

KIPP: Cooper Norcross, Inc.
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

PREPARED BY

KIPP: COOPER NORCROSS, INC.

KIPP: COOPER NORCROSS, INC.

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February 7, 2019

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the KIPP: Cooper Norcross, Inc. (the “Renaissance School” or “KCN”) for the fiscal year ended June 30, 2018.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Renaissance School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Renaissance School. All disclosures necessary to enable the reader to gain an understanding of the Renaissance 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. KIPP: Cooper Norcross, Inc.’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.

**New Jersey Department of Education
The Commissioner
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The Renaissance School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and Its Services

KIPP: Cooper Norcross, Inc. (KCN) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Renaissance School are included in this report.

The overarching mission of KCN is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

KCN is open to all Camden students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a Renaissance school.

2) Renaissance School Enrollment, Demographics and Other Highlights

KCN was established in order to meet the academic, educational and social development needs of the residents in the City of Camden.

KCN provides special needs services to students in accordance with their approved IEP's. Additionally, we provide therapy for students that have been identified as needing the services.

3) Internal Accounting Controls

Management of the Renaissance School is responsible for establishing and maintaining internal control designed to ensure 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 principles (GAAP). The system of internal control 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 valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Renaissance School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Renaissance School's management.

As part of the Renaissance School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Renaissance School has complied with applicable laws and regulations.

4) Budgetary Controls

In addition to internal accounting controls, the Renaissance School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of Renaissance school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2017-2018 fiscal school, the Renaissance School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

5) **Accounting System and Report**

The Renaissance School’s accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and Renaissance school. The accounting system is organized on the basis of funds in accordance with the Uniform Renaissance of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in “Notes to the Financial Statements”, Note 1.

6) **Financial Statement 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 funds for the fiscal year ended June 30, 2018 fiscal year:

Summary of the Governmental Funds

Revenue	2018	2017	Increase/ (decrease)	% Change
Local sources	\$ 25,811,576	\$ 33,056,481	\$ (7,244,905)	-21.92%
State sources	16,902,768	13,411,112	3,491,656	26.04%
Federal sources	4,960,865	994,681	3,966,184	398.74%
	<u>\$ 47,675,209</u>	<u>\$ 47,462,274</u>	<u>\$ 212,935</u>	<u>0.45%</u>

The Renaissance School experienced approximately 0.45% increase attributable to the participation in the School Child Nutrition Program which started during the year ended June 30, 2018.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2018:

6) **Financial Statement Information at Fiscal Year-End** *continued*

Summary of the Governmental Funds

Expenditures	2018	2017	Increase/ (decrease)	% Change
Instruction	\$ 8,537,337	\$ 6,616,503	\$ 1,920,834	29.03%
Administrative	7,571,298	7,238,318	332,980	4.60%
Support	8,126,324	2,947,047	5,179,277	175.74%
Capital outlay	12,809,599	13,129,763	(320,164)	100.00%
Debt service	7,774,810	3,145,181	4,629,629	147.20%
	<u>\$ 44,819,368</u>	<u>\$ 33,076,812</u>	<u>\$ 11,742,556</u>	<u>35.50%</u>

The Renaissance School’s expenditures increased by about 35.5% over last year’s which was due to the construction activities in 2018.

7) **Cash Management**

The investment policy of the Renaissance School is guided in large part by state statute as detailed in “Notes to the Financial Statements”. The Renaissance School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation.

9) **Other Information**

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Renaissance School appointed the accounting firm of Monmouth CPAs & Consultants, LLC.

9) Other Information - *continued*

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular Letter 15-08 "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*".

The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

The 2017-2018 school-year was one of great strides in terms of academic achievement at the KIPP: Cooper Norcross, Inc. In addition, it continues to enjoy a fairly reasonable financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School's operations, and particularly in the area of student achievement.

10) Acknowledgments

A note of appreciation is extended to the Finance Committee of the Renaissance School for their ongoing support and commitment to fiscal integrity and to the KIPP: Cooper Norcross, Inc. Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the KIPP: Cooper Norcross, Inc. are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,



Ryan Hill
Lead Person

Pages 8 and 9 intentionally left blank.

KIPP: COOPER NORCROSS, INC.

Roster of Trustees and Officers

June 30, 2018

Members of Board of Trustees

Term Expires

Tim Carden, Chair, Voting	6/2019
Rahul Goyal, Treasurer, Voting	4/2019
Susan Bass Levin, Trustee, Voting	2/2019
William Smith, Trustee, Voting	2/2019
Christine Choi, Trustee, Voting	4/2019
Kathleen Nugent Hughes, Trustee, Voting	4/2019
Jordan Metzger, Trustee, Voting	6/2019
Marcus Worlds, Trustee, Voting	2/2019
Sheila Roberts, Trustee, Voting	2/2019

KIPP: COOPER NORCROSS, INC.

Consultants and Advisor

Independent Auditors

Monmouth CPAs & Consultants, LLC
Certified Public Accountant/Consultant
371 Sand Shore Road
Budd Lake, New Jersey 07828

Attorney

Thomas O. Johnston, Esq.
Johnston Law Firm LLC
75 Midland Avenue, Suite # 1
Montclair, NJ 07042

Official Depository

M&T Bank
250 Pehle Avenue, Suite 104
Saddle Brook, NJ 07663

Financial Section

MONMOUTH CPAS & CONSULTANTS LLC

Certified Public Accountants and Consultants

371 Sand Shore Road • Budd Lake, NJ 07828

Phone: (201) 230-7518 • Fax: (973) 368-8268 • e-mail: oolabintan@aol.com

Independent Auditors' Report

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

Report on the Financial Statements

We 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 KIPP: Cooper Norcross, Inc., in the County of Camden, State of New Jersey (the "Renaissance School") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Renaissance School'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Renaissance School as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the basic financial statements, the Charter School implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. Our opinions are 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, and Pension 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Renaissance School’s basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables are presented for purposes of additional analysis and are not 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 the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *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.

The combining and individual nonmajor fund financial statement, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were 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 our opinion, the information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2018 on our consideration of the Renaissance School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Renaissance School's internal control over financial reporting and compliance.

MonmouthCPAs&Consultants, LLC

February 7, 2019
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Required Supplementary Information

Part I

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides an analysis of the Renaissance School's overall financial position and results of operations.

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

Introduction

This section of the KIPP: Cooper Norcross, Inc.'s annual financial report presents our discussion and analysis of the Renaissance School's financial performance and provides an overview of the Renaissance School's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the transmittal letter at the front of this report and the Renaissance School's financial statements, which follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- Net position of governmental activities ended the fiscal year with \$(1,405,848).
- General revenues accounted for \$20,765,335 in revenue or 87 percent of total revenues of \$23,861,413. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$3,096,078 or 13 percent of total revenues.
- The Renaissance School had \$26,814,100 in expenses related to governmental activities; \$2,003,494 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$20,765,335 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2018, of \$1,258,664.

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

Using the Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the KIPP: Cooper Norcross, Inc. as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Renaissance School, presenting both an aggregate view of the Renaissance School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Renaissance School's operation in more detail than the government-wide statements. The fund financial statements also look at the Renaissance School's most significant funds with all other non-major funds presented in total in a single column. For the KIPP: Cooper Norcross, Inc., the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities, the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Renaissance School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Renaissance School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund used by the Renaissance School to provide programs and activities, the view of the Renaissance School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2018?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Renaissance School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

Statement of Net Position and Statement of Activities-continued

These two statements report the Renaissance School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Renaissance School has improved or diminished for the Renaissance School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Renaissance School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Renaissance School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Renaissance School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care programs enterprise fund is reported as a business activity.

Reporting the Renaissance School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Renaissance School's major funds-not the Renaissance School as a whole. Funds are accounting devices that the Renaissance School uses to keep track of a multitude of financial transactions. The Renaissance School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Renaissance School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the Renaissance School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The Renaissance School as a Whole

The perspective of the Statement of Net Position is of the Renaissance School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Renaissance School, liabilities exceeded assets by \$1,405,848 at the close of 2018. The following table provides a summary of net position relating to the Renaissance School's governmental and business type activities:

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets and deferred outflows of resources						
Current assets	\$ 28,364,939	\$ 22,030,810	\$ 119,497	\$ -	\$ 28,484,436	\$ 22,030,810
Capital assets, net	78,531,615	68,301,156	-	-	78,531,615	68,301,156
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>106,896,554</u>	<u>90,331,966</u>	<u>119,497</u>	<u>-</u>	<u>107,016,051</u>	<u>90,331,966</u>
Liabilities and deferred outflows of resources:						
Current liabilities	8,729,408	5,251,120	65,417	-	8,794,825	5,251,120
Long term liabilities	99,572,994	82,441,423	-	-	99,572,994	82,441,423
Deferred outflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>108,302,402</u>	<u>87,692,543</u>	<u>65,417</u>	<u>-</u>	<u>108,367,819</u>	<u>87,692,543</u>
Net position						
Invested in						
Capital assets						
(net of related debt)	(21,041,379)	(14,140,267)	-	-	(21,041,379)	(14,140,267)
Restricted for debt service	872,119	804,462	-	-	872,119	804,462
Restricted for capital projects	20,300,300	12,523,655	-	-	20,300,300	12,523,655
Unrestricted	(1,536,888)	3,451,573	54,080	-	(1,482,808)	3,451,573
Total net position	<u>\$ (1,405,848)</u>	<u>\$ 2,639,423</u>	<u>\$ 54,080</u>	<u>\$ -</u>	<u>\$ (1,351,768)</u>	<u>\$ 2,639,423</u>

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

The largest portion of the Renaissance School's net position is its current assets. The Renaissance School uses these current assets to provide services.

The total net position of the Renaissance School decreased by \$3,991,191 during the current fiscal year ended June 30, 2018. The decrease is attributable to a deficit of \$4,045,271 in the Governmental Activities. The School did not have any Business-type activities during the year ended June 30, 2018.

The table that follows reflects the change in net position for fiscal year 2018.

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charge for services			\$57,484	\$0	\$57,484	\$0
Operating grants and contributions	\$2,003,494	\$1,872,189	1,035,100	-	3,038,594	1,872,189
Total program revenues	<u>2,003,494</u>	<u>1,872,189</u>	<u>1,092,584</u>	<u>-</u>	<u>3,096,078</u>	<u>1,872,189</u>
General revenues:						
Local aid	6,933,930	2,282,605	-	-	6,933,930	2,282,605
Federal and state aid	12,984,669	13,667,907	-	-	12,984,669	13,667,907
Miscellaneous	846,736	424,858	-	-	846,736	424,858
Transfers	-	-	-	-	-	-
Total general revenues	<u>20,765,335</u>	<u>16,375,370</u>	<u>-</u>	<u>-</u>	<u>20,765,335</u>	<u>16,375,370</u>
Total revenues	<u>22,768,829</u>	<u>18,247,559</u>	<u>1,092,584</u>	<u>-</u>	<u>23,861,413</u>	<u>18,247,559</u>
Expenses:						
Instructions	8,537,337	6,616,503	-	-	8,537,337	6,616,503
Administrative & support services	17,630,926	4,891,547	-	-	17,630,926	4,891,547
Debt service - interest	(630,073)	3,140,681	-	-	(630,073)	3,140,681
Unallocated depreciation	1,275,910	1,257,219	-	-	1,275,910	1,257,219
Food services	-	-	1,038,504	-	1,038,504	-
Total expenses	<u>26,814,100</u>	<u>15,905,950</u>	<u>1,038,504</u>	<u>-</u>	<u>27,852,604</u>	<u>15,905,950</u>
Change in net position	<u>\$ (4,045,271)</u>	<u>\$ 2,341,609</u>	<u>\$ 54,080</u>	<u>\$ -</u>	<u>\$ (3,991,191)</u>	<u>\$ 2,341,609</u>

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2018.

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 8,537,337	\$ 7,505,298
Administrative & Support Services	17,630,926	16,659,471
Debt Service	7,144,737	(630,073)
Unallocated Depreciation	1,275,910	1,275,910
Total Expenses	\$ 34,588,910	\$ 24,810,606

Business-Type Activity

The business-type activity of the Renaissance School consists of the food service operation. This program had revenues of \$1,092,584 and operating expenses of \$1,038,504 for fiscal year 2018. The Renaissance School intended to have food services be self- operating without assistance from the General Fund. During the year ended June 30, 2018, the food service operation earned an operating surplus of \$54,080.

The Renaissance School's Funds

The Renaissance School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$47,675,209 and expenditures of \$44,819,368. The negative change in fund balance for the year was \$2,855,841 was adequately covered by prior years' accumulated fund balance of \$16,779,690.

The Renaissance School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2018, the Renaissance School amended its General Fund budget as needed. The Renaissance School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Renaissance School's management teams.

For the General Fund, final budgeted revenues were \$20,904,075, which included a local tax levy of \$19,582,834. Expenditures and other financing uses were budgeted at \$23,904,075. The Renaissance School anticipated budgeted fund balance of \$3,066,516 in its 2017-2018 budget year.

KIPP: COOPER NORCROSS, INC.
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

The State of New Jersey reimbursed the Renaissance School \$-0- during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members. The State also paid \$-0- into the TPAF pension - representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. During the year ended June 30, 2018, the State of New Jersey determined that Renaissance Schools will not be able to retroactively receive reimbursements for the employer's share of social security contributions for TPAF members for the years ended June 30, 2014 through June 30, 2018. Therefore, the Renaissance School reversed the anticipated receivable for social security reimbursements.

Capital Assets

At the end of fiscal year 2018, the Renaissance School had \$78,531,615 invested in capital assets in its governmental activities. The Renaissance School's 2018-2019 budget anticipate additional spending on capital projects in line with its expansion plans.

Long-term debt

At June 30, 2018, the Renaissance School had \$99,572,994 in long term debt. More detailed information about the Renaissance School's long-term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to Renaissance schools. This reality was taken into account when adopting the general fund budget for 2018-2019. Nothing was done to compromise the quality of the programs in place in our Renaissance School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

Contacting the Renaissance School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Renaissance School's finances and to reflect the Renaissance School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

KIPP: COOPER NORCROSS, INC.
Business Office, 60 Park Place, Suite 802
Newark, New Jersey 07102
Tel: (973) 622 0905 * Fax: (973) 556 1441

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Renaissance School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2018.

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,364,896	\$ (692)	\$ 4,364,204
Restricted cash and cash equivalents	21,176,649	-	21,176,649
Accounts receivable	2,551,631	120,189	2,671,820
Prepaid expenses	271,763	-	271,763
Other current assets	-	-	-
Capitalized bond discounts and other debt issuance costs	2,339,358	-	2,339,358
Construction in progress	24,721,072	-	24,721,072
Capital assets (net of accum deprec of \$3,038,351)	51,471,185	-	51,471,185
Total assets	<u>106,896,554</u>	<u>119,497</u>	<u>107,016,051</u>
Deferred outflows of resources			
Pension deferred outflows	-	-	-
Total assets and deferred outflows of resources	<u>\$ 106,896,554</u>	<u>\$ 119,497</u>	<u>\$ 107,016,051</u>
Liabilities			
Intergovernmental payables - state	\$ -	\$ -	\$ -
Accounts payable	1,349,179	65,417	1,414,596
Other liabilities	7,346,219	-	7,346,219
Deferred revenue	34,010	-	34,010
Bonds and loans payable - due within one year	-	-	-
Bonds and loans payable - due beyond one year	99,572,994	-	99,572,994
Net pension liability	-	-	-
Total liabilities	<u>108,302,402</u>	<u>65,417</u>	<u>108,367,819</u>
Deferred inflows of resources			
Pension deferred inflows	-	-	-
Total liabilities and deferred inflows of resources	<u>108,302,402</u>	<u>65,417</u>	<u>108,367,819</u>
Net position			
Invested in capital assets net of related debt	(21,041,379)	-	(21,041,379)
Restricted for debt service	872,119	-	872,119
Restricted for capital projects	20,300,300	-	20,300,300
Unrestricted, undesignated	(1,536,888)	54,080	(1,482,808)
Total net position	<u>(1,405,848)</u>	<u>54,080</u>	<u>(1,351,768)</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 106,896,554</u>	<u>\$ 119,497</u>	<u>\$ 107,016,051</u>

See independent auditor's report and accompanying notes to basic financial statements.

KIPP: COOPER NORCROSS, INC.

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Statement of Activities

Year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 8,537,337	\$ -	\$ 1,032,039	\$ (7,505,298)	\$ -	\$ (7,505,298)
Administrative & Support services:						
General administration	9,504,602	-	-	(9,504,602)	-	(9,504,602)
Support services	8,126,324	-	971,455	(7,154,869)	-	(7,154,869)
Capital outlay	-	-	-	-	-	-
Debt Services:						
Interest	7,144,737	-	7,774,810	630,073	-	630,073
Unallocated Depreciation:						
Unallocated depreciation	1,275,910	-	-	(1,275,910)	-	(1,275,910)
Total governmental activities	<u>34,588,910</u>	<u>-</u>	<u>9,778,304</u>	<u>(24,810,606)</u>	<u>-</u>	<u>(24,810,606)</u>
Business-type activities:						
Food service	1,038,504	57,484	1,035,100	-	54,080	54,080
Total business-type activities	<u>1,038,504</u>	<u>57,484</u>	<u>1,035,100</u>	<u>-</u>	<u>54,080</u>	<u>54,080</u>
Total primary government	<u>\$ 35,627,414</u>	<u>\$ 57,484</u>	<u>\$ 10,813,404</u>	<u>(24,810,606)</u>	<u>54,080</u>	<u>(24,756,526)</u>
General revenues and transfers:						
Local sources				19,918,599	-	19,918,599
Federal and state sources				-	-	-
Miscellaneous				846,736	-	846,736
Transfers				-	-	-
Total general revenues and transfers				<u>20,765,335</u>	<u>-</u>	<u>20,765,335</u>
Change in net position				(4,045,271)	54,080	(3,991,191)
Net change Capital Assets less debt						
Net position - beginning				2,639,423	-	2,639,423
Net position - ending				<u>\$ (1,405,848)</u>	<u>\$ 54,080</u>	<u>\$ (1,351,768)</u>

See independent auditor's report and accompanying notes to basic financial statements.

Funds Financial Statements

Governmental Funds

KIPP: COOPER NORCROSS, INC.
Governmental Funds

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Balance Sheet

June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,957,150	\$ (1,892,921)	\$ (1,923,433)	\$ 3,224,100	\$ 4,364,896
Resticted cash and cash equivalents	4,230	-	20,300,300	872,119	21,176,649
Accounts receivable:	-	-	-	-	-
State	594,103	-	-	-	594,103
Federal	-	1,957,528	-	-	1,957,528
Other	-	-	-	-	-
Prepaid expenses	271,763	-	-	-	271,763
Other current assets	-	-	-	-	-
Total assets	\$ 5,827,246	\$ 64,607	\$ 18,376,867	\$ 4,096,219	\$ 28,364,939

Liabilities and Fund Balances

Interfund accounts payables	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables - state	-	-	-	-	-
Accounts payable	1,318,582	30,597	-	-	1,349,179
Long Term Liabilities	3,250,000	-	-	4,096,219	7,346,219
Deferred revenue	-	34,010	-	-	34,010
Total liabilities	4,568,582	64,607	-	4,096,219	8,729,408

Fund balances:

Unreserved:					
Undesignated	1,258,664	-	18,376,867	-	19,635,531
Total fund balances	1,258,664	-	18,376,867	-	19,635,531
Total liabilities and fund balances	\$ 5,827,246	\$ 64,607	\$ 18,376,867	\$ 4,096,219	

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.

Cost of capital assets	\$ 54,509,536	
Accumulated depreciation	(3,038,351)	
	<u>\$ 51,471,185</u>	51,471,185

Construction in progress		24,721,072
Capitalized bond discounts and other debt issuance cost		2,339,358

Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds payable	\$ (76,532,994)	
Loans payable	(23,040,000)	
	<u>\$ (99,572,994)</u>	(99,572,994)

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 7)

-

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

-

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 7)

-

Net position of governmental activities - A-1

\$ (1,405,848)

See independent auditor's report and accompanying notes to basic financial statements.

KIPP: COOPER NORCROSS, INC.
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax levy	\$ 19,918,599	\$ -	\$ -	\$ -	\$ 19,918,599
Miscellaneous	846,736	821,259	-	-	1,667,995
Bond proceeds	-	-	15,508,000	-	15,508,000
Loan proceeds	-	-	1,000,000	-	1,000,000
Amortization of Bond Discount	-	-	623,570	-	623,570
Board subsidy income	-	-	-	3,921,099	3,921,099
Interest income	-	-	-	75,081	75,081
Total revenues - local sources	<u>20,765,335</u>	<u>821,259</u>	<u>17,131,570</u>	<u>3,996,180</u>	<u>42,714,344</u>
Federal sources	-	1,182,235	-	-	1,182,235
Federal source - QSCB subsidy income	-	-	-	3,778,630	3,778,630
State sources	-	-	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	-	-
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	-	-	-	-	-
Total revenues	<u>20,765,335</u>	<u>2,003,494</u>	<u>17,131,570</u>	<u>7,774,810</u>	<u>47,675,209</u>
Current expense:					
Instruction	7,505,298	1,032,039	-	-	8,537,337
Administrative	7,571,298	-	-	-	7,571,298
Support services	7,154,869	971,455	-	-	8,126,324
Capital outlay	341,722	-	12,467,877	-	12,809,599
Reimbursed and on-behalf payments:					
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	-	-
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	-	-	-	-	-
Debt service:	-	-	-	-	-
Amortization of bond discount	-	-	-	630,073	630,073
Interest	-	-	-	7,144,737	7,144,737
Total expenditures	<u>22,573,187</u>	<u>2,003,494</u>	<u>12,467,877</u>	<u>7,774,810</u>	<u>44,819,368</u>
Excess (deficiency) of revenues over (under) expenditures	(1,807,852)	-	4,663,693	-	2,855,841
Other financing sources:					
Transfer In	-	-	-	-	-
Fund balances, beginning of year	<u>3,066,516</u>	<u>-</u>	<u>13,713,174</u>	<u>-</u>	<u>16,779,690</u>
Fund balances, end of year	<u>\$ 1,258,664</u>	<u>\$ -</u>	<u>\$ 18,376,867</u>	<u>\$ -</u>	<u>\$ 19,635,531</u>
GAAP RECAPITULATION:					
General fund balance	\$ 1,258,664				
Add back - capital outlay	341,722				
Less: 2018 depreciation expense	(1,275,910)				
GAAP - General fund balance	<u>\$ 324,476</u>				

See independent auditor's report and accompanying notes to basic financial statements.

KIPP: COOPER NORCROSS, INC.
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2018

B-3

Total net change in fund balances - governmental funds (B-2) \$ 2,855,841

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 expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

	Depreciation expense	\$ (1,275,910)	
	Capital outlays	<u>10,252,725</u>	
			8,976,815

Repayment of long term loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and it is not reported in the Statement of Activities.

	Repayment of long term loan principal	<u>-</u>	
			-

Bonds payable - proceeds	(15,508,000)		
Loans payable - proceeds	<u>(1,000,000)</u>		
			(16,508,000)

Bond and loan discounts amortization			630,073
--------------------------------------	--	--	---------

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 (A-2)	<u><u>\$ (4,045,271)</u></u>
----------------------------------------------------------------	------------------------------

See independent auditor's report and accompanying notes to basic financial statements.

Proprietary Funds

KIPP: COOPER NORCROSS, INC.
Proprietary Funds

B-4

Statement of Net Position

June 30, 2018

Assets	
Current assets:	
Cash and cash equivalents	\$ (692)
Accounts receivable:	-
Federal	62,132
State	573
Other	57,484
Other current assets	-
Total current assets	<u>\$ 119,497</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	65,417
Total current liabilities	<u>\$ 65,417</u>
Net position	
Unrestricted	54,080
Total net position	<u><u>\$ 54,080</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

KIPP: COOPER NORCROSS, INC.
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2018

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	57,484
Total Operating revenues	<u>57,484</u>
Operating expenses:	
Cost of sales - reimbursable programs	981,020
Cost of sales - nonreimbursable programs	57,484
Salaries	-
Employee benefits	-
Professional /technical service	-
Supplies and materials	-
Depreciation	-
Miscellaneous	-
Total operating expenses	<u>1,038,504</u>
Operating income/(loss)	<u>(981,020)</u>
Nonoperating revenues:	
State sources:	
State School Lunch program	9,574
State School Breakfast program	-
Federal sources:	
National School Lunch program	562,844
National School Breakfast program	329,278
After School Snacks program	110,940
Fresh Fruits and Vegetables program	22,464
Total nonoperating revenues	<u>1,035,100</u>
Net income/(loss) before contributions & transfers	54,080
Other financing sources:	
Transfer	-
	<u>-</u>
Change in net position	54,080
Total net position-beginning of year	<u>-</u>
Total net position-end of year	<u>\$ 54,080</u>

See independent auditor's report and accompanying notes to basic financial statements.

KIPP: COOPER NORCROSS, INC.
Proprietary Fund

B-6

Statement of Cash Flows

Year ended June 30, 2018

Cash flows from operating activities

Operating loss	\$ (981,020)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(120,189)
Other current assets	-
Due to general fund	-
Accounts payable	65,417
Net cash used in operating activities	<u>(1,035,792)</u>

Cash flows from noncapital financing activities:

Cash received from state reimbursements	9,574
Cash received from federal reimbursements	1,025,526
Operating subsidies and transfers	-
Net cash provided by noncapital financing activities	<u>1,035,100</u>

Cash flows from investing activities

Net change in cash and cash equivalents	(692)
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	<u>\$ (692)</u>

See independent auditor's report and accompanying notes to basic financial statements.

Fiduciary Funds

**KIPP: COOPER NORCROSS, INC.
Fiduciary Funds**

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Statement of Fiduciary Net Position

June 30, 2018

	<u>Unemployment Compensation</u>	<u>Student Activity Fund</u>	<u>Flex Spending Account</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 25,412	\$ 68,510	\$ 93,922
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,412</u>	<u>\$ 68,510</u>	<u>\$ 93,922</u>
Liabilities					
Payroll deductions and withholdings	\$ -	\$ -	\$ 25,412	\$ 68,510	\$ 93,922
Interfund payables	-	-	-	-	-
Due to students group	-	-	-	-	-
Total liabilities	<u>-</u>	<u>\$ -</u>	<u>\$ 25,412</u>	<u>\$ 68,510</u>	<u>\$ 93,922</u>
Net position					
Total liabilities and net position	<u>-</u>	<u>\$ -</u>			

See independent auditor's report and accompanying notes to basic financial statements.

KIPP: COOPER NORCROSS, INC.
Fiduciary Funds

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Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	<u>Unemployment Compensation</u>
Revenues:	
General fund appropriation	\$ -
Total revenues	<u>-</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>-</u>
Total expenditures	<u>-</u>
Excess(deficiency) of revenue over(under) expenditures	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

Notes to Basic Financial Statements

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

1 Description of the Renaissance School and Reporting Entity

KIPP: Cooper Norcross, Inc. (the “Renaissance School” was incorporated in the State of New Jersey in 2002 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter 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 School Leader/Chief Executive Officer 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, Inc. 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 character school to serve as a neighborhood resource and as a model for other similar schools. The KIPP: Cooper Norcross, Inc. is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Renaissance School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of KIPP: Cooper Norcross, Inc. 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, Inc. (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.

The Renaissance School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Renaissance School's accounting policies are described below:

A Basis of Presentation

The Renaissance School's basic financial statements consist of government-wide statements, including a statement of net position 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.

KIPP: COOPER NORCROSS, INC.
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Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - continued

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. 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.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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.

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 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.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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.

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.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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 assets) 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.

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.

KIPP: COOPER NORCROSS, INC.
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Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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.

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.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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 receivables/payables. 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.

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.

<u>Description of Capital Asset</u>	<u>Estimated Lives (Years)</u>
Buildings	40
Equipment	10

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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, 2018.

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. 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 in special revenue fund represent cash that has been received but not yet earned.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

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. Non-spendable – 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.

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 Net Position

Net Position represent the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

N 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.

O On-Behalf Payments

Revenues and expenditures of the General Fund include payment 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.

P GASB Pronouncements

GASBS Implemented in the 2018 Fiscal Year

The GASB issued Statement No. 75, *Accounting and Financial Reporting/or Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District has adopted GASB Statement No. 75 during the year ended June 30, 2018, which resulted in the recording of full accrual revenues and expenses and additional financial statement disclosures.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2018 and it did not have a significant impact on the financial statements.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

2 Summary of Significant Accounting Policies - *continued*

P GASB Pronouncements - *continued*

Recently Issued and Adopted Accounting Principles

The GASB issued Statement No. 84, *Fiduciary Activities in January 2017*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has not yet determined the impact of this statement on the financial statements. **The GASB issued Statement No. 87, *Leases in June 2017*.** This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this statement on the financial statements.

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.

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, 2018, the Renaissance School's carrying amount of deposits and investments are as follows:

KIPP: COOPER NORCROSS, INC.
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Notes to the Basic Financial Statements
Year Ended June 30, 2018

3 Deposits and Investments - continued

	General Fund	Special Revenue	Capital Projects Funds	Debt Service Funds	Enterprise Fund	Agency Funds	Total
Operating A/C	\$ 4,957,150	\$ (1,892,921)	\$ (1,923,433)	\$ 3,224,100	\$ (692)	\$ 93,922	\$ 4,458,126
Restricted	4,230		20,300,300	872,119	-		21,176,649
Total	<u>\$ 4,961,380</u>	<u>\$ (1,892,921)</u>	<u>\$ 18,376,867</u>	<u>\$ 4,096,219</u>	<u>\$ (692)</u>	<u>\$ 93,922</u>	<u>\$ 25,634,775</u>

Operating cash accounts are held in the Renaissance School's name by several banking institutions. At June 30, 2018, the Renaissance School's carrying amount of deposits was \$25,634,775 and the bank balance was \$26,019,443. Of the bank balance, up to a maximum of \$250,000 of the Renaissance School's cash deposits on June 30, 2018 were secured by federal deposit insurance and \$25,769,443 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.

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.

KIPP: COOPER NORCROSS, INC.
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Notes to the Basic Financial Statements
Year Ended June 30, 2018

3 Deposits and Investments - continued

4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2018, the Renaissance School did not hold any investments.

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, not being depreciated:			
Land, Lanning	\$ 3,941,177	\$ (30,000)	\$ 3,911,177
Construction in progress	13,526,425	11,194,647	24,721,072
	<u>17,467,602</u>	<u>11,164,647</u>	<u>28,632,249</u>
Capital assets, being depreciated:			
Building	50,224,524	-	50,224,524
Equipment	32,114	341,722	373,836
	<u>50,256,638</u>	<u>341,722</u>	<u>50,598,360</u>
Total capital assets	<u>67,724,240</u>	<u>11,506,369</u>	<u>79,230,609</u>
Less accumulated depreciation			
Building	1,760,835	1,255,613	3,016,448
Equipment	1,606	20,297	21,903
	<u>1,762,441</u>	<u>1,275,910</u>	<u>3,038,351</u>
Total capital assets, net	<u>\$ 65,961,799</u>	<u>\$ 10,230,459</u>	<u>\$ 76,192,258</u>

Depreciation expense of \$1,257,910 was charged to an unallocated function.

5 Lease Obligations

Ground Subleases

The Renaissance School is leasing the land for its premises. The total amount of the sublease is \$4,000,000 and the sublease term is for sixty (68) years and nine months. Sublease expense amounted to \$58,823 for the fiscal year ended June 30, 2018.

KIPP: COOPER NORCROSS, INC.
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Notes to the Basic Financial Statements
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5 Lease Obligations - continued

Equipment Leases

The Renaissance School leases office equipment under several operating lease agreements.

Future minimum lease payments required under the operating leases are as follows:

Year ending June 30:	Ground Leases	Equipment Leases	Total
2019	\$ 58,823	\$ -	\$ 58,823
2020	58,823	-	58,823
2021	58,823	-	58,823
2022	58,823	-	58,823
2023	58,823	-	58,823
Thereafter	3,588,203	-	3,588,203
	<u>\$ 3,882,318</u>	<u>\$ -</u>	<u>\$3,882,318</u>

6 Pension Plans

Description of Plans

Substantially all of the employees of the Renaissance School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (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 Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

KIPP: COOPER NORCROSS, INC.
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Notes to the Basic Financial Statements
Year Ended June 30, 2018

6 Pension Plans - *continued*

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 coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Renaissance School and the systems 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.

Public Employees' Retirement System (PERS)

The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Renaissance School, or public agency provided the employee is not a member of another state-administered retirement system. 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, Renaissance School, 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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

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6 Pension Plans - *continued*

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: 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 55 and are generally determined to be 1/55 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. The TPAF and PERS provides for specified medical benefits for member 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 member's accounts.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

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6 Pension Plans - *continued*

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the Renaissance school is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Renaissance school).

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

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6 Pension Plans - *continued*

Annual Pension Costs (APC) - *continued*

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Renaissance School's contribution to PERS for the year ended June 30, 2018 was \$-0-.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Renaissance School \$-0- during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$-0- into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Renaissance School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

It should be noted that the Renaissance School was established during the school year 2014-2015 and was therefore about four years in the New Jersey State Pension (TPAF) as of June 30, 2018. Because of its relatively short time in the TPAF system, there was no information to report for GASB 68 disclosure during the current year. Pension liabilities information will be disclosed as it becomes available in the future.

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.

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.

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7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

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

The employer contributions for the Renaissance School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Renaissance 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 non-employer contributing entity.

Since the Renaissance 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 Renaissance School. However, the state's portion of the net pension liability that was associated with the Renaissance School was \$-0- as measured on June 30, 2017 and \$-0- as measured on June 30, 2016, respectively.

For the year ended June 30, 2018, the Renaissance 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 Renaissance School's financial statements (A-2) at June 30, 2018 is based upon changes in the collective net pension liability with a measurement period of June 30, 2016 through June 30, 2017.

Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2016 and June 30, 2017.

Although the Renaissance 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 Renaissance School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

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7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 14,160,879,257	\$ 17,414,701,002
Collective deferred inflows of resources	\$11,800,239,661	\$ 134,532,594
Collective net pension liability (non-employer State of New Jersey)	\$67,423,605,859	\$78,666,367,052
State's portion of the net pension liability that was associated with the Charter School	\$ -	\$ -
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.000000%	0.000000%

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.5%
Salary increases: 2012-2021	Varies based on experience
Salary increases: thereafter	Varies based on experience
Investment rate of return	7.00%

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013. The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Discount Rate

The discount rate used to measure the State's total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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

Since the Charter School's 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: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf18.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: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

It should be noted that the Renaissance School was established during the school year 2014-2015 and was therefore about four years in the New Jersey State Pension (PERS) as of June 30, 2018. Because of its relatively short time in the PERS system, there was no information to report for GASB 68 disclosure during the current year. Pension liabilities information will be disclosed as it becomes available in the future.

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 Pension

At June 30, 2018, the Renaissance School reported a liability of \$-0- for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2016. The Renaissance 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, 2017 and 2016. At June 30, 2017, the Renaissance School's proportion was 0.0% which was a decrease of 0.0% from its proportion measured as of June 30, 2016 which was 0.0%.

For the year ended June 30, 2018, the Renaissance School recognized pension expense of \$-0-. At June 30, 2018, the Renaissance School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

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

\$-0- reported as deferred outflows of resources related to pensions resulting from school Renaissance School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability measured as of June 30, 2018. 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 Ending June 30:	Pension Expense
2017	\$ -
2018	-
2019	-
2020	-
2021	-
Thereafter	-
	\$ -

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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

	June 30, 2017	June 30, 2016
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 1,028,023,941	\$ 870,133,595
Collective net pension liability (Non-State Local Group)	\$ 23,278,401,588	\$ 29,617,131,759
Charter School's portion of the net pension liability	\$ -	\$ -
Charter School's proportion (percentage)	0.00000000%	0.00000000%

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increases: through 2026	1.65-4.15% based on age
Salary increases: thereafter	2.65-5.15% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set-back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Long-Term Expected Rate of Return - continued

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2017 are summarized in the following table:

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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) – *continued*

Long-Term Expected Rate of Return– continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040.

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7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

Discount Rate - continued

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Renaissance School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Renaissance School’s proportionate share of the net pension liability measured as of June 30, 2017 and 2016, respectively, calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Renaissance 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 or 1-percentage-point higher than the current rate:

	2017		
	Current		
	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's proportionate share of the pension liability	\$ -	\$ -	\$ -
	2016		
	Current		
	1% Decrease (2.98%)	Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the pension liability	\$ -	\$ -	\$ -

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: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

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8 Post Retirement Benefits

Plan Description and Benefits Provided

It should be noted that the Renaissance School was established during the school year 2014-2015 and was therefore about four years in the New Jersey State Pension (PERS) as of June 30, 2018. Because of its relatively short time in the PERS system, there was no information to report for GASB 75 disclosure during the current year. Post-Retirement Benefits liabilities information will be disclosed as it becomes available in the future.

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52: 14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

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8 Post Retirement Benefits – *continued*

Employees Covered by Benefit Terms.

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees: As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees: The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the [NJ State's CAFR](#)

(<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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8 Post Retirement Benefits – continued

Actuarial Assumptions and Other Inputs - continued

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary increases: through 2026	1.55% to 4.55% based on years of service	2.15% to 4.15% based on age	2.10% to 8.98% based on age
Salary increases: thereafter	2.00% to 5.45% based on years of service	3.15% to 5.15% based on age	3.10% to 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

8 Post Retirement Benefits – continued

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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.

Changes in the Total OPEB Liability Reported by the State of New Jersey

	Increase/(Decrease)
	Total OPEB Liability
Balance at June 30, 2016 measurement date	\$ 57,831,784,184
Changes recognized for the fiscal year:	
Service Cost	2,391,878,884
Interest on total OPEB liability	1,699,441,736
Effect of changes of assumptions	(7,086,599,129)
Contributions from the members	45,748,749
Gross benefits paid by the State	(1,242,412,566)
Net changes	(4,191,942,326)
Balance at June 30, 2017 measurement date	\$ 53,639,841,858

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

8 Post Retirement Benefits – continued

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate - continued

	June 30, 2017		
	At 1% Decrease (2.58%)	At 1% Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB liability attributable to the Charter School	\$ -	\$ -	\$ -
	June 30, 2016		
	At 1% Decrease (1.85%)	At 1% Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB liability attributable to the Charter School	\$ -	\$ -	\$ -

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

8 Post Retirement Benefits – continued

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate - continued

	June 30, 2017		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ -	\$ -	\$ -
	June 30, 2016		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ -	\$ -	\$ -

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the Charter School recognized OPEB expense of \$-0- as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

8 Post Retirement Benefits – continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected Experience	\$ -	\$ -
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	-	(6,343,769,032)
Sub total	-	(6,343,769,032)
 Contributions made in fiscal year 2018 after June 30, 2017 measurement date	1,190,373,242	N/A
Total	\$ 1,190,373,242	\$ (6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period - Fiscal Year Ending June 30:	Total
2018	\$ (742,830,097)
2019	(743,830,097)
2020	(743,830,097)
2021	(743,830,097)
2022	(743,830,097)
Thereafter	(2,629,618,547)
	\$ (6,347,769,032)

9 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.

10 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.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

11 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$1,258,664 General Fund balance at June 30, 2018, all of which is unreserved and undesignated.

12 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, 2018, 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.

13 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.

New Jersey Unemployment Compensation - The Renaissance School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Renaissance School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Renaissance School is billed quarterly for amounts due to the State.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

14 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2018 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ -
Special Revenue Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	-
	\$ -	\$ -

All interfund balances were analyzed, reconciled and liquidated within the fiscal year. Therefore, there were no outstanding interfund balance as of year-end.

15 Receivables

Receivables as of June 30, 2018 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of receivables are as follows:

State aid	\$ 93,473
Federal aid	2,520,863
Other	57,484
Total receivables	\$ 2,671,820

16 Subsequent Events

The Renaissance School has evaluated all subsequent events occurring through the date of the independent auditor's report which is the date the financial statements were available to be issued. Based on this evaluation, the Renaissance School has determined that no subsequent events require disclosure in the financial statements.

17 Long Term Liabilities – Bonds Payable

A \$60,000,000 QSCB Bond – Project Series 2014

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

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

17 Long Term Liabilities – Bonds Payable - continued

A \$60,000,000 QSCB Bond – Project Series 2014 - continued

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 fourth 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.

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

The Project Series 2014 Bonds are as follows as of June 30, 2018:

	<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	\$ 29,092,519	\$ 30,907,481
	<u>Original Bond Discount</u>	<u>Accumulated Amortization</u>	<u>Net Bond Discount</u>
QSCB (KIPP Cooper Norcross Academy Project Series 2014) Par Value \$60,000,000	\$ 22,000,000	\$ 1,907,481	\$ 20,092,519

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

17 Long Term Liabilities – Bonds Payable - *continued*

A \$60,000,000 QSCB Bond – Project Series 2014 - *continued*

The Amortization of Bond discount for the QSCB Bonds was calculated using the effective interest method over the terms of the bond. The bond discount of \$535,775 was recognized as expenditure in the Debt Service Fund during the year ended June 30, 2018. The accumulated bond discount recognized from inception through June 30, 2018 was \$1,907,481.

B \$29,833,634 QSCB Bond – Project Series 2017

Bonds payable to Cooper Lanning Square Renaissance School Facilities, Inc. and Qualified School Construction Bonds (KIPP: Cooper Norcross, Inc.) held to maturity (KIPP: Cooper Norcross, Inc.) series 2018. 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 74,500 square foot five through eighth grade renaissance school building located at 740 Chestnut 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 2018 was \$87,978.

On February 24, 2017, the New Jersey Economic Development Authority issued to the Organization \$29,833,634 par value QSCB Bonds (KIPP: Cooper Norcross, Inc.).

The Project Series 2018 Bonds are as follows as of June 30, 2018:

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

17 Long Term Liabilities – Bonds Payable - continued

B \$29,833,634 QSCB Bond – Project Series 2017 - continued

	<u>Par Value</u>	<u>Unamortized Bond Discount</u>	<u>Bond Payable Value</u>
QSCB (KIPP Cooper Norcross Academy Project Series 2017) 6.46% 31 Years maturity collateralized by school building	\$ 29,833,634	\$ 8,657,054	\$ 21,176,580
	<u>Original Bond Discount</u>	<u>Accumulated Amortization</u>	<u>Net Bond Discount</u>
QSCB (KIPP Cooper Norcross Academy Project Series 2017) Par Value \$60,000,000	\$ 8,774,566	\$ 117,512	\$ 8,657,054

The Amortization of Bond discount for the QSCB Bond was calculated using the effective interest method over the terms of the bond. The bond discount of \$87,970 was recognized as expenditure in the Debt Service Fund during the year ended June 30, 2018. The accumulated bond discount recognized from inception through June 30, 2018 was \$117,512.

C \$15,508,000 QZAB Bond – Project Series 2017

Bonds payable to Cooper Lanning Square Renaissance School Facilities, Inc. and New Jersey Economic Development Authority (NJEDA) Bonds (KIPP: Cooper Norcross, Inc.) held to maturity (KIPP: Cooper Norcross, Inc.) series 2017.

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 75,000 square foot - kindergarten through fourth grade/summer renaissance school building located at 1600 S. 8th Street, Camden, New Jersey.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

17 Long Term Liabilities – Bonds Payable - *continued*

C \$15,508,000 QZAB Bond – Project Series 2017 - *continued*

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 Bonds (Direct Payment)”, (“QZABs”) 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 QZABs on each Interest Payment Date.

On December 29, 2017, the New Jersey Economic Development Authority issued to the Organization \$15,508,000 par value QZAB Bonds (KIPP: Cooper Norcross, Inc.).

The Sumner Project Series 2017 Bonds are as follows as of June 30, 2018:

	Par Value	Unamortized Bond Discount	Bond Payable Value
QSCB (KIPP Cooper Norcross Academy Project Series 2017) 1.63% 32 Years maturity collateralized by Sumner school building	\$ 15,508,000	\$ -	\$ 15,508,000

18 Long Term Liabilities – Loan Payable – Coopers Lanning Square Renaissance School Facilities, Inc. (CLSRSF)

\$17,000,000 Loan

The Renaissance School entered into a loan agreement in the amount of \$17,000,000 to finance the construction and equipping of its school building located at 525 Clinton Street, Camden, New Jersey. The outstanding principal balance as of June 30, 2018 was \$17,000,000. The loan was interest only from inception through July 2017. The first payment on interest commenced on October 1, 2017 at an annual fixed rate of 4.59%.

\$5,040,000 Loan

The Renaissance School entered into a loan agreement in the amount of \$5,040,000 to finance a developer fee of \$1,540,000 and prepaid ground sublease of \$3,500,000. The loan accrues interest at an annual rate of 8%. Interest payments commenced on July 1, 2018 and for the next 31 years through February 23, 2048 – the maturity date.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

19 Note Payable – KIPP New Jersey

KIPP-NJ loaned the Renaissance School a non-collateralized \$2,500,000 on June 28, 2018 bearing interest at 2%. The proceeds will be due November 30, 2022 and to be used to underwrite the construction cash flow of the school buildings in Camden, New Jersey.

In addition, KIPP-NJ loaned \$750,000 to the Renaissance School bearing no interest and to be paid back in 2022 and the proceeds to be used to underwrite the construction cash flow of the school buildings in Camden, New Jersey.

20 Related Party

The following entity provides support and has a common organizational mission to support the School; however, it has an independent board of trustees and it is not controlled by the School (nor does it control the School):

KIPP NJ (KNJ) is a New Jersey nonprofit corporation organized to provide supportive services to nonprofit schools in New Jersey.

21 School Management Agreement

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

In July 2017, the school modified their agreements with KIPP NJ, whereby the service fees are paid monthly and are equal to 14.5% of core state and local funds received by the school, as defined in the agreement (the Management Fee). In addition to the Management Fee, the school is obligated to reimburse KIPP NJ for salary related costs (the Ancillary Services) attributable to certain employees who were previously employed by the school and that are considered to be performing direct school functions that represent those of an employee of the school.

During fiscal year 2018 KIPP: Cooper Norcross, Inc. incurred management fees to KIPP NJ in the amount of \$3,358,436.

Based on the final reconciliation of actual operating expenses incurred for fiscal year 2018, KIPP: Cooper Norcross, Inc. owes KIPP NJ \$122,637 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.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to the Basic Financial Statements
Year Ended June 30, 2018

22 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 as of June 30, 2018	\$ 19,635,531
Cost of capital assets net accumulated depreciation	51,471,185
Construction in progress	24,721,072
Capitalized bond discounts and other debt issuance costs	2,339,358
Long term liabilities - the bonds and loans	(99,572,994)
Pension deferred outflows	-
Pension deferred inflows	-
Deferred pension liability as of June 30, 2018	-
Net position (per A-1) as of June 30, 2018	<u>\$ (1,405,848)</u>

Required Supplementary Information

Part II

Budgetary Comparison

**KIPP: COOPER NORCROSS, INC.
General Fund**

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Budget Comparison Schedule

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 17,564,000	\$ 2,018,834	\$ 19,582,834	\$ 19,918,599	\$ 335,765
Other restricted sublease income	215,000	25,000	240,000	243,357	3,357
Miscellaneous	2,133,000	(1,051,759)	1,081,241	603,379	(477,862)
Total revenues -local sources	<u>19,912,000</u>	<u>992,075</u>	<u>20,904,075</u>	<u>20,765,335</u>	<u>(138,740)</u>
Federal sources:					
SEMI & E-Rate	-	-	-	-	-
State sources:					
State sources	-	-	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	-	-
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	-	-	-	-	-
Total -state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>19,912,000</u>	<u>992,075</u>	<u>20,904,075</u>	<u>20,765,335</u>	<u>(138,740)</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	6,714,705	(837,210)	5,877,495	5,833,910	43,585
Other salaries for instruction	344,278	136,470	480,748	480,739	9
Purchased profesional technical services	-	74,112	74,112	-	74,112
Other purchased services	-	-	-	-	-
General educational supplies	692,725	3,999	696,724	696,251	473
Textbooks	69,060	212,117	281,177	246,607	34,570
Miscellaneous expenses	460,395	(68,869)	391,526	247,791	143,735
	<u>8,281,163</u>	<u>(479,381)</u>	<u>7,801,782</u>	<u>7,505,298</u>	<u>296,484</u>

**KIPP: COOPER NORCROSS, INC.
General Fund**

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Budget Comparison Schedule

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	1,639,838	(263,482)	1,376,356	1,294,393	81,963
Total benefit costs	3,823,300	(1,565,521)	2,257,779	2,255,963	1,816
Professional /Technical service	-	-	-	-	-
Other purchased services	440,000	3,319,462	3,759,462	3,740,531	18,931
Communications and Telephones	-	-	-	-	-
Supplies and materials	155,449	51,404	206,853	182,189	24,664
Interest on Debt Service	-	-	-	-	-
Mortgage interest	-	-	-	-	-
Miscellaneous expenses	895,093	(436,420)	458,673	98,222	360,451
	<u>6,953,680</u>	<u>1,105,443</u>	<u>8,059,123</u>	<u>7,571,298</u>	<u>487,825</u>
Support services:					
Salaries	1,637,106	88,644	1,725,750	1,499,727	226,023
Purchased prof/tech service	815,421	176,712	992,133	938,184	53,949
Other purchased services	32,000	54,000	86,000	77,502	8,498
Occupancy	4,000,000		4,000,000	3,921,099	78,901
Insurance-fidelity, liability property	225,000	38,090	263,090	216,321	46,769
Supplies and materials	25,000	4,594	29,594	24,147	5,447
Energy & Utilities	494,317	38,090	532,407	449,456	82,951
Miscellaneous expenses	63,000	(34,117)	28,883	28,433	450
Transportation other than to/from school	-	-	-	-	-
Total support services	<u>7,291,844</u>	<u>366,013</u>	<u>7,657,857</u>	<u>7,154,869</u>	<u>502,988</u>

KIPP: COOPER NORCROSS, INC.
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	385,313	-	385,313	341,722	43,591
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	-	-	-	-	-
Total capital outlay	<u>385,313</u>	<u>-</u>	<u>385,313</u>	<u>341,722</u>	<u>43,591</u>
TPAF-Social Security	-	-	-	-	-
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	-	-	-	-	-
Total expenditures	<u>22,912,000</u>	<u>992,075</u>	<u>23,904,075</u>	<u>22,573,187</u>	<u>1,330,888</u>
Excess (deficiency) of revenues over (under) expenditures	(3,000,000)	-	(3,000,000)	(1,807,852)	1,192,148
Other financing sources:					
Transfer in from Surplus	3,000,000	-	3,000,000	-	-
Fund balances, beginning of year	-	-	3,066,516	3,066,516	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,066,516</u>	<u>\$ 1,258,664</u>	<u>\$ 1,192,148</u>

**KIPP: COOPER NORCROSS, INC.
Special Revenue Fund**

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Budget Comparison Schedule

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 1,198,805	\$ -	\$ 1,198,805	\$ 1,182,235	\$ 16,570
Local sources	821,259		821,259	821,259	-
Total revenues -all sources	<u>\$ 2,020,064</u>	<u>\$ -</u>	<u>\$ 2,020,064</u>	<u>\$ 2,003,494</u>	<u>\$ 16,570</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	\$ 641,005	\$ -	\$ 641,005	\$ 641,005	\$ -
Purchased Prof. and technical services	88,615	-	88,615	88,615	-
Other purchased services	686	-	686	686	-
General supplies	232,281	-	232,281	1,281	231,000
Miscellaneous expenditures	300,452	-	300,452	300,452	-
Total instruction	<u>1,263,039</u>	<u>-</u>	<u>1,263,039</u>	<u>1,032,039</u>	<u>231,000</u>
Support services					
Support services salaries	546,091	-	546,091	546,091	-
Employee benefits	15,401	-	15,401	229,831	(214,430)
Purchased professional services	-	-	-	-	-
Other purchased services	26,692	-	26,692	26,692	-
Supplies	21,869	-	21,869	21,869	-
Miscellaneous expenditures	146,972	-	146,972	146,972	-
Total support services	<u>757,025</u>	<u>-</u>	<u>757,025</u>	<u>971,455</u>	<u>(214,430)</u>
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 2,020,064</u>	<u>\$ -</u>	<u>\$ 2,020,064</u>	<u>\$ 2,003,494</u>	<u>\$ 16,570</u>

Notes to Required Supplementary Information

KIPP: COOPER NORCROSS, INC.
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2018

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule:	[C-1]	\$20,765,335	
	[C-2]		\$2,003,494
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$20,765,335	\$2,003,494
		Note 1	
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule			
	[C-1]	\$22,573,187	
	[C-2]		\$2,003,494
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$22,573,187	\$2,003,494

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Four Fiscal Years

	Fiscal Year Ended June 30,			
	2017	2016	2015	2014
Charter School's proportion of the net pension liability (assets)	0.0000000000%	0.0000000000%	0.0000000000%	0.0000000000%
Charter School's proportionate share of the net pension liability (assets)	-	-	-	-
Charter School's covered employee payroll	\$ -	\$ -	\$ -	\$ -
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability - local	0.00%	0.00%	0.00%	0.00%

NOTE:

The pension reports provided by the New Jersey Division of Pension did not include the proportional share of the School's liabilities for 2013 through 2016. This is because the School was opened in 2015 school-year and was therefore about three years in the plan. The liabilities information will be provided in the ensuing years.

Note

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

**Schedule of the Charter School's Contributions - PERS
Last Four Fiscal Years**

	<u>2017</u>	<u>Fiscal Year Ended June 30,</u>		<u>2014</u>
		<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

NOTE:

The pension reports provided by the New Jersey Division of Pension did not include the proportional share of the School's liabilities for 2013 through 2016. This is because the School was opened in 2015 school-year and was therefore about three years in the plan. The liabilities information will be provided in the ensuing years.

Note

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

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Four Fiscal Years

	Fiscal Year Ended June 30,			
	2017	2016	2015	2014
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ -	\$ -	\$ -	\$ -
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%

**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 School's (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the School.

**Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Charter School
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Two Fiscal Years**

	Fiscal Year Ending	
	2017	2016
Total OPEB Liability		
Service cost	**	**
Interest cost	**	**
Changes of assumptions	**	**
Member contributions	**	**
Gross benefit payments	**	**
Net change in total OPEB liability	**	**
Total OPEB liability - beginning	**	**
Total OPEB liability, ending	\$ -	\$ -
Covered employee payroll - PERS and TPAF	**	**
Total OPEB liability as a percentage of covered employee payroll	**	**
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	**	**
Charter School's contributions	\$ -	\$ -

** Information not available.

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

NOTE:

The GASB 75 Post Retirement Benefits reports provided by the New Jersey Division of Pension did not include the proportional share of the School's liabilities for 2016 and 2017. This is because the School was opened in 2015 school-year and was therefore about three years in the plan.

The liabilities information will be provided in the ensuing years.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Notes to Required Supplementary Information
Year Ended June 30, 2018

1. Pension – Public Employees’ Retirement System (PERS)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

2. Pension – Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

3. Other Post-Retirement Benefit Plan – Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

KIPP: COOPER NORCROSS, INC.
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Title IA Current Year	I.D.E.A. Basic	Promise Neighborhood	Rohr Foundation	Kipp New Jersey	Total
Revenues						
Federal sources	\$ 1,002,806	\$ 179,429	\$ -	\$ -	\$ -	\$ 1,182,235
Local sources	-	-	308,497	10,000	502,762	821,259
Total revenues -all sources	<u>\$ 1,002,806</u>	<u>\$ 179,429</u>	<u>\$ 308,497</u>	<u>\$ 10,000</u>	<u>\$ 502,762</u>	<u>\$ 2,003,494</u>
Expenditures						
Instruction						
Salaries of teachers	\$ 444,571	\$ -	\$ 196,434	\$ -	\$ -	\$ 641,005
Purchased Prof. and technical services	-	-	84,482	-	4,133	88,615
Other purchased services	686	-	-	-	-	686
General supplies	-	-	889	-	392	1,281
Miscellaneous expenditures	-	-	-	-	300,452	300,452
Total instruction	<u>445,257</u>	<u>-</u>	<u>281,805</u>	<u>-</u>	<u>304,977</u>	<u>1,032,039</u>
Support services						
Support services salaries	321,250	164,028	-	10,000	50,813	546,091
Employee benefits	214,430	15,401	-	-	-	229,831
Purchased professional services	-	-	-	-	-	-
Transportation	-	-	26,692	-	-	26,692
Other purchased services	21,869	-	-	-	-	21,869
Supplies	-	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	146,972	146,972
Total support services	<u>557,549</u>	<u>179,429</u>	<u>26,692</u>	<u>10,000</u>	<u>197,785</u>	<u>971,455</u>
Facilities acquisition and construction services						
Instructional equipment	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-
Construction services	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 1,002,806</u>	<u>\$ 179,429</u>	<u>\$ 308,497</u>	<u>\$ 10,000</u>	<u>\$ 502,762</u>	<u>\$ 2,003,494</u>

Capital Projects Fund

**KIPP: COOPER NORCROSS, INC.
Capital Projects Fund**

F-1

Summary Schedule of Project Expenditures

Year ended June 30, 2018

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Appropriation</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriation June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renaissance School Project - Camden, New Jersey Includes construction and equipping an approximately 112,000 square foot for pre-kindergarten through fourth grade. (KCNA Academy)		\$ 55,000,000	\$ 54,135,700	\$ -	\$ 864,300
Renaissance School Project - Camden, New Jersey Includes construction and equipping an approximately 74,500 square foot for fifth through eighth grade. (KCNA Academy)		26,040,000	13,526,425	11,297,396	1,216,179
Renaissance School Project - Camden, New Jersey Includes construction and equipping an approximately 74,000 square foot for fifth through eighth grade. NJEDA QZAB (KCNA Project Series 2017)		15,508,000		1,170,481	14,337,519
Total		<u>\$ 96,548,000</u>	<u>\$ 67,662,125</u>	<u>\$ 12,467,877</u>	<u>\$ 16,417,998</u>

KIPP: COOPER NORCROSS, INC.
Capital Projects Fund

F-2

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Basis

Year ended June 30, 2018

Revenues and Other Financing Sources	
Bond proceeds	\$ 15,508,000
Loan proceeds	1,000,000
Bond Discount	623,570
	<u>17,131,570</u>
Other purchased professional and technical services	-
Construction services	12,467,877
	<u>12,467,877</u>
Excess/(deficiency) of revenues over/(under) expenditures	4,663,693
Other financing sources/(uses)	
Operating transfers in - general fund	-
Total other financing sources and uses	<u>-</u>
Net change in fund balance	4,663,693
Fund balance, beginning of year	<u>13,713,174</u>
Fund balance, end of year	<u>\$ 18,376,867</u>

KIPP: COOPER NORCROSS, INC.
Capital Projects Fund

F-2a

Schedule of Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Construction and Equipping KIPP Cooper Norcross Academy
Year ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds	\$ 64,000,000	\$ 15,508,000	\$ 79,508,000	\$ 79,508,000
Loan proceeds	22,040,000	1,000,000	23,040,000	23,040,000
Total revenues and other financing sources	<u>86,040,000</u>	<u>16,508,000</u>	<u>102,548,000</u>	<u>102,548,000</u>
Expenditures and Other Financing Uses				
Amortization of land lease	-	-	-	-
Construction services	67,662,125	12,467,877	80,130,002	102,548,000
	<u>67,662,125</u>	<u>12,467,877</u>	<u>80,130,002</u>	<u>102,548,000</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ 18,377,875</u>	<u>\$ 4,040,123</u>	<u>\$ 22,417,998</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	\$ 102,548,000			
Bonds Issues	\$ 102,548,000			
Original Authorized Cost				
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ -			
Loan Payable				
Cooper Lanning				
Square Renaissance School Facilities, Inc.				
Loan Payable Interest				
Due				

Enterprise Fund

KIPP: COOPER NORCROSS, INC.
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2018

	<u>Food Services</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ (692)
Accounts receivable:	-
Federal	62,132
State	573
Other	57,484
Other current assets	-
Total current assets	<u>\$ 119,497</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	65,417
Total current liabilities	<u>\$ 65,417</u>
Net position	
Unrestricted	54,080
Total net position	<u><u>\$ 54,080</u></u>

KIPP: COOPER NORCROSS, INC.
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2018

	Food Services
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ -
Daily sales - nonreimbursable programs	57,484
Total Operating revenues	57,484
Operating expenses:	
Cost of sales - reimbursable programs	981,020
Cost of sales - nonreimbursable programs	57,484
Salaries	-
Employee benefits	-
Professional /technical service	-
Supplies and materials	-
Depreciation	-
Miscellaneous	-
Total operating expenses	1,038,504
Operating income/(loss)	(981,020)
Nonoperating revenues:	
State sources:	
State School Lunch program	9,574
State School Breakfast program	-
Federal sources:	
National School Lunch program	562,844
National School Breakfast program	329,278
After School Snacks program	110,940
Fresh Fruits and Vegetables program	22,464
Total nonoperating revenues	1,035,100
Net income/(loss) before contributions & transfers	54,080
Other financing sources:	
Transfer	-
	-
Change in net position	54,080
Total net position-beginning of year	-
Total net position-end of year	\$ 54,080

KIPP: COOPER NORCROSS, INC.
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2018

	Food Services
Cash flows from operating activities	
Operating loss	\$ (981,020)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(120,189)
Other current assets	-
Due to general fund	-
Accounts payable	65,417
Net cash used in operating activities	(1,035,792)
 Cash flows from noncapital financing activities:	
Cash received from state reimbursements	9,574
Cash received from federal reimbursements	1,025,526
Operating subsidies and transfers	-
Net cash provided by noncapital financing activities	1,035,100
 Cash flows from investing activities	-
 Net change in cash and cash equivalents	(692)
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	\$ (692)

Fiduciary Fund

KIPP: COOPER NORCROSS, INC.
Fiduciary Funds

H-1

Combining Statement of Fiduciary Net Position

June 30,2018

	Unemployment Insurance Fund	Student Activity Fund	Flex Spending Account	Agency Fund Payroll	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 25,412	\$ 68,510	\$ 93,922
Total assets	\$ -	\$ -	\$ 25,412	\$ 68,510	\$ 93,922
Liabilities and fund balances					
Liabilities:					
Payroll deductions and withholdings	\$ -	\$ -	\$ 25,412	\$ 68,510	\$ 93,922
Interfund payables	-	-	-	-	-
Account payable - due to students group	-	-	-	-	-
Total liabilities	-	\$ -	\$ 25,412	\$ 68,510	\$ 93,922
Net position					
Total liabilities and net position	-	\$ -			

KIPP: COOPER NORCROSS, INC.
Fiduciary Funds

H-2

Combining Statement of Changes in Fiduciary Net Position
Unemployment Compensation Insurance Trust Fund

June 30,2018

	<u>Unemployment Compensation</u>
Revenues:	
General fund appropriation	\$ -
Total revenues	<u>-</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>-</u>
Total expenditures	<u>-</u>
Excess(deficiency) of revenue over(under) expenditures	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

KIPP: COOPER NORCROSS, INC.
Student Activity Agency Fund
Schedule of Receipts and Disbursements

H-3

June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets				
Parent council fund	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KIPP: COOPER NORCROSS, INC.
Payroll Agency Fund
Schedule of Receipts and Disbursements

H-4

June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Assets				
Cash and cash equivalents	\$ 134,866	\$ 3,829,276	\$ 3,895,632	\$ 68,510
Total assets	<u>\$ 134,866</u>	<u>\$ 3,829,276</u>	<u>\$ 3,895,632</u>	<u>\$ 68,510</u>
Liabilities				
Payroll deductions and withholdings	\$ 125,147	\$ 3,829,276	\$ 3,885,913	\$ 68,510
Interfund payable	9,719	-	9,719	-
Total liabilities	<u>\$ 134,866</u>	<u>\$ 3,829,276</u>	<u>\$ 3,895,632</u>	<u>\$ 68,510</u>

Long Term Debt

KIPP: COOPER NORCROSS, INC.**I-1****Long-Term Debt
Schedule of Serial Bonds****June 30,2018**

Issued			Interest Rate	Amount Outstanding July 1, 2017	Issued	Matured	Amount Outstanding June 30, 2018
Purpose	Date	Amount					
QSCB Bonds, Series 2014		\$ 60,000,000		\$ 39,371,889	\$ 535,592	\$ -	\$ 39,907,481
QSCB Bonds, Series 2017		29,833,634		21,029,534	87,979	-	21,117,513
QZAB Bonds, Series 2017		16,392,908		-	15,508,000		15,508,000
				<u>\$ 60,401,423</u>	<u>\$ 16,131,571</u>	<u>\$ -</u>	<u>\$ 76,532,994</u>

KIPP: COOPER NORCROSS, INC.
Long-Term Debt
Schedule of Loans Payable

I-2

June 30,2018

NOT APPLICABLE

KIPP: COOPER NORCROSS, INC.
Budgetary Comparison Schedule
Debt Service Fund

I-3

June 30,2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues					
QSCB subsidy income	\$ -	\$ 3,257,828	\$ 3,257,828	\$ 3,778,630	\$ 520,802
Board subsidy income	-	-	-	3,921,099	3,921,099
Interest income	-	912,116	912,116	75,081	(837,035)
Total revenues	<u>-</u>	<u>4,169,944</u>	<u>4,169,944</u>	<u>7,774,810</u>	<u>3,604,866</u>
Expenditures					
Regular Debt Service:					
Interest Expense QSCB 2014		4,169,944	4,169,944	1,357,430	
Interest Expense QSCB 2017				2,622,000	
Interest Expense QZAB 2017				127,795	
Interest Expense Direct Loans	-	-	-	3,037,512	-
Amortization of Bond Discount				623,573	(3,598,366)
Amortization of bond discount	-		-	6,500	(6,500)
Total expenditures	<u>-</u>	<u>4,169,944</u>	<u>4,169,944</u>	<u>7,774,810</u>	<u>(3,604,866)</u>
Excess/(deficiency) of revenues over/ (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Bond proceeds				-	-
Operating transfers in - General Fund	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(deficiency) of revenues over/ (under) expenditures	<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>\$ -</u>	<u>\$ -</u>

KIPP: COOPER NORCROSS, INC.
Long-Term Debt
Schedule of School Facilities Loan Payable
New Jersey Economic Development Authority

June 30, 2018

Purpose	Issued		Interest Rate	Amount Outstanding July 1, 2017	Issued	Retired	Amount Outstanding June 30, 2018
	Date	Amount					
Cooper Lanning Square Renaissance School Facilities, Inc. Constructing and Equipping KCNA Academy	7/1/2015	\$ 17,000,000		\$ 17,000,000	\$ -	\$ -	\$ 17,000,000
Cooper Lanning Square Renaissance School Facilities, Inc. Land Lease KCNA Academy		5,040,000		-	5,040,000	-	5,040,000
Renaissance School Project - Camden, New Jersey Includes construction and equipping an approximately square foot for fifth through eighth grade. NJEDA QZAB (KCNA Project Series 2017)		2,000,000		-	1,000,000	-	1,000,000
				\$ 17,000,000	\$ 6,040,000	\$ -	\$ 23,040,000

Statistical Section

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-1

NET POSITION BY COMPONENT

Last Four Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year Ended June 30,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ (21,041,379)	\$ (14,140,267)	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	(1,536,888)	3,451,573	1,652,939	783,355
Total governmental activities net position	<u>\$ (22,578,267)</u>	<u>\$ (10,688,694)</u>	<u>\$ 1,652,939</u>	<u>\$ 783,355</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	54,080	-	-	-
Total business-type activities	<u>\$ 54,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School-wide				
Invested in capital assets, net of related debt	\$ (21,041,379)	\$ (14,140,267)	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	(1,482,808)	3,451,573	1,652,939	783,355
Total charter school net position	<u>\$ (22,524,187)</u>	<u>\$ (10,688,694)</u>	<u>\$ 1,652,939</u>	<u>\$ 783,355</u>

CHANGES IN NET POSITION
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Expenses				
Governmental activities				
Instruction				
Regular	\$ 8,537,337	\$ 6,616,503	\$ 4,290,026	\$ 924,973
Support services:				
General administration	7,676,868	12,873,356	4,391,505	2,098,930
School administrative services	9,504,602	(8,238,216)	2,360,940	354,015
On-behalf TPAF Social Security	6,850,414	11,872,544	251,471	46,400
Plant operations and maintenance	449,456	256,407	-	-
Unallocated depreciation	1,275,910	1,257,219	-	-
Total governmental activities expenses	<u>34,294,587</u>	<u>24,637,813</u>	<u>11,293,942</u>	<u>3,424,318</u>
Business-type activities:				
Food service	1,038,504	-	-	-
Child Care	-	-	-	-
Total business-type activities expense	<u>1,038,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school expenses	<u>\$ 35,333,091</u>	<u>\$ 24,637,813</u>	<u>\$ 11,293,942</u>	<u>\$ 3,424,318</u>
Program revenues				
Governmental activities:				
Charges for services:				
Operating grants and contributions	\$ 9,778,304	\$ 1,872,189	\$ 578,814	\$ 600,214
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>9,778,304</u>	<u>1,872,189</u>	<u>578,814</u>	<u>600,214</u>
Business-type activities:				
Charges for services				
Food service	57,484	-	-	-
Child care	-	-	-	-
Operating grants and contributions	1,035,100	-	-	-
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	<u>1,092,584</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school program revenues	<u>\$ 10,870,888</u>	<u>\$ 1,872,189</u>	<u>\$ 578,814</u>	<u>\$ 600,214</u>
Net (expense)/revenue				
Governmental activities	\$ (24,516,283)	\$ (22,765,624)	\$ (10,715,128)	\$ (2,824,104)
Business-type activities	54,080	-	-	-
Total charter school-wide net expense	<u>\$ (24,462,203)</u>	<u>\$ (22,765,624)</u>	<u>\$ (10,715,128)</u>	<u>\$ (2,824,104)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for general purposes, net	\$ 19,918,599	\$ 2,282,605	\$ 8,643,760	\$ 1,944,017
Grants and contributions	-	13,667,907	251,471	46,400
Miscellaneous income	846,736	424,858	2,689,481	1,482,238
Transfers	-	-	-	-
Total governmental activities	<u>20,765,335</u>	<u>16,375,370</u>	<u>11,584,712</u>	<u>3,472,655</u>
Business-type activities:				
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 20,765,335</u>	<u>\$ 16,375,370</u>	<u>\$ 11,584,712</u>	<u>\$ 3,472,655</u>
Change in net position				
Governmental activities	\$ (3,750,948)	\$ (6,390,254)	\$ 869,584	\$ 648,551
Business-type activities	54,080	-	-	-
Total charter school	<u>\$ (3,696,868)</u>	<u>\$ (6,390,254)</u>	<u>\$ 869,584</u>	<u>\$ 648,551</u>

KIPP: COOPER NORCROSS, INC.
Combined Balance Sheet
All Funds

J-2a

June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Totals</u>
Assets						
Cash and cash equivalents	\$ 4,957,150	\$ (1,892,921)	\$ (1,923,433)	\$ 3,224,100	\$ (692)	\$ 4,364,204
Resticted cash and cash equivalents	4,230	-	20,300,300	872,119	-	21,176,649
Accounts receivable:						
State	594,103	-	-	-	573	594,676
Federal	-	1,957,528	-	-	62,132	2,019,660
Other	-	-	-	-	57,484	57,484
Prepaid expenses	271,763	-	-	-	-	271,763
Other current assets	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
	<u>\$ 5,827,246</u>	<u>\$ 64,607</u>	<u>\$ 18,376,867</u>	<u>\$ 4,096,219</u>	<u>\$ 119,497</u>	<u>\$ 28,484,436</u>
Liabilities and Fund Balances						
Liabilities:						
Interfund accounts payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables - federal	-	-	-	-	-	-
Intergovernmental payables - state	-	-	-	-	-	-
Accounts payable	1,318,582	30,597	-	-	65,417	1,414,596
Other liabilities	3,250,000	-	-	4,096,219	-	7,346,219
Deferred revenue	-	34,010	-	-	-	34,010
Total liabilities	<u>4,568,582</u>	<u>64,607</u>	<u>-</u>	<u>4,096,219</u>	<u>65,417</u>	<u>8,794,825</u>
Fund balances:						
Unreserved:						
Undesignated	1,258,664	-	18,376,867	-	54,080	19,689,611
Total fund balances	<u>1,258,664</u>	<u>-</u>	<u>18,376,867</u>	<u>-</u>	<u>54,080</u>	<u>19,689,611</u>
Total liabilities and fund balances	<u>\$ 5,827,246</u>	<u>\$ 64,607</u>	<u>\$ 18,376,867</u>	<u>\$ 4,096,219</u>	<u>\$ 119,497</u>	<u>\$ 28,484,436</u>
GAAP Fund Balance Recap						
Fund Balance 06/30/2018	\$ 1,258,664					
Add : Capital Outlay Current year	341,722					
Total	1,600,386					
Less: Depreciation Expense	(1,275,910)					
Total GAAP Fund Balance 06/30/2018	<u>\$ 324,476</u>					

KIPP: COOPER NORCROSS, INC.
Combined Statement of Revenues, Expenditures and Changes in Fund Balances

J-2b

All Funds
Year ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total
Revenues:						
Local sources:						
Local tax levy	\$ 19,918,599	\$ -	\$ -	\$ -	\$ -	\$ 19,918,599
Miscellaneous	846,736	821,259	-	-	57,484	1,725,479
Bond proceeds	-	-	15,508,000	-	-	15,508,000
Loan proceeds	-	-	1,000,000	-	-	1,000,000
Amortization of Bond Discount	-	-	623,570	-	-	623,570
Board subsidy income	-	-	-	3,921,099	-	3,921,099
Interest income	-	-	-	75,081	-	75,081
Total revenues - local sources	<u>20,765,335</u>	<u>821,259</u>	<u>17,131,570</u>	<u>3,996,180</u>	<u>57,484</u>	<u>42,771,828</u>
Federal sources	-	1,182,235	-	-	1,025,526	2,207,761
Federal source - QSCB subsidy income	-	-	-	3,778,630	-	3,778,630
State sources	-	-	-	-	9,574	9,574
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	-	-	-
Total revenues	<u>20,765,335</u>	<u>2,003,494</u>	<u>17,131,570</u>	<u>7,774,810</u>	<u>1,092,584</u>	<u>48,767,793</u>
Current expense:						
Instruction	7,505,298	1,032,039	-	-	-	8,537,337
Administrative	7,571,298	-	-	-	-	7,571,298
Support services	7,154,869	971,455	-	-	1,038,504	9,164,828
Capital outlay	341,722	-	12,467,877	-	-	12,809,599
Reimbursed and on-behalf payments:						
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	-	-	-
Debt service:						
Amortization of bond discount	-	-	-	630,073	-	630,073
Interest	-	-	-	7,144,737	-	7,144,737
Total expenditures	<u>22,573,187</u>	<u>2,003,494</u>	<u>12,467,877</u>	<u>7,774,810</u>	<u>1,038,504</u>	<u>45,857,872</u>
Excess (deficiency) of revenues over (under) expenditures	(1,807,852)	-	4,663,693	-	54,080	2,909,921
Other financing sources:	-	-	-	-	-	-
Fund balances, beginning of year	3,066,516	-	13,713,174	-	-	16,779,690
Fund balances, end of year	<u>\$ 1,258,664</u>	<u>\$ -</u>	<u>\$ 18,376,867</u>	<u>\$ -</u>	<u>\$ 54,080</u>	<u>\$ 19,689,611</u>

KIPP: COOPER NORCROSS, INC.
Combined Statement of Cash Flows

J-2c

All Funds

Year ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total
Cash flows from operating activities:						
Change in fund balance/operating loss	\$ (1,807,852)	\$ -	\$ 4,663,693	\$ -	\$ (981,020)	\$ 1,874,821
Adjustment to reconcile change in fund balance/operating loss to net cash (used in)/provided by operating activities:						-
Changes in assets and liabilities:						-
Accounts receivable	869,621	(1,436,895)	1,255,616	1,118,264	(120,189)	1,686,417
Other current assets	(81,868)	-	-	-	-	(81,868)
Interfund receivables/payables	-	-	-	-	-	-
Accounts payable	206,057	1,336	-	(615,410)	65,417	(342,600)
Loans payable	2,750,000	-	-	2,922,038	-	5,672,038
Other liabilities	(1,785,731)	-	-	-	-	(1,785,731)
Deferred revenue	-	(2)	-	-	-	(2)
Net cash (used in)/provided by operating activities	<u>150,227</u>	<u>(1,435,561)</u>	<u>5,919,309</u>	<u>3,424,892</u>	<u>(1,035,792)</u>	<u>7,023,075</u>
Cash flows from investing activities	-	-	-	-	-	-
Cash flows from noncapital financing activities:						
Cash received from state reimbursements	-	-	-	-	9,574	9,574
Cash received from federal reimbursements	-	-	-	-	1,025,526	1,025,526
Operating subsidies and transfers	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,100</u>	<u>1,035,100</u>
Net change in cash and cash equivalents	150,227	(1,435,561)	5,919,309	3,424,892	(692)	8,058,175
Cash and cash equivalents, beginning	4,811,153	(457,360)	12,457,558	671,327	-	17,482,678
Cash and cash equivalents, ending	<u>\$ 4,961,380</u>	<u>\$ (1,892,921)</u>	<u>\$ 18,376,867</u>	<u>\$ 4,096,219</u>	<u>\$ (692)</u>	<u>\$ 25,540,853</u>

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-3

Fund Balances - Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
General Fund				
Reserved	\$ 1,258,664	\$ 3,066,516	\$ -	\$ 100,000
Unreserved		-	1,652,939	697,303
Total general fund	<u>\$ 1,258,664</u>	<u>\$ 3,066,516</u>	<u>\$ 1,652,939</u>	<u>\$ 797,303</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-
Special revenue fund	-	-	-	-
Capital projects fund	-	-	741,298	(58,823)
Debt service fund	-	-	-	(334,158)
Permanent fund	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,298</u>	<u>\$ (392,981)</u>

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-4

Changes in Fund Balances - Governmental Funds
Last Four Fiscal Years
(Unaudited)

Function	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Revenues				
Local tax levy	\$ 19,918,599	\$ 2,282,605	\$ -	\$ 64,948
Miscellaneous	846,736	424,858	2,990,494	1,969,830
State sources	-	13,411,112	8,895,231	1,925,469
Federal sources	1,182,235	994,681	277,801	112,622
Total revenue	<u>21,947,570</u>	<u>17,113,256</u>	<u>12,163,526</u>	<u>4,072,869</u>
Expenditures				
Instruction	8,537,337	6,616,503	4,458,406	1,525,187
Administration	7,571,298	6,811,875	4,474,596	2,159,678
Support Services	8,126,324	3,373,490	2,360,940	354,015
Capital Outlay	12,809,599	13,129,763	-	-
Total expenditures	<u>37,044,558</u>	<u>29,931,631</u>	<u>11,293,942</u>	<u>4,038,880</u>
Net change in fund balances	<u>\$ (15,096,988)</u>	<u>\$ (12,818,375)</u>	<u>\$ 869,584</u>	<u>\$ 33,989</u>

Source: Charter School's Records

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-5

General Fund Other Local Revenue by Source
Last Four Fiscal Years
(Unaudited)

Function	2018	Fiscal Year Ended June 30, 2017	2016	2015
Other local revenues				
Donations	\$ 846,736	\$ 424,858	\$ 2,282,605	\$ 1,482,238
Rentals	-	-	240,160	-
Other local	-	-	166,716	-
Total other local revenue	<u>\$ 846,736</u>	<u>\$ 424,858</u>	<u>\$ 2,689,481</u>	<u>\$ 1,482,238</u>

Source: Charter School's Records

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Four Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases			
NONE	-	-	-	-	-	-	0.00%	-
	-	-	-	-	-	-	0.00%	-
	-	-	-	-	-	-	0.00%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.00%	-

Note: Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements.

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-14

Demographic and Economic Statistics
Last Four Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015	76,119	\$ 3,660,105,996	48,084	10.10%
2016	74,420	3,578,411,280	48,084	10.10%
2017	74,420	3,578,411,280	48,084	10.10%
2018	74,420	3,578,411,280	48,084	10.10%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Personal capital income by municipality estimated based upon the 2000 Cesus published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-16

Full-Time Equivalent Charter School Employees by Function/Program
Last Four Fiscal Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year Ending June 30,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	120	92	61	11
Special education	16	8	5	2
Vocational	-	-	-	-
Other instruction	20	-	-	-
Support Services:				
Student & instruction related services	14	5	3	1
General administration	3	-	-	-
School administrative services	13	8	5	5
Other administrative services	-	-	-	-
Central services	-	-	-	-
Administrative Information Technology	1	-	-	-
Plant operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Other support services	-	-	-	-
Special Schools	-	-	-	-
Food Service	-	-	-	-
Total	<u>187</u>	<u>112</u>	<u>74</u>	<u>19</u>

Source: Charter School Personnel Records

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-17

Operating Statistics

**Last Four Fiscal Years
(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	105	4,431,861	42,208	0.00%	39	1:12	1:12	105	98	0.00%	93.33%
2016	496	14,402,238	29,037	-31.21%	74	1:12	1:12	496	486	396.00%	98.00%
2017	848	16,801,868	19,814	-31.76%	74	1:12	1:12	848	831	70.97%	98.00%
2018	1,114	24,234,959	21,755	9.80%	156	1:12	1:12	1,114	1,092	31.37%	98.00%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time esuivalents of certificated staff.
- c Average daily enrollment and average daily atte

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-18

School Building Information
Last Four Fiscal Years
(Unaudited)

	2018	Fiscal Year Ending June 30,		2015
	2018	2017	2016	2015
Square Feet	216,000	216,000	108,000	8,000
Capacity (students)	1,000	1,000	500	105
Enrollment	1,114	848	496	105
Number of schools at June 30:				
Elementary	2	2	2	1
Middle	1	1	1	1

Source: School Records

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-19

Schedule of Required Maintenance Expenditures
By School Facility
Last Four Fiscal Years
(Unaudited)

2015	\$ -
2016	-
2017	1,141,376
2018	5,655,142
	-
Total	<u>\$ 6,796,518</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Charter School records

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-20

Insurance Schedule

June 30, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial property and general liability:		
Property:		
Commenrical Property	\$ 36,000,000	\$ 5,000
Earthquake	1,000,000	25,000
Business Auto	1,000,000	2,500
School Board Legal Liability	1,000,000	5,000
Umbrella	6,000,000	
Workers' Compensation	1,000,000	
Surety Bonds		
School Board Legal Liability	1,000,000	

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2018
(Unaudited)

	2018	2017	2016
Cash	\$ 4,364,204	\$ 4,152,901	\$ 2,581,429
Current assets	26,459,590	20,217,266	2,426,627
Capital assets, net	76,192,257	65,961,799	54,710,827
Total assets	<u>107,016,051</u>	<u>90,331,966</u>	<u>59,718,883</u>
Current liabilities	8,729,408	5,251,120	3,543,007
Long term liabilities	99,572,994	82,441,423	55,878,062
Total liabilities	<u>108,302,402</u>	<u>87,692,543</u>	<u>59,421,069</u>
Net position	<u>\$ (1,286,351)</u>	<u>\$ 2,639,423</u>	<u>\$ 297,814</u>
Total revenue	\$ 31,636,223	\$ 18,247,559	\$ 15,577,590
Total expenses	(35,627,414)	(15,905,950)	(14,373,848)
Change in net position	<u>\$ (3,991,191)</u>	<u>\$ 2,341,609</u>	<u>\$ 1,203,742</u>
Depreciation expense	\$ 1,275,910	\$ 1,257,219	\$ 505,222
Interest expense	7,144,737	3,140,681	3,079,906
Principal payments	-	-	-
Interest payments	7,144,737	3,140,681	3,079,906
Final average daily enrollment	1,114	848	496
March 30th budgeted enrollment	1,092	850	490

	2018	2017	2016	Three Year Cumulative
NEAR TERM INDICATORS:				
Current ratio	3.53	4.64	1.41	9.59
Unrestricted days cash	44.71	95.30	65.55	205.56
Enrollment variance	102%	100%	101%	101%
Default	No	No	No	No

Source: Charter School Records

KIPP: COOPER NORCROSS, INC.
County of Camden, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2018
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	
Cash	\$ 4,364,204	\$ 4,152,901	\$ 2,581,429	
Current assets	26,459,590	20,217,266	2,426,627	
Capital assets, net	76,192,257	65,961,799	54,710,827	
Total assets	<u>107,016,051</u>	<u>90,331,966</u>	<u>59,718,883</u>	
Current liabilities	8,729,408	5,251,120	3,543,007	
Long term liabilities	99,572,994	82,441,423	55,878,062	
Total liabilities	<u>108,302,402</u>	<u>87,692,543</u>	<u>59,421,069</u>	
Net position	<u>\$ (1,286,351)</u>	<u>\$ 2,639,423</u>	<u>\$ 297,814</u>	
Total revenue	\$ 31,636,223	\$ 18,247,559	\$ 15,577,590	
Total expenses	(35,627,414)	(15,905,950)	(14,373,848)	
Change in net position	<u>\$ (3,991,191)</u>	<u>\$ 2,341,609</u>	<u>\$ 1,203,742</u>	
Depreciation expense	\$ 1,275,910	\$ 1,257,219	\$ 505,222	
Interest expense	7,144,737	3,140,681	3,079,906	
Principal payments	-	-	-	
Interest payments	7,144,737	3,140,681	3,079,906	
	-			
Final average daily enrollment	1,114	848	496	
March 30th budgeted enrollment	1,092	850	490	
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	-12.6%	12.8%	7.7%	-0.7%
Debt to asset	0.93	0.91	0.94	0.99
Cash flow	\$ 211,303	\$ 1,571,472	\$ 2,060,868	\$ 3,843,643
Debt service coverage ratio	0.44	1.75	1.39	1.19

Source: Charter School Records

Single Audit Section

MONMOUTH CPAS & CONSULTANTS LLC

Certified Public Accountants and Consultants

371 Sand Shore Road • Budd Lake, NJ 07828

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K-1

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We 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, each major fund, and the aggregate remaining fund information of the KIPP: Cooper Norcross, Inc., in the County of Camden, State of New Jersey (“the Renaissance School”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Renaissance School’s basic financial statements, and have issued our report thereon, dated February 7, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our 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, we 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Renaissance School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Monmouth CPAs & Consultants, LLC

February 7, 2019
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

MONMOUTH CPAS & CONSULTANTS LLC

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K-2

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08

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

Compliance

We have audited the KIPP: Cooper Norcross, Inc.'s in the County of Camden, State of New Jersey ("the Renaissance School") compliance with the types of compliance requirements described in the OMB Compliance Supplements and the *State of New Jersey Department of Treasury Circular 15-08-OMB 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, 2018. 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 state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Renaissance School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Those standards, the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* 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 we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our 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, 2018.

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 The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

MonmouthCPAs&Consultants, LLC

February 7, 2019
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', with a long horizontal line extending to the right from the end of the signature.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

KIPP: COOPER NORCROSS, INC.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Federal Award Identification No.	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2018	Deferred Revenue at June 30, 2018	Due to Grantor at June 30, 2018
Special Revenue Fund:															
U.S. Department of Education:															
Passed-Through State Department of Education															
Title I Part A - FY 2017-2018	84.010A	S010A160030	7/1/17-6/30/18	\$ 1,019,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,002,806)	\$ -	\$ (1,002,806)	\$ -	\$ -
Title II A - FY 2017-2018	84.367A	S367A160029	7/1/17-6/30/18	143,363	-	-	-	-	-	-	-	-	-	-	-
IDEA Part B - FY 2017-2018	84.027A	H027A160100	7/1/17-6/30/18	173,429	-	-	-	-	-	-	(179,429)	-	(179,429)	-	-
Title I Part A - FY 2016-2017	84.010A	S010A150030	7/1/16-6/30/17	633,948	-	34,012	-	(2)	-	-	-	-	-	34,010	-
Title II A - FY 2016-2017	84.367A	S367A150029	7/1/16-6/30/17	5,495	(2,528)	-	-	-	-	2,528	-	-	-	-	-
IDEA Part B - FY 2016-2017	84.027A	H027A150100	7/1/16-6/30/17	101,410	(16,901)	-	-	-	-	16,901	-	-	-	-	-
Total U.S. Department of Education, Pass-Through Programs					(19,429)	34,012	-	(2)	-	19,429	(1,182,235)	-	(1,182,235)	34,010	-
Total Special Revenue/U.S. Department of Education					(19,429)	34,012	-	(2)	-	19,429	(1,182,235)	-	(1,182,235)	34,010	-
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National School Lunch program	10.555	171NJ304N1099	7/1/17-6/30/18	562,844	-	-	-	-	-	529,118	(562,844)	-	(33,726)	-	-
National School Breakfast program	10.553	171NJ304N1099	7/1/17-6/30/18	329,278	-	-	-	-	-	309,430	(329,278)	-	(19,848)	-	-
National After School Snacks program	10.555	171NJ304N1099	7/1/17-6/30/18	110,940	-	-	-	-	-	104,982	(110,940)	-	(5,958)	-	-
Fresh Fruits & Vegetables program	10.582	171NJ304L1603	7/1/17-6/30/18	22,464	-	-	-	-	-	19,864	(22,464)	-	(2,600)	-	-
Total Enterprise Fund/U.S. Department of Agriculture, Pass-Through Programs					-	-	-	-	-	963,394	(1,025,526)	-	(62,132)	-	-
Total Expenditures of Federal Awards					\$ (19,429)	\$ 34,012	\$ -	\$ (2)	\$ -	\$ 982,823	\$ (2,207,761)	\$ -	\$ (1,244,367)	\$ 34,010	\$ -

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

KIPP: COOPER NORCROSS, INC.

Schedule of Expenditures of State Awards

Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2018	Deferred Revenue at June 30, 2018	Due to Grantor at June 30, 2018
State Department of Education														
General Fund:														
Equalization Aid - Local	18-495-034-5120-078	7/1/17-6/30/18	\$ 19,918,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,782,910	\$ (19,918,599)	-	\$ (135,689)	\$ -	\$ -
Equalization Aid - State	18-495-034-5120-078	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	-	-	-
TPAF/FICA Reimbursements	18-495-034-5094-003	7/1/17-6/30/18	-	-	-	-	-	-	-	-	-	-	-	-
TPAF/FICA Reimbursements	17-495-034-5094-003	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-	-	-	-
Total General Fund/State Department of Education				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,782,910</u>	<u>(19,918,599)</u>	<u>-</u>	<u>(135,689)</u>	<u>-</u>	<u>-</u>
State Department of Agriculture														
Enterprise Fund:														
State school lunch program	18-100-010-3350-023	7/1/17-6/30/18	9,574	-	-	-	-	-	9,001	(9,574)	-	(573)	-	-
Total Enterprise Fund/State Department of Agriculture				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,001</u>	<u>(9,574)</u>	<u>-</u>	<u>(573)</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,791,911</u>	<u>\$ (19,928,173)</u>	<u>\$ -</u>	<u>\$ (136,262)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

KIPP: COOPER NORCROSS, INC.
(County of Camden)

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2018

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Renaissance School. All federal and state awards 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 of expenditures of federal awards and state financial assistance 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 bases 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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, INC.**(County of Camden)****Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2018****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	\$ -	\$ 19,918,599	\$ 19,918,599
Special Revenue Fund	1,182,235	-	1,182,235
Enterprise Fund	1,025,526	9,574	1,035,100
Total	<u>\$ 2,207,761</u>	<u>\$ 19,928,173</u>	<u>\$ 22,135,934</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. De Minimis Indirect Cost

The Renaissance School has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards:

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010170030	Title I, Part A
10.555	171NJ304N1099	National School Lunch Program (CNP Cluster)
10.553	171NJ304N1099	School Breakfast Program (CNP Cluster)
10.555	171NJ304N1099	After School Snack Program (CNP Cluster)
10.582	171NJ304L1603	Fresh Fruits & Vegetables Program

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part I Summary of Auditors' Results

Federal Awards – continued:

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualifies as low-risk auditee? Yes No

State Financial Assistance:

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualifies as low-risk auditee? yes No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(cies) identified that are not Considered to be material weaknesses? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circulars 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
18-495-034-5120-078	Equalization Aid

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part II – Schedule of Financial Statement Findings

NONE

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part III – Federal Awards Findings and Questioned Cost

NONE

Part III – State Financial Assistance Findings and Questioned Cost

NONE

KIPP: COOPER NORCROSS, INC.
(County of Camden)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2018

There were no prior year's audit findings.

KIPP: COOPER NORCROSS, INC.

Schedule of Expenditures of Local Financial Assistance

Year ended June 30, 2018

Local Grantor/Program Title	Grant or Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2018	Deferred Revenue at June 30, 2018	Due to Grantor at June 30, 2018
Promise Neighborhood	Not Available	7/1/17-6/30/18	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (308,497)	\$ -	\$ (308,497)	\$ -	\$ -
Rohr Foundation	Not Available	7/1/17-6/30/18	100,000	-	-	-	-	-	-	(10,000)	-	(10,000)	-	-
KIPP New Jersey	Not Available	7/1/17-6/30/18	502,762	-	-	-	-	-	-	(502,762)	-	(502,762)	-	-
Rock/Rembe Foundation	Not Available	7/1/16-6/30/17	83,000	(75,000)	-	-	-	-	-	-	-	(75,000)	-	-
KIPP New Jersey	Not Available	7/1/16-6/30/17	414,303	(414,303)	-	-	34,066	-	-	-	-	(380,237)	-	-
Total Expenditures of Local Financial Assistance				<u>\$ (489,303)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (821,259)</u>	<u>\$ -</u>	<u>\$ (1,276,496)</u>	<u>\$ -</u>	<u>\$ -</u>