total Other Financing Sources (Uses) | | | | | |
| Total Outflows | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ --- | | \$ --- | \$ --- | |

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

KIPP COOPER NORCROSS ACADEMY
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2015
(Unaudited)

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**KIPP COOPER NORCROSS ACADEMY
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30***

Public Employees' Retirement System (PERS)

| | <u>2013</u> | <u>2014</u> |
|---|-------------|-------------|
| Charter School Proportion of the net pension liability (asset) | N/A | N/A |
| Charter School Proportionate share of the net pension liability (asset) | N/A | N/A |
| Charter School Covered employee payroll | N/A | N/A |
| Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | N/A | N/A |

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**KIPP COOPER NORCROSS ACADEMY
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30***

Public Employees' Retirement System (PERS)

| | <u>2013</u> | <u>2014</u> |
|--|-------------|-------------|
| Contractually required contribution | N/A | N/A |
| Contributions in relation to the contractually required contribution | N/A | N/A |
| Contribution deficiency (excess) | N/A | N/A |
| Charter School Covered employee payroll | N/A | N/A |
| Contributions as a percentage of covered employee payroll | N/A | N/A |

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**KIPP COOPER NORCROSS ACADEMY
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEARS ENDED JUNE 30**

Teachers' Pension and Annuity Fund (TPAF)

| | <u>2013</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Charter School Proportion of the net pension liability (asset)** | N/A | N/A |
| Charter School Proportionate share of the net pension liability (asset)** | N/A | N/A |
| State's proportionate share of the net pension liability (asset) associated with the Charter School | N/A | N/A |
| Charter School Covered employee payroll | N/A | N/A |
| Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | N/A | N/A |

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the charter school (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the charter school.

**KIPP COOPER NORCROSS ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

KIPP COOPER NORCROSS ACADEMY
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2015

| | TOTAL | NCLB Title I | IDEA PART B | Rock/ Rembe Foundation | Louis Calder Foundation | Walton Family Foundation | Kipp Foundation |
|---|-------------------|-------------------------|------------------------|-----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| REVENUES | | | | | | | |
| Intergovernmental | | | | | | | |
| State | | | | | | | |
| Federal | \$ 112,622 | \$ 92,614 | \$ 20,008 | | | \$ - | \$ - |
| Other Sources | | | | | | | |
| Miscellaneous | 487,592 | | | \$225,000 | \$150,000 | \$83,334 | \$29,258 |
| Total Revenues | <u>600,214</u> | <u>92,614</u> | <u>20,008</u> | <u>225,000</u> | <u>150,000</u> | <u>83,334</u> | <u>29,258</u> |
| EXPENDITURES | | | | | | | |
| Instruction | | | | | | | |
| Salaries | 176,372 | 69,038 | - | 36,000 | - | 71,334 | - |
| Other Purchased Services | 20,008 | | 20,008 | | | | |
| Purchased Prof. and Tech. and Edu Services | - | | | | | | |
| General Supplies | 42,832 | | - | - | 42,832 | - | - |
| Recruitment | - | | | | | | |
| Personal Services - Employee Benefits | 18,677 | 6,499 | - | 11,077 | - | - | 1,101 |
| Food Service Subsidy | - | | | | | | |
| Textbooks | 107,168 | | | | 107,168 | | |
| Instructional Services | - | | | | | | |
| Equipment Non- Instructional | 40,157 | | | | | 12,000 | 28,157 |
| Total Instruction | <u>405,214</u> | <u>75,537</u> | <u>20,008</u> | <u>47,077</u> | <u>150,000</u> | <u>83,334</u> | <u>29,258</u> |
| Support Services | | | | | | | |
| Salaries of Supervisors of Instruction | 195,000 | 17,077 | | 177,923 | | | |
| Salaries of Program Directors | | | | | | | |
| Salaries of Other Prof. Staff | | | | | | | |
| Salaries of Secretarial and Clerical Ass't | | | | | | | |
| Personal Services - Employee Benefits | | | | | | | |
| Supplies and Materials | | | | | | | |
| Other Purchased Services | | | | | | | |
| Purchased Professional/Educational Services | | | | | | | |
| Class- room Improvements | | | | | | | |
| Building Improvements | | | | | | | |
| Non instructional Equipment | | | | | | | |
| Total Support Services | <u>195,000</u> | <u>17,077</u> | | | | | |
| TOTAL EXPENDITURES | <u>\$ 600,214</u> | <u>\$ 92,614</u> | <u>\$ 20,008</u> | <u>\$ 47,077</u> | <u>\$ 150,000</u> | <u>\$ 83,334</u> | <u>\$ 29,258</u> |

CAPITAL PROJECTS FUND

**KIPP COOPER NORCROSS ACADEMY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Issue/Project Title</u> | <u>Appropriation</u> | <u>Expenditures to Date</u> | | <u>Balance June 30, 2015</u> |
|---|----------------------|-----------------------------|-----------------------------|----------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | |
| Renaissance School Project - Camden, NJ Includes construction and equipping an approximately 11,200 square foot for pre-kindergarten through eighth grade. (KCNA Academy) | \$55,000,000 | --- | \$36,669,180 | \$18,330,820 |
| | <u>\$55,000,000</u> | <u>---</u> | <u>\$36,669,180</u> | <u>\$18,330,820</u> |
| | | | Fund Balance, June 30, 2015 | <u>\$18,330,820</u> |

Exhibit F-2

**KIPP COOPER NORCROSS ACADEMY
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | |
|---------------------------------------|-----------------------------|
| Revenues and Other Financing Sources | |
| Proceeds from Bonds Payable | <u>\$ 55,000,000</u> |
| Total Revenues | <u>55,000,000</u> |
| Expenditures and Other Financing Uses | |
| Amortization of Land Lease | --- |
| Construction Services | <u>36,669,180</u> |
| Total Expenditures | <u>36,669,180</u> |
| Excess of Revenues over Expenditures | 18,330,820 |
| Fund Balance, Beginning of Year | <u>---</u> |
| Fund Balance, End of Year | <u><u>\$ 18,330,820</u></u> |

**KIPP COOPER NORCROSS ACADEMY
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTING AND EQUIPPING KIPP COOPER NORCROSS ACADEMY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Total</u> | <u>Project Authorization</u> |
|---|--------------------------|-----------------------------|-----------------------------|----------------------------------|
| Revenues and Other Financing Sources | | | | |
| Bond Proceeds | --- | \$ 38,000,000 | \$ 38,000,000 | \$ 38,000,000 |
| Loan Proceeds | --- | 15,800,000 | 15,800,000 | 15,800,000 |
| | | <u> </u> | <u> </u> | <u> </u> |
| Total Revenues and Other Financing Sources | --- | <u>\$ 53,800,000</u> | <u>\$ 53,800,000</u> | <u>\$ 53,800,000</u> |
| Expenditures and Other Financing Uses | | | | |
| Amortization of Land Lease | --- | --- | --- | --- |
| Construction Services | --- | 36,669,180 | 36,669,180 | 31,869,186 |
| | | <u> </u> | <u> </u> | <u> </u> |
| Total Expenditures and Other Financing Uses | --- | <u>36,669,180</u> | <u>36,669,180</u> | <u>\$ 31,869,186</u> |
| Excess of Revenues over Expenditures | --- | <u>\$ 17,130,820</u> | <u>\$ 17,130,820</u> | <u>\$ 21,930,814</u> |
| Additional Loan Proceeds to be paid in 2015 | | | | 1,200,000 |
| Balance | | | | <u>\$ 20,730,814</u> |

Additional Project Information:

| | |
|--|--------------|
| Project Number | N/A |
| Grant Date | N/A |
| Bonds Authorization Date | |
| Bonds Authorized | \$38,000,000 |
| Bonds Issued | \$38,000,000 |
| Original Authorized Cost | |
| Change Orders | N/A |
| Revised Authorized Cost | \$38,000,000 |
| Change Order Percentage | N/A |
| Percentage Completion | |
| Original Target Completion Date | 8/31/2015 |
| Revised Target Completion Date | 8/31/2015 |
| Loan Payable | |
| Cooper Lanning | |
| Square Renaissance School | |
| Facilities Inc | |
| Loan Payable Interest 4.59%, Interest Only | |
| October 2016 | \$15,800,000 |

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

**KIPP COOPER NORCROSS ACADEMY
Proprietary Fund
Statement of Net Position
As of June 30, 2015**

NOT APPLICABLE

KIPP COOPER NORCROSS ACADEMY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

NOT APPLICABLE

Exhibit G-3

**KIPP COOPER NORCROSS ACADEMY
Proprietary Fund
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

FIDUCIARY FUNDS

KIPP COOPER NORCROSS ACADEMY
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2015

| | <u>Flex</u> <u>Spending</u> <u>Fund</u> | <u>Agency</u> <u>Fund</u> <u>Payroll</u> | <u>Total</u> |
|--------------------------------------|--|---|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | <u>\$3,668</u> | <u>\$4,001</u> | <u>\$7,669</u> |
| Total Assets | <u><u>\$3,668</u></u> | <u><u>\$4,001</u></u> | <u><u>\$7,669</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Payroll deductions and withholdings | <u>0</u> | <u>4,001</u> | <u>4,001</u> |
| Total Liabilities | <u>0</u> | <u>4,001</u> | <u>4,001</u> |
| Net Position | <u>3,668</u> | <u> </u> | <u> </u> |
| Total Liabilities and Net Position | <u><u>\$3,668</u></u> | <u><u>\$4,001</u></u> | <u><u>\$7,669</u></u> |

Exhibit H-2

**KIPP COOPER NORCROSS ACADEMY
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2015**

NOT APPLICABLE

Exhibit H-3

**KIPP COOPER NORCROSS ACADEMY
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

KIPP COOPER NORCROSS ACADEMY
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

| | <u>Balance</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2015</u> |
|-------------------------------------|---------------------------------------|------------------|------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | _____ | \$848,696 | \$848,696 | _____ |
| Total Liabilities | ===== | 848,696 | 848,696 | ===== |
| LIABILITIES | | | | |
| Payroll Deductions and Withholdings | | 338,758 | 338,758 | |
| Accrued Salaries and Wages | _____ | 510,938 | 510,938 | _____ |
| Total Liabilities | ===== | \$849,696 | \$849,696 | ===== |

Exhibit H-5

**KIPP COOPER NORCROSS ACADEMY
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

LONG-TERM DEBT

**KIPP COOPER NORCROSS ACADEMY
LONG-TERM-DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Amount of Original Issue</u> | <u>Balance July 1, 2014</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance June 30, 2015</u> |
|----------------|----------------------|---------------------------------|-----------------------------|---------------|----------------|------------------------------|
| QJCB Bonds | | \$38,000,000 | --- | 38,000,000 | --- | \$38,000,000 |
| | | \$38,000,000 | --- | 38,000,000 | --- | \$38,000,000 |

Exhibit I-2

**KIPP COOPER NORCROSS ACADEMY
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2015**

NOT APPLICABLE

**KIPP COOPER NORCROSS ACADEMY
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|--------------------|-------------------------|--------------------|-------------------------------------|
| REVENUES | | | | | |
| Local Sources | \$2,700,000 | | \$2,700,000 | \$2,700,000 | --- |
| Misc Subsidy Income | --- | --- | | | |
| Interest income | --- | --- | --- | 2,367 | 2,523 |
| | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> |
| Total Revenues | <u>\$2,700,000</u> | <u>---</u> | <u>\$2,700,000</u> | <u>\$2,702,367</u> | <u>2,523</u> |
| EXPENDITURES | | | | | |
| Regular Debt Services | | | | | |
| Interest | \$2,700,000 | | \$2,700,000 | 2,275,462 | --- |
| Amortization of Bond Discount | --- | --- | --- | 336,525 | (336,525) |
| | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> |
| Total Expenditures | <u>\$2,700,000</u> | <u>---</u> | <u>\$2,700,000</u> | <u>\$2,611,987</u> | <u>(\$336,525)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures | --- | --- | --- | (\$334,158) | --- |
| Other Financing Sources/(Uses) Transfer-In | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Sources/(Uses) | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> |
| Fund Balance, Beginning of Year | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> |
| Fund Balance, End of Year | <u>---</u> | <u>---</u> | <u>---</u> | <u>(\$334,158)</u> | <u>(\$334,158)</u> |

**KIPP COOPER NORCROSS ACADEMY
LONG-TERM-DEBT
SCHEDULE OF SCHOOL FACILITIES LOAN PAYABLE
NJ ECONOMIC DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Amount of Original Issue</u> | <u>Annual Date</u> | <u>Maturities Amount</u> | <u>Interest Rate</u> | <u>Balance July 1, 2014</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance June 30, 2015</u> |
|--|----------------------|---------------------------------|--------------------|--------------------------|----------------------|-----------------------------|---------------|----------------|------------------------------|
| Cooper Lanning Square Renaissance School Facilities Inc Constructing and Equipping KCNA Academy | 7/1/14 | <u>\$11,000,000</u> | 6/30/15 | --- | | <u>\$15,800,000</u> | | --- | <u>\$15,800,000</u> |
| | | <u>\$11,000,000</u> | | | | <u>\$15,800,000</u> | | | <u>\$15,800,000</u> |

FINANCIAL TRENDS

Exhibit J-1

**KIPP COOPER NORCROSS ACADEMY
NET POSITION BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

| | <u>2015</u> |
|---|-------------------|
| Governmental activities | |
| Invested in capital assets, net of related debt | \$ - |
| Restricted | |
| Unrestricted | 783,355 |
| Total governmental activities net position | <u>\$ 783,355</u> |
| Business-type activities | |
| Invested in capital assets, net of related debt | |
| Restricted | - |
| Unrestricted | <u>\$ -</u> |
| Total business-type activities net position | |
| School-wide | |
| Invested in capital assets, net of related debt | - |
| Restricted | - |
| Unrestricted | 783,355 |
| Total school net position | <u>\$ 783,355</u> |

Source: School Financial Statements

Exhibit J-2
KIPP COOPER NORCROSS ACADEMY
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

| | <u>2015</u> |
|---|--------------------|
| Expenses | |
| Governmental activities | |
| Instruction | |
| Regular | \$924,973 |
| Support Services: | |
| General administration | 2,098,930 |
| School Administrative Services | 354,015 |
| On-behalf TPAF Social Security | 46,400 |
| Capital outlay | -- |
| Unallocated depreciation | -- |
| Total governmental activities expenses | <u>3,424,318</u> |
| Business-type activities: | |
| Food service | 0 |
| Total business-type activities expense | <u>0</u> |
| Total school expenses | <u>\$3,424,318</u> |
| Program Revenues | |
| Governmental activities: | |
| Operating grants and contributions | 600,214 |
| Capital grants and contributions | |
| Total governmental activities program revenues | <u>600,214</u> |
| Business-type activities: | |
| Charges for services | |
| Food service | 0 |
| Operating grants and contributions | 0 |
| Capital grants and contributions | |
| Total business type activities program revenues | <u>0</u> |
| Total school program revenues | <u>\$600,214</u> |
| Net (Expense)/Revenue | |
| Governmental activities | \$3,136,162 |
| Business-type activities | 0 |
| Total school-wide net expense | <u>\$3,136,162</u> |
| Governmental activities: | |
| Local share | \$64,948 |
| State Share | 1,879,069 |
| State and Federal Aid aid | 46,400 |
| Miscellaneous income | 1,482,238 |
| Decrease in Net Capital Outlay | -- |
| Transfers | |
| Total governmental activities | <u>\$3,472,655</u> |
| Business-type activities: | |
| Investment earnings | |
| Transfers | 0 |
| Total business-type activities | <u>0</u> |
| Total school-wide | <u>\$3,472,655</u> |
| Change in Net Position | |
| Governmental activities | \$336,493 |
| Business-type activities | 0 |
| Total school | <u>\$336,493</u> |

Source: School Financial Statements

KIPP COOPER NORCROSS ACADEMY
Combined Balance Sheet
Governmental Funds
As of June 30, 2015
(Unaudited)

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 560,855 | \$ (10,484) | \$ (29,910) | | \$ 520,461 |
| Cash and Cash equivalents Restricted | | | 17,500,550 | 320,842 | 17,821,392 |
| Receivables, net | 1,270,062 | 141,880 | 80,012 | - | 1,491,954 |
| Security Deposit | - | | | | 0 |
| Restricted cash and cash equivalents | | | | | |
| Total assets | <u>\$ 1,830,917</u> | <u>\$ 131,396</u> | <u>\$ 17,550,652</u> | <u>\$ 320,842</u> | <u>\$ 19,833,807</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Note Payable - KIPP NJ | 250,000 | - | | | 250,000 |
| Accrued expense | - | | - | 655,000 | 655,000 |
| Accounts payable | 797,562 | 131,396 | 57,999 | | 986,957 |
| Due to School District | | | | | 0 |
| Payroll and pension withholdings payable | | | | | 0 |
| Payable to federal government | | - | | | |
| Payable to state government | - | | | | |
| Deferred revenue | - | | | | 0 |
| Total liabilities | <u>1,047,562</u> | <u>131,396</u> | <u>57,999</u> | <u>655,000</u> | <u>1,891,957</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | | | | | |
| Legally restricted -- unexpended additional spending proposal | | | | | |
| Legally restricted -- designated for subsequent year's expenditures | 100,000 | | | | 100,000 |
| Capital reserve account | | | | | |
| Excess surplus | | | | | |
| Excess surplus -- designated for Subsequent year's expenditures | | | | | |
| Other purposes | | | | | |
| Unreserved, reported in: | | | | | |
| General fund | 683,355 | | | | 683,355 |
| Capital projects fund | - | | 17,492,653 | | 17,492,653 |
| Debt Service Fund | | | | (334,158) | (334,158) |
| Total Fund balances | <u>783,355</u> | | <u>17,492,653</u> | <u>(334,158)</u> | <u>17,941,850</u> |
| Total liabilities and fund balances | <u>\$ 1,830,917</u> | <u>\$ 131,396</u> | <u>\$ 17,550,652</u> | <u>\$ 320,842</u> | <u>\$ 19,833,807</u> |

Source: School Financial Statements

KIPP COOPER NORCROSS ACADEMY
Combined Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015
Unaudited

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local share | \$ 64,948 | | \$ - | | \$ 64,948 |
| State Share | 1,879,069 | | - | | 1,879,069 |
| Other Miscellaneous Revenue | | | | 2,275,306 | 2,275,306 |
| Miscellaneous | 1,482,238 | 487,592 | - | 2,523 | 1,972,353 |
| Total - Local Sources | <u>3,426,255</u> | <u>487,592</u> | <u>-</u> | <u>2,277,829</u> | <u>6,191,676</u> |
| State sources | 46,400 | - | - | | 46,400 |
| Federal sources | | 112,622 | | | 112,622 |
| Total revenues | <u>3,472,655</u> | <u>600,214</u> | <u>-</u> | <u>2,277,829</u> | <u>6,350,698</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | \$ 924,973 | \$ 405,214 | \$ - | | \$ 1,330,187 |
| Support services- General Administrative | 2,113,278 | 195,000 | - | | 2,308,278 |
| Support Services- School Admin/operations | 354,015 | | - | - | 354,015 |
| On-behalf TPAF Social Security and Pension | 46,400 | | - | | 46,400 |
| Land lease | - | | 58,823 | | 58,823 |
| Amortization of Bond Discount | | | | 336,525 | 336,525 |
| Interest expense | | | | 2,275,462 | 2,275,462 |
| Total expenditures | <u>3,438,666</u> | <u>600,214</u> | <u>58,823</u> | <u>2,611,987</u> | <u>6,709,690</u> |
| Excess (Deficiency) of revenues over expenditures | <u>33,989</u> | <u>-</u> | <u>(58,823)</u> | <u>(334,158)</u> | <u>(358,992)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | | - | | |
| Transfers out | - | | - | | |
| Total other financing sources and uses | <u>---</u> | | <u>---</u> | | |
| Net change in fund balances | | | | | |
| Fund balance -July 31,2014 | 749,366 | | - | - | 749,366 |
| Fund balance - June 30, 2015 | <u>\$ 783,355</u> | <u>--</u> | <u>\$ (58,823)</u> | <u>\$ (334,158)</u> | <u>\$ 390,374</u> |

Source: School Financial Statements

KIPP COOPER NORCROSS ACADEMY
STATEMENT OF CASH FLOW
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Increase in Fund Balance | \$ 33,989 | -- | \$ 17,492,653 | \$ (334,158) | \$ 17,192,484 |
| Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities | | | | | |
| Depreciation | --- | --- | --- | --- | --- |
| (Increase) Decrease in Current Assets | | | | | |
| Accounts Receivable | (888,697) | (141,880) | (80,012) | - | (1,110,589) |
| Increase (Decrease) in Current Liabilities | | | | | |
| Note Payable - KIPP NJ | 250,000 | | | | - |
| Accounts Payable | 466,698 | 131,396 | 57,999 | 655,000 | 1,311,093 |
| Deferred Revenue | - | - | - | - | - |
| Unexpended Bond Proceeds | - | - | - | - | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ (138,010) | \$ (10,484) | \$ 17,470,640 | \$ 320,842 | \$ 17,392,988 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| NET CASH USED BY INVESTING ACTIVITIES | -- | -- | -- | -- | -- |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| NET CASH FROM FINANCING ACTIVITIES | -- | -- | -- | -- | -- |
| TOTAL INCREASE IN CASH AND CASH EQUIVALENTS | \$ (138,010) | \$ (10,484) | \$ 17,470,640 | \$ 320,842 | \$ 17,642,988 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 698,865 | - | - | - | 698,865 |
| CASH AND CASH EQUIVALENTS - ENDING OF YEAR | \$ 560,855 | \$ (10,484) | \$ 17,470,640 | \$ 320,842 | \$ 18,341,853 |

Source: School Financial Statements

Exhibit J-3

**KIPP COOPER NORCROSS ACADEMY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

| | <u>2015</u> |
|------------------------------------|---------------------|
| General Fund | |
| Reserved | \$ 100,000 |
| Unreserved | 697,303 |
| Total General Fund | <u>\$ 797,303</u> |
| | |
| All Other Governmental Funds | |
| Reserved | |
| Unreserved, reported in: | |
| Special revenue fund | |
| Capital projects fund | (58,823) |
| Debt service fund | (334,158) |
| Permanent fund | |
| Total all other governmental funds | <u>\$ (392,981)</u> |

Source: School Financial Statements

Exhibit J-4

**KIPP COOPER NORCROSS ACADEMY
GOVERNMENTAL REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

| | <u>2015</u> |
|--|------------------------|
| Revenues | |
| Local tax Levy | \$64,948 |
| Other local revenue | 1,969,830 |
| State sources | 1,925,469 |
| Federal sources | 112,622 |
| Total revenue | <u>4,072,869</u> |
| Expenditures | |
| Instruction | |
| Regular Instruction | 924,973 |
| Support Services: | |
| General administration | 2,113,278 |
| School administrative services/Plant | 354,015 |
| TPAF Social Security | 46,400 |
| Food Service | |
| Capital outlay | |
| Debt service: | |
| Principal | |
| Interest and other charges | |
| Special Revenue | 600,214 |
| Total expenditures | <u>4,038,880</u> |
| Excess (Deficiency) of revenues over (under) expenditures | |
| Other Financing sources (uses) | |
| Proceeds from borrowing | |
| Capital leases (non-budgeted) | |
| Proceeds from refunding | |
| Payments to escrow agent | |
| Transfers in | |
| Transfers out | |
| Total other financing sources (uses) | <u>0</u> |
| Net change in fund balance | <u><u>\$33,989</u></u> |

Source: School Financial Statements

REVENUE CAPACITY

KIPP COOPER NORCROSS ACADEMY
General Fund - Other Local Revenue By Source
For the Fiscal Year Ended June 30
(Unaudited)

| | <u>Sale of Capital Assets</u> | <u>Donations</u> | <u>Rentals</u> | <u>Prior Year Refunds</u> | <u>Sale and Leaseback of Textbooks</u> | <u>Other Local</u> | <u>Annual Totals</u> |
|------|-----------------------------------|------------------|----------------|-------------------------------|--|--------------------|----------------------|
| 2015 | | \$1,482,238 | | | | \$0 | \$1,482,238 |

Source: School records

Exhibit J-6

**KIPP COOPER NORCROSS ACADEMY
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

Exhibit J-7

**KIPP COOPER NORCROSS ACADEMY
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

Exhibit J-8

**KIPP COOPER NORCROSS ACADEMY
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**KIPP COOPER NORCROSS ACADEMY
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

Exhibit J-10

KIPP COOPER NORCROSS ACADEMY
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-11

**KIPP COOPER NORCROSS ACADEMY
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

Exhibit J-12

**KIPP COOPER NORCROSS ACADEMY
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**KIPP COOPER NORCROSS ACADEMY
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

KIPP COOPER NORCROSS ACADEMY
Demographic and Economic Statistics
For the Fiscal Year Ended June 30
(Unaudited)

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**KIPP COOPER NORCROSS ACADEMY
Principal Employers
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

KIPP COOPER NORCROSS ACADEMY
Full-time Equivalent School Employees by Function/Program
For the Fiscal Year Ended June 30, 2015
(Unaudited)

| <u>Function/Program</u> | <u>2015</u> |
|--|-------------|
| Instruction | |
| Regular | 11 |
| Special education | 2 |
| Other special education | |
| Vocational | |
| Other instruction | |
| Nonpublic school programs | |
| Adult/continuing education programs | |
| Support Services: | |
| Student & instruction related services | 1 |
| General administration | |
| School administrative services | 5 |
| Other administrative services | |
| Central services | |
| Administrative Information Technology | |
| Plant operations and maintenance | |
| Pupil transportation | |
| Other support services | |
| Special Schools | |
| Food Service | |
| Child Care | |
| | |
| Total | 19 |

Source: School Personnel Records

**KIPP COOPER NORCROSS ACADEMY
Operating Statistics
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

| Fiscal Year | Enrollment | Operating Expenditures | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|------------------------|----------------|-------------------|----------------|------------------------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary and Middle School | Senior High School | | | | |
| 2015 | 105 | 4,431,861 | N/A | N/A | 39 | 34 | N/A | | 98.25 | NA | 94.50% |

Sources: School records

Exhibit J-18

KIPP COOPER NORCROSS ACADEMY
School Building Information
For the Fiscal Year Ended June 30, 2015
(Unaudited)

| | <u>2015</u> |
|-------------------------------|-------------|
| <u>School Building</u> | |
| Main Campus | |
| Square Feet | 8,000 |
| Capacity (students) | 105 |
| Enrollment | 105 |
| Number of Schools at June 30 | 1 |
| Elementary | 1 |

Source: School Office

**KIPP COOPER NORCROSS ACADEMY
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

NOT APPLICABLE

**KIPP COOPER NORCROSS ACADEMY
Insurance Schedule
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

| | <u>Coverage</u> | <u>Deductible</u> |
|------------------------------|-----------------|-------------------|
| School Package Policy | | |
| Commercial Property | \$ 100,000 | \$ 1,000 |
| Boiler and Machinery | 100,000 | 1,000 |
| General Automobile Liability | 1,000,000 | - |
| School Board Legal Liability | 1,000,000 | 5,000 |
| Umbrella | 6,000,000 | - |
| Workers' Compensation | Statutory | - |
| Surety Bonds | | |
| School Board Legal Liability | see above | - |

Source: Charter School Records

**RENAISSANCE SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

Exhibit J-21

**KIPP COOPER NORCROSS ACADEMY
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
Unaudited**

**Renaissance School Performance Framework Financial Indicators
Sustainability Indicators**

| | Initial Year 2015 |
|--------------------------------|------------------------------|
| Cash | 520,561 |
| Current Assets | 1,442,152 |
| Capital Assets-Net | 0 |
| Total Assets | 1,962,713 |
| Current Liabilities | 1,178,958 |
| Total Liabilities | 1,178,958 |
| Net Position | 783,755 |
| Total Revenue | 4,072,869 |
| Total Expenses | (4,431,861) |
| Change in Net Position | (358,992) |
| Depreciation | 0 |
| Principal Payments | 0 |
| Interest payments | 0 |
| Final average daily enrollment | 105 |
| March 30th budgeted Enrollment | 100 |
| Near term indicators | 2015 |
| CURRENT RATIO | 1.22 |
| Unrestricted days cash | 42.87 |
| Enrollment variance | 105% |
| Default | N/A |

**KIPP COOPER NORCROSS ACADEMY
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
Unaudited**

**Renaissance School Performance Framework Financial Indicators
Sustainability Indicators**

| | Initial Year 2015 |
|--------------------------------|------------------------------|
| Cash | 520,561 |
| Current Assets | 1,442,152 |
| Capital Assets-Net | 0 |
| Total Assets | 1,962,713 |
| Current Liabilities | 1,178,958 |
| Total Liabilities | 1,178,958 |
| Net Position | 783,755 |
| Total Revenue | 4,072,869 |
| Total Expenses | (4,431,861) |
| Change in Net Position | (358,992) |
| Depreciation | 0 |
| Principal Payments | 0 |
| Interest payments | 0 |
| Final average daily enrollment | 105 |
| March 30th budgeted Enrollment | 100 |
| Sustainability Indicators | 2015 |
| Total margin | -9.0% |
| Debt to Asset | 0.60% |
| Cash Flow | 520,561 |
| Debt Service Coverage ratio | N/A |

SINGLE AUDIT SECTION K

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EXHIBIT K-1

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 Honorable President and
Members of the Board of Trustees
KIPP Cooper Norcross Academy
County of Camden
Camden, New Jersey

I have audited, 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 and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the KIPP Cooper Norcross Academy ("the Renaissance School"), in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Renaissance School's basic financial statements, and have issued my report thereon, dated October 22, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Renaissance School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Renaissance School's internal control. Accordingly, I do not express an opinion on the effectiveness of the Renaissance 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Renaissance School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

I also noted certain matters that I reported to management of the KIPP Cooper Norcross Academy in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated October 22, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Renaissance School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Renaissance School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 870



Scott J Loeffler, CPA
October 22, 2015

SCOTT J. LOEFFLER
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EXHIBIT K-2

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR NJOMB 15-08

The Honorable President and
Members of the Board of Trustees
KIPP Cooper Norcross Academy
County of Camden
Camden, New Jersey

Compliance

I have audited the KIPP Cooper Norcross Academy, in the County of Camden, State of New Jersey's ("the Renaissance School") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Renaissance School's major federal and state programs for the year ended June 30, 2015. The Renaissance School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Renaissance School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance 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; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and State of New Jersey Department of Treasury Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, OMB Circular A-133 and State of New Jersey Department of Treasury Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Renaissance School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal and state program. However, my audit does not provide a legal determination of the Renaissance School's compliance.

Opinion on Each Major Federal and State Program

In my opinion, the Renaissance School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state program for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Renaissance School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Renaissance School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Department of Treasury Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Renaissance School's 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or state 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 or state 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Department of Treasury Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J. Loeffler CPA". The signature is written in a cursive style with a horizontal line underlining the name.

Scott J. Loeffler, CPA
October 22, 2015

KIPP COOPER NORCROSS ACADEMY
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

| <u>Federal/Grantor Program Title</u> | <u>CFDA/ GRANT Project Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Balance July 1, 2014</u> | <u>Prior Carry- over</u> | <u>Cash Received</u> | <u>Budgetary Expenditures</u> | <u>Refund of Prior Years' Balances</u> | <u>Adjust</u> | <u>Deferred Revenue/ (Accounts Receivable) June 30, 2015</u> | <u>Due to Grantor at June 30, 2015</u> |
|--|---|-------------------------|-------------------------|-------------------------------------|----------------------------------|--------------------------|-----------------------------------|--|---------------|--|--|
| Special Revenue | | | | | | | | | | | |
| NCLB | | | | | | | | | | | |
| Title I PART A | 84.010A | 07/01/14-06/30/15 | \$92,614 | 0 | | 0 | 92,614 | | | (92,614) | |
| | | | | | | 0 | | | | | |
| IDEA BASIC | 84.027 | 07/01/14-06/30/15 | \$20,008 | 0 | | 0 | 20,008 | | | (20,008) | |
| Total Special Revenue | | | | <u>0</u> | | <u>0</u> | <u>112,622</u> | | | <u>(112,622)</u> | |
| | | | | <u>\$0</u> | | <u>\$0</u> | <u>\$112,622</u> | | | <u>(\$112,622)</u> | |

See accompanying notes to schedules of expenditures of Federal and State Awards

**KIPP COOPER NORCROSS ACADEMY
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2015**

EXHIBIT K-4

| <u>State Grantor Program Title</u> | <u>Grant or State Project Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Balance July 1, 2014</u> | <u>Cash Received</u> | <u>Budgetary Expenditures</u> | <u>Refund of Prior Years' Balances</u> | <u>Adjust</u> | <u>Deferred Revenue/ (Accounts Receivable) June 30, 2015</u> | <u>Due to Grantor at June 30, 2015</u> |
|--|--|-------------------------|-------------------------|-------------------------------------|--------------------------|-----------------------------------|--|---------------|--|--|
| GENERAL FUND | | | | | | | | | | |
| TPAF Social Security | 15-495-034-5095-002 | 7/1/14-06/30/15 | \$46,400 | | \$46,400 | \$46,400 | | | | |
| Equalization Aid - Local | 15-495-034-5120-078 | 7/1/14-06/30/15 | 64,948 | | 64,948 | \$64,948 | | | | |
| Equalization Aid - State | 15-495-034-5120-078 | 7/1/14-06/30/15 | <u>1,879,069</u> | | <u>1,879,069</u> | <u>\$1,879,069</u> | | | | |
| Total General Fund | | | | | 1,990,417 | 1,990,417 | | | -- | |
| | | | | <hr/> | | | | | | |
| GRAND TOTAL | | | | | \$1,990,417 | \$1,990,417 | | | | |
| | | | | <hr/> | | | | | | |

See accompanying notes to schedules of expenditures of Federal and State Awards

**KIPP COOPER NORCROSS ACADEMY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. General

The accompanying schedules present the activity of all expenditures of federal assistance and state financial assistance of the Renaissance School. All federal and state assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Renaissance School's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and NJOMB Circular 15-08. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Renaissance School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

**KIPP COOPER NORCROSS ACADEMY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

3. Relationship to Basic Financial Statements (continued)

Federal awards and state financial assistance revenues are reported in the Renaissance School's basic financial statements on a GAAP basis as follows:

| | Federal | State | Total |
|---------------------------------------|------------------|--------------------|--------------------|
| General Fund | \$ | \$1,925,469 | \$1,925,469 |
| Special Revenue Fund | <u>112,622</u> | <u>---</u> | <u>112,622</u> |
| Total Awards and Financial Assistance | <u>\$112,622</u> | <u>\$1,925,469</u> | <u>\$2,038,091</u> |

4. Relationship To Federal And State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other Information

The TPAF Social Security Contributions of \$46,400 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

The amount reported as TPAF Pension System Contributions in the amount of \$-0- and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$-0- represents the amount paid by the State on behalf of the School for the fiscal year ended June 30, 2014.

6. On-behalf Programs Not Subject To State Single Audit

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the school's financial statements and the amount subject to State single audit and major program determination.

**KIPP COOPER NORCROSS ACADEMY
COUNTY OF CAMDEN, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

| | | |
|---|-------------------|------------------|
| Type of auditor’s report issued: | Unmodified | |
| | <u>YES</u> | <u>NO</u> |
| Internal control over financial reporting: | | |
| Material weakness(es) identified: | X | |
| Significant deficiencies identified not considered to be material weakness(es)? | X | None Reported |
| Noncompliance material to financial statements noted? | X | |

Federal Awards

| | | |
|--|------------|---------------|
| Internal control over compliance: | | |
| Material weakness(es) identified? | X | |
| Significant deficiencies identified not considered to be material weakness(es)? | X | None Reported |
| Type of auditor’s report on compliance for major programs: | Unmodified | |
| Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)? | X | |

Identification of major programs:

| | |
|-------------------------------|---------------------------------------|
| <u>C DFA Number(s)</u> | <u>Name of Federal Program</u> |
| N/A | N/A |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs (.520) | \$300,000 |
|--|-----------|

| | |
|--|----------|
| Auditee qualified as low risk auditee: | X |
|--|----------|

**KIPP COOPER NORCROSS ACADEMY
 COUNTY OF CAMDEN, NEW JERSEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)

| State Awards | <u>YES</u> | <u>NO</u> | |
|---|-------------------|------------------|-------------------------------------|
| Dollar threshold used to distinguish between type A and type B programs (.520) | \$300,000 | | |
| Auditee qualified as low risk auditee: | X | | |
| Type of auditor’s report issued: | Unmodified | | |
| Internal control over major programs: | | | |
| Material weakness(es) identified: | | X | |
| Significant deficiencies identified not considered to be material weakness(es)? | | X | None Reported |
| Type of auditor’s report on compliance for major programs: | Unmodified | | |
| Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08? | | X | |
| Identification of major programs: | | | |
| <u>GMIS Number(s)</u> | | | <u>Name of State Program</u> |
| 15-495-034-5120-078 | | | Equalization Aid Local and State |

**KIPP COOPER NORCROSS ACADEMY
COUNTY OF CAMDEN, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**KIPP COOPER NORCROSS ACADEMY
COUNTY OF CAMDEN, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND
QUESTIONED COSTS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133 or with NJOMB Circular 15-08.

**KIPP COOPER NORCROSS ACADEMY
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. Initial year, there were no prior year findings.