

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE**

**KIPP: COOPER NORCROSS, INC.  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**KIPP: COOPER NORCROSS, INC.**

Table of Contents  
June 30, 2019

---

	<u>Pages</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	1 - 4
Organizational Chart .....	N/A
Roster of Officials .....	5
Consultants and Advisors .....	6
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	7 - 7B
<b>Required Supplementary Information – Part I</b>	
Management’s Discussion and Analysis .....	8 - 13
<b>Basic Financial Statements:</b>	
<b>A. School-wide Financial Statements</b>	
A-1 1 Statement of Net Position .....	14
A-2 2 Statement of Activities .....	15
<b>B. Fund Financial Statements</b>	
<b>Governmental Funds:</b>	
B-1 1 Balance Sheet .....	16
B-2 2 Statement of Revenues, Expenditures and Changes in Fund Balances .....	17
B-3 3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
<b>Proprietary Funds:</b>	
B-4 4 Statement of Net Position .....	19
B-5 5 Statement of Revenues, Expenses and Changes in Fund Net Position .....	20
B-6 6 Statement of Cash Flows .....	21
<b>Fiduciary Funds:</b>	
B-7 7 Statement of Fiduciary Net Position .....	22
B-8 8 Statement of Changes in Fiduciary Net Position .....	23
<b>Notes to the Basic Financial Statements</b> .....	24 - 41
<b>Required Supplemental Information - Part II</b>	
<b>C. Budgetary Comparison Schedules:</b>	
C-1 Budgetary Comparison Schedule General Fund .....	42 - 43
C-2 Budgetary Comparison Schedule Special Revenue Fund .....	44
<b>Notes to Required Supplementary Information:</b>	
C-3 Budget to GAAP Reconciliation .....	45

**KIPP: COOPER NORCROSS, INC.**

Table of Contents  
June 30, 2019

---

<b>Required Supplementary Information - Part III</b>		<b><u>Pages</u></b>
<b>L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):</b>		
L-1	1 Schedule of the Renaissance School's Proportionate Share of the Net Pension Liability - PERS .....	46
L-2	2 Schedule of Renaissance School Contributions - PERS .....	47
L-3	3 Schedule of the Renaissance School Proportionate Share of the Net Pension Liability - TPAF .....	48
L-4	Notes to Required Supplementary Information Pension Schedules .....	49
<b>M. Schedules Related to Accounting and Reporting for OPEB (GASB 75):</b>		
M-1	1 Schedule of Changes in the Renaissance School's Total OPEB Liability and Related Ratios - PERS and TPAF .....	50
<b>E. Special Revenue Fund:</b>		
E-1	Schedule of Program Revenue and Expenditures, Special Revenue Fund - Budgetary Basis .....	51
<b>F. Capital Projects Fund:</b>		
F-1	Summary Schedule of Project Expenditures .....	52
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis .....	53
F-2a	Schedules of Project Revenues, Expenditures and Project Status - Budgetary Basis .....	54
F-2b	Schedules of Project Revenues, Expenditures and Project Status - Budgetary Basis .....	55
F-2c	Schedules of Project Revenues, Expenditures and Project Status - Budgetary Basis .....	56
<b>G. Proprietary Funds:</b>		
<b>Enterprise Fund:</b>		
G-1	Statement of Net Position .....	57
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position .....	58
G-3	Statement of Cash Flows .....	59
<b>Fiduciary Funds:</b>		
H-1	Statement of Fiduciary Net Position .....	60
H-2	Statement of Changes in Fiduciary Net Position .....	61
H-3	Parent Council Fund Schedule of Receipts and Disbursements .....	62
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements .....	63
H-5	Unemployment Compensation Insurance Trust Fund Schedule of Receipts and Disbursements .....	64
<b>I. Long-Term Debt:</b>		
I-1	Schedule of Serial Bonds Payable .....	65
I-2	Schedule of Loans Payable .....	66
I-3	Debt Service Fund Budgetary Comparison Schedule .....	67
I-4	Schedule of School Facilities Loans Payable .....	68

**KIPP: COOPER NORCROSS, INC.**

Table of Contents  
June 30, 2019

---

<b>Statistical Section (Unaudited):</b>	<b><u>Pages</u></b>
<b>J. Financial Trends:</b>	
J-1 Net Position by Component .....	69
J-2 Changes in Net Position .....	70 - 71
J-2a Statement of Net Position – All Activities .....	72
J-2b Statement of Revenue, Expenditures and Changes in Fund Balances .....	73
J-2c Statement of Cash Flows .....	74
J-3 Fund Balances – Governmental Funds .....	75
J-4 Changes in Fund Balances – Governmental Funds .....	76
J-5 General Fund Other Local Revenue by Source .....	77
<b>J. Revenue Capacity:</b>	
J-6 Assessed Value and Actual Value of Taxable Property .....	78
J-7 Direct and Overlapping Properties .....	79
J-8 Principal Property Taxpayers .....	80
J-9 Property Tax Levies and Collections .....	81
<b>J. Debt Capacity:</b>	
J-10 Ratios of Outstanding Debt by Type .....	82
J-11 Ratios of Net General Bonded Debt Outstanding .....	83
J-12 Direct and Overlapping Governmental Activities Debt .....	84
J-13 Legal Debt Margin Information .....	85
<b>J. Demographic and Economic Information:</b>	
J-14 Demographic and Economic Statistics .....	86
J-15 Principal Employers .....	87
<b>J. Operating Information:</b>	
J-16 Full Time Equivalent Renaissance School Employees by Function/Program .....	88
J-17 Operating Statistics .....	89
J-18 School Building Information .....	90
J-19 Schedule of Required Maintenance Expenditures by School Facility .....	91
J-20 Insurance Schedule .....	92
<b>J. Renaissance School Performance Framework Financial Indicators:</b>	
J-21 Sustainability Indicators .....	93
J-22 Near Term Indicators .....	94

**KIPP: COOPER NORCROSS, INC.**

Table of Contents  
June 30, 2019

---

<b>SINGLE AUDIT SECTION K</b>		<u><b>Pages</b></u>
K-1	1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	95 - 96
K-2	2 Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular Letter 15-08 .....	97 - 98
K-3	3 Schedule of Expenditures of Federal Awards, Schedule A .....	99
K-4	4 Schedule of Expenditures of State Financial Assistance, Schedule B .....	100
K-5	5 Notes to the Schedule of Awards and Financial Assistance .....	101 - 102
K-6	6 Schedule of Findings and Questioned Costs .....	103 - 106
K-7	7 Summary Schedule of Prior Audit Findings .....	107

N/A = Not Applicable

November 20, 2019

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

Dear Commissioner:

The Comprehensive Annual Financial Report of the KIPP: Cooper Norcross, Inc. (the Renaissance School or KCN) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Renaissance School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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 and the Renaissance list of principal officials, consultants and advisors. The financial section includes the independent auditor's report, MD&A and the basic financial statements including the Renaissance School-wide financial statements presented in conformity with GASB 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.

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:** KCN is an independent reporting entity within the criteria adopted by 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) **Major Accomplishments:** 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) **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 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.

- 4) **Internal Accounting Controls** (Continued): 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.
- 5) **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 2018-2019 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.

- 6) **Accounting System and Reports**: The Renaissance School’s accounting records reflect GAAP, as promulgated by 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 all school districts and Renaissance schools. 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 2.
- 7) **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, 2019:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Revenue	\$ 24,003,317	87%
Sublease income	240,000	1
State Aid	45,036	-
Federal Aid - General Fund	4,092	-
Private Grants - General Fund	62,152	-
Federal Aid - Special Revenue	2,456,986	9
Private Grants - Special Revenue	<u>925,081</u>	<u>3</u>
	<u>\$ 27,736,664</u>	<u>100%</u>

The following schedule presents a summary of the General Fund and special revenue expenditures for the fiscal year ended June 30, 2019:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current - General Fund	\$ 21,234,518	80%
Special Revenue Fund	3,382,067	13
Capital Outlay	<u>522,218</u>	<u>2</u>
Total	<u>\$ 25,138,803</u>	<u>100%</u>



- 8) **Cash Management:** The investment policy of the Renaissance School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”. 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.
- 9) **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.

10) **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 Alexander, Aronson, Finning & Co., P.C.

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 Uniform Guidance and New Jersey OMB Circular Letter 15-08 “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”.

The 2018-2019 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.

- 11) **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,



Steve Small  
School Business Administrator

**ROSTER OF TRUSTEES AND OFFICERS  
JUNE 30, 2019**

<b><u>Members of Board of Trustees</u></b>	<b><u>Term Expires</u></b>
Tim Carden, President, Voting	3/2020
Bill Diggs, Chair, Voting	4/2020
Rahul Goyal, Treasurer, Voting	4/2022
Susan Bass Levin, Trustee, Voting	2/2020
William Smith, Trustee, Voting	2/2020
Christine Choi, Trustee, Voting	4/2022
Kathleen Nugent Hughes, Trustee, Voting	4/2022
Jordan Metzger, Trustee, Voting	3/2020
Marcus Worlds, Trustee, Voting	2/2020
Sheila Roberts, Trustee, Voting	2/2020

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Alexander, Aronson, Finning & Co., P.C.  
50 Washington Street  
Westborough, MA 01581

**ATTORNEYS**

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**



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Westborough, MA 01581  
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## Independent Auditor's Report

To the Board of Trustees of  
KIPP: Cooper Norcross, Inc.:

### **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. (the Renaissance School), County of Camden, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on 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 opinion.

### ***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, each major fund, and the aggregate remaining fund information of the Renaissance School as of June 30, 2019, 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 15 of the financial statements, the June 30, 2018 financial statements have been restated to reflect adjustments to net position and fund balances. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information* (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 an opinion on the financial statements as a whole. The accompanying combining and individual fund financial statements and Schedule of Expenditures of Federal Awards for the year ended June 30, 2019, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the provisions New Jersey Department of the Treasury OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The statistical section (pages 69 through 94) has 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 it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, 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.



Boston, Massachusetts  
November 20, 2019

Matthew T. McGinnis, C.P.A.  
Public School Accountant  
PSA #20CC04260100

**REQUIRED SUPPLEMENTARY INFORMATION – PART I  
MANAGEMENT’S DISCUSSION AND ANALYSIS**



## **KIPP: COOPER NORCROSS, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

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### **INTRODUCTION**

This section of the KIPP: Cooper Norcross, Inc.'s (the Renaissance School) 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, 2019. 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 Standards 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 the 2018-2019 fiscal year include the following:

- Net Position of governmental activities ended the fiscal year with \$(6,115,358). Net position of business-type activities, which represent food service operations, ended the fiscal year with \$206,979.
- General revenues accounted for \$29,760,254 in revenue or 88 percent of total revenues of \$33,754,642. Program specific revenues, in the form of charges for services, grants, and contributions, accounted for \$3,994,388 or 12 percent of total revenues.
- The Renaissance School had \$33,573,652 in expenses related to governmental activities; \$3,382,067 of these expenses is offset by operating grants and contributions. General governmental revenues (primarily State aid) of \$28,453,947 helped to provide for the balance of these programs.
- The General Fund reported a fund balance at June 30, 2019, of \$6,242,326, and a surplus of \$2,597,861 before other financing sources (uses).

### **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 Renaissance School 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 Renaissance School the 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.

## **KIPP: COOPER NORCROSS, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

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### **USING THE BASIC FINANCIAL STATEMENTS (Continued)**

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 Statement 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 2019?" 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.

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 activities* - 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.

**KIPP: COOPER NORCROSS, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

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**REPORTING THE RENAISSANCE SCHOOL'S MOST SIGNIFICANT FUNDS****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.

**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 \$5,908,379 at the close of fiscal year 2019. The following table provides a summary of net position relating to the Renaissance School's governmental and business type activities:

	<u>2019</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current assets	\$ 28,413,113	\$ 561,619	\$ 28,974,732
Right-to-use assets - land lease, net	7,090,358		7,090,358
Capital assets, net	<u>72,049,072</u>	-	<u>72,049,072</u>
Total assets	<u>\$ 107,552,543</u>	<u>\$ 561,619</u>	<u>\$ 108,114,162</u>
<b>Liabilities:</b>			
Current liabilities	\$ 7,134,771	\$ 354,640	\$ 7,489,411
Long-term liabilities	106,426,422	-	106,426,422
Deferred revenue	<u>106,708</u>	-	<u>106,708</u>
Total liabilities	<u>\$ 113,667,901</u>	<u>\$ 354,640</u>	<u>\$ 114,022,541</u>
<b>Net position:</b>			
Invested in capital assets, net of related debt	\$ (6,661,949)	\$ -	\$ (6,661,949)
Unrestricted	<u>546,591</u>	<u>206,979</u>	<u>753,570</u>
Total net position	<u>\$ (6,115,358)</u>	<u>\$ 206,979</u>	<u>\$ (5,908,379)</u>

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

**KIPP: COOPER NORCROSS, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

**THE RENAISSANCE SCHOOL AS A WHOLE (Continued)**

The total net position of the Renaissance School decreased by \$(1,161,767) during the current fiscal year ended June 30, 2019. The majority of the decrease is attributable to a deficit of \$(1,314,666) in the Governmental Activities. The Renaissance School did have business-type activities during the year ended June 30, 2019.

The table that follows reflects the change in net position before other financing sources and reconciliations for fiscal Year 2019:

	<b>2019</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charge for services	\$ -	\$ 112,321	\$ 112,321
Operating grants and contributions	3,382,067	-	3,382,067
Capital grants	500,000	-	500,000
Total program revenues	<u>3,882,067</u>	<u>112,321</u>	<u>3,994,388</u>
General revenues:			
Local aid	24,003,317	-	24,003,317
Federal and state aid	3,777,854	1,306,307	5,084,161
Miscellaneous	672,776	-	672,776
Total general revenues	<u>28,453,947</u>	<u>1,306,307</u>	<u>29,760,254</u>
Total revenues	<u>32,336,014</u>	<u>1,418,628</u>	<u>33,754,642</u>
Expenses:			
Instructions	9,799,007	-	9,799,007
Administrative and support services	15,021,137	-	15,021,137
Capital outlay	2,539,843	-	2,539,843
Debt service - interest	6,213,665	-	6,213,665
Food service	-	1,265,729	1,265,729
Total expenses	<u>33,573,652</u>	<u>1,265,729</u>	<u>34,839,381</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,237,638)</u>	<u>\$ 152,899</u>	<u>\$ (1,084,739)</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, 2019.

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 9,799,007	\$ 8,422,895
Administrative and support services	15,021,137	13,015,182
Debt service	6,213,665	6,213,665
Capital outlay	<u>2,539,843</u>	<u>2,539,843</u>
Total expenses	<u>\$ 33,573,652</u>	<u>\$ 30,191,585</u>

## **KIPP: COOPER NORCROSS, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

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### **BUSINESS-TYPE ACTIVITY**

The business-type activity of the Renaissance School consists of the food service operation. This program had revenues of \$1,418,628 and operating expenses of \$1,265,729 for fiscal year 2019. The Renaissance School intended to have food services be self-operating without assistance from the General Fund. During the year ended June 30, 2019, the food service operation earned an operating surplus of \$152,899.

### **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 \$32,336,014 and expenditures of \$33,573,652. The negative change in fund balance for the year was \$(1,237,638). Before other financing sources of \$500,000, the negative change in fund balance was part of the net decrease in the accumulated fund balance of \$21,171,634, which decreased by \$(1,028,011).

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 2019, 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 \$24,336,538, which included a local tax levy of \$24,019,123. Expenditures and other financing uses were budgeted at \$22,974,078. The Renaissance School anticipated budgeted fund balance increase of \$1,862,460 in its 2018-2019 budget year, including issuance of notes payable of \$500,000.

### **CAPITAL ASSETS**

At the end of fiscal year 2019, the Renaissance School had \$72,049,072 invested in capital assets in its governmental activities.

The Renaissance School's 2019-2020 budget anticipate additional spending on capital projects in line with its expansion plans.

### **LONG-TERM DEBT**

At June 30, 2019, the Renaissance School had \$106,426,422 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 2019-2020. 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.

**KIPP: COOPER NORCROSS, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

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**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**

The basic financial statements provide a financial overview of KIPP: Cooper Norcross, Inc.'s operations. These financial statements present the financial position and operating results of all funds as of June 30, 2019.

## **SCHOOL-WIDE FINANCIAL STATEMENTS**



**KIPP: Cooper Norcross, Inc.**  
**Statement of Net Position**  
**As of June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,359,350	\$ 342,795	\$ 6,702,145
Restricted cash and cash equivalents	20,275,773	-	20,275,773
Accounts receivable	1,269,440	218,824	1,488,264
Due from related party	263,211	-	263,211
Prepaid expenses	245,339	-	245,339
Right-to-use assets - land leases, net	7,090,358	-	7,090,358
Capital assets, net	<u>72,049,072</u>	<u>-</u>	<u>72,049,072</u>
Total assets	<u>\$ 107,552,543</u>	<u>\$ 561,619</u>	<u>\$ 108,114,162</u>
<b>LIABILITIES</b>			
Intergovernmental payables - state	\$ 136,505	\$ -	\$ 136,505
Accounts payable	668,972	354,640	1,023,612
Accrued expenses	33,094	-	33,094
Due to related party	1,557,842	-	1,557,842
Accrued interest	4,738,358	-	4,738,358
Bonds and notes payable, net of discount	106,426,422	-	106,426,422
Deferred revenue	<u>106,708</u>	<u>-</u>	<u>106,708</u>
Total liabilities	<u>113,667,901</u>	<u>354,640</u>	<u>114,022,541</u>
<b>NET POSITION</b>			
Net invested in capital assets, net of related debt	(6,661,949)	-	(6,661,949)
Unrestricted	<u>546,591</u>	<u>206,979</u>	<u>753,570</u>
Total net position	<u>(6,115,358)</u>	<u>206,979</u>	<u>(5,908,379)</u>
Total net position and liabilities	<u>\$ 107,552,543</u>	<u>\$ 561,619</u>	<u>\$ 108,114,162</u>
Fund Balance, June 30, 2019 - B-1	\$ 21,171,634		
Right-to-use assets, net of accumulated amortization	7,090,358		
Cost of capital assets, net of accumulated depreciation	72,049,072		
Principal balance of bonds and notes payable, net of discount	<u>(106,426,422)</u>		
Total net position, June 30, 2019	<u>\$ (6,115,358)</u>		

**KIPP: Cooper Norcross, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net Expense (Revenue) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 9,799,007	\$ -	\$ 1,376,112	\$ -	\$ 8,422,895	\$ -	\$ 8,422,895
Support services:							
General administration	8,860,567	-	-	-	8,860,567	-	8,860,567
Support services	6,160,570	-	2,005,955	-	4,154,615	-	4,154,615
Capital grants	-	-	-	500,000	(500,000)	-	(500,000)
Capital outlay	2,539,843	-	-	-	2,539,843	-	2,539,843
Debt services:							
Interest	6,213,665	-	-	-	6,213,665	-	6,213,665
Total governmental activities	<u>33,573,652</u>	<u>-</u>	<u>3,382,067</u>	<u>500,000</u>	<u>29,691,585</u>	<u>-</u>	<u>29,691,585</u>
<b>Business-type Activities:</b>							
Food Service	<u>1,265,729</u>	<u>112,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,153,408</u>	<u>1,153,408</u>
Total business-type activities	<u>1,265,729</u>	<u>112,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,153,408</u>	<u>1,153,408</u>
Total primary government	<u>\$ 34,839,381</u>	<u>\$ 112,321</u>	<u>\$ 3,382,067</u>	<u>\$ 500,000</u>	<u>\$ 29,691,585</u>	<u>\$ 1,153,408</u>	<u>\$ 30,844,993</u>
General revenues:							
Local sources					\$ 24,003,317	\$ -	\$ 24,003,317
State aid					45,036	12,185	57,221
Federal aid					3,732,818	1,294,122	5,026,940
Interest income					370,624	-	370,624
Other income					302,152	-	302,152
Total general revenues					<u>28,453,947</u>	<u>1,306,307</u>	<u>29,760,254</u>
Excess (deficiency) of revenues over expenditures					(1,237,638)	152,899	(1,084,739)
Issuance of notes payable					500,000	-	500,000
Principal payment on notes payable					<u>(290,373)</u>	<u>-</u>	<u>(290,373)</u>
Net increase (decrease) in fund balance					(1,028,011)	152,899	(875,112)
Increase in net capital outlay					704,146	-	704,146
Amortization expense					<u>(781,174)</u>	<u>-</u>	<u>(781,174)</u>
Net change in notes payable					<u>(209,627)</u>	<u>-</u>	<u>(209,627)</u>
Changes in net position					(1,314,666)	152,899	(1,161,767)
<b>Net Position - beginning July 1, 2018, as restated</b>					<u>(4,800,692)</u>	<u>54,080</u>	<u>(4,746,612)</u>
<b>Net Position - ending June 30, 2019</b>					<u>\$ (6,115,358)</u>	<u>\$ 206,979</u>	<u>\$ (5,908,379)</u>

The accompanying notes are an integral part of these statements.

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

**KIPP: Cooper Norcross, Inc.**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,823,046	\$ -	\$ 107,110	\$ 3,429,194	\$ 6,359,350
Restricted cash and cash equivalents	1,945,735	-	17,093,582	1,236,456	20,275,773
Due to (from) funds	3,253,765	(1,015,475)	(2,238,290)	-	-
Receivables:					
State	22,518	-	-	-	22,518
Federal	-	729,771	-	-	729,771
Other	255,903	261,248	-	-	517,151
Due from related party	43,173	220,038	-	-	263,211
Prepaid expense	245,339	-	-	-	245,339
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,589,479</u>	<u>\$ 195,582</u>	<u>\$ 14,962,402</u>	<u>\$ 4,665,650</u>	<u>\$ 28,413,113</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Intergovernmental payables - state	\$ 136,505	\$ -	\$ -	\$ -	\$ 136,505
Accounts payable	580,098	88,874	-	-	668,972
Accrued expenses	-	-	33,094	-	33,094
Due to related party	1,557,842	-	-	-	1,557,842
Deferred revenue	-	106,708	-	-	106,708
Accrued interest	72,708	-	-	4,665,650	4,738,358
Total liabilities	<u>2,347,153</u>	<u>195,582</u>	<u>33,094</u>	<u>4,665,650</u>	<u>7,241,479</u>
Fund balances:					
Unassigned	5,996,987	-	-	-	5,996,987
Nonspendable	245,339	-	-	-	245,339
Restricted	-	-	14,929,308	-	14,929,308
Total fund balances	<u>6,242,326</u>	<u>-</u>	<u>14,929,308</u>	<u>-</u>	<u>21,171,634</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 8,589,479</u>	<u>\$ 195,582</u>	<u>\$ 14,962,402</u>	<u>\$ 4,665,650</u>	<u>\$ 28,413,113</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$76,903,670 and the accumulated depreciation is \$4,854,598 (see Note 4).	\$ 72,049,072
Right-to-use assets - land lease used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,500,000 and the accumulated amortization is \$409,642 (see Note 5).	7,090,358
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements (see Note 12).	<u>(106,426,422)</u>
Net assets of governmental activities	<u>\$ (6,115,358)</u>

**KIPP: Cooper Norcross, Inc.**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Local sources:					
Local share	\$ 24,003,317	\$ -	\$ -	\$ -	\$ 24,003,317
Sublease income	240,000	-	-	-	240,000
Philanthropic support	-	925,081	-	-	925,081
Capital grants	-	-	500,000	-	500,000
Interest income	-	-	-	370,624	370,624
Miscellaneous	62,152	-	-	-	62,152
Total - local sources	24,305,469	925,081	500,000	370,624	26,101,174
Federal sources	4,092	2,456,986	-	3,728,726	6,189,804
State sources	45,036	-	-	-	45,036
Total revenues	24,354,597	3,382,067	500,000	4,099,350	32,336,014
<b>EXPENDITURES:</b>					
Current:					
Instruction	8,422,895	1,376,112	-	-	9,799,007
Administrative	8,657,008	-	203,559	-	8,860,567
Support services	4,154,615	2,005,955	-	-	6,160,570
Capital outlay	522,218	-	2,017,625	-	2,539,843
Debt service:					
Interest	-	-	-	6,213,665	6,213,665
Total expenditures	21,756,736	3,382,067	2,221,184	6,213,665	33,573,652
Excess (deficiency) of revenues over expenditures	2,597,861	-	(1,721,184)	(2,114,315)	(1,237,638)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers	(1,174,305)	-	(1,230,383)	2,404,688	-
Issuance of notes payable	500,000	-	-	-	500,000
Principal payment on notes payable	-	-	-	(290,373)	(290,373)
Total other financing sources and uses	(674,305)	-	(1,230,383)	2,114,315	209,627
Net change in fund balances	1,923,556	-	(2,951,567)	-	(1,028,011)
<b>Fund Balance - July 1, 2018, as restated</b>	4,318,770	-	17,880,875	-	22,199,645
<b>Fund Balance - June 30, 2019</b>	<u>\$ 6,242,326</u>	<u>\$ -</u>	<u>\$ 14,929,308</u>	<u>\$ -</u>	<u>\$ 21,171,634</u>

**KIPP: Cooper Norcross, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>\$ (1,028,011)</b>
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense	\$ (1,835,697)
	Capital outlays	<u>2,539,843</u> 704,146
Amortization increases bonds payable but the expense is not included in the fund balance.		(673,801)
Amortization decreases right-to-use assets but the expense is not included in the fund balance.		(107,373)
Principal payments of note payable decrease liabilities in the statement of net position, but are in the governmental funds as other financing uses.		290,373
Issuance of note payable increase liabilities in the statement of net position, but are included in the governmental funds as other financing sources.		<u>(500,000)</u>
<b>Changes in net position of governmental activities</b>		<b><u><u>\$ (1,314,666)</u></u></b>

## **PROPRIETARY FUNDS**



**KIPP: Cooper Norcross, Inc.**  
**Statement of Net Position**  
**Proprietary Funds**  
**As of June 30, 2019**

	<u>Business-type Activities - Enterprise Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 342,795
Accounts receivable - Federal Aid	198,727
Accounts receivable - Other	18,672
Accounts receivable - State Aid	<u>1,425</u>
Total assets	<u><u>\$ 561,619</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>\$ 354,640</u>
<b>NET POSITION</b>	
Unrestricted	<u>206,979</u>
Total net position	<u>206,979</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 561,619</u></u>

**KIPP: Cooper Norcross, Inc.**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<u>Business-type Activities - Enterprise Funds</u>
<b>Operating Revenues:</b>	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 112,321
Total operating revenues	<u>112,321</u>
<b>Operating Expenses:</b>	
Cost of sales - reimbursable programs	1,249,604
Cost of sales - nonreimbursable programs	<u>16,125</u>
Total operating expenses	<u>1,265,729</u>
Operating loss	<u>(1,153,408)</u>
<b>Non-operating Revenues:</b>	
State sources:	
State school lunch program	12,185
Federal sources:	
National school lunch program	394,070
National school breakfast program	879,826
Fresh fruits and vegetables program	<u>20,226</u>
Total non-operating revenues	<u>1,306,307</u>
Changes in net position	152,899
<b>Total Net Position - beginning</b>	<u>54,080</u>
<b>Total Net Position - ending</b>	<u><u>\$ 206,979</u></u>

**KIPP: Cooper Norcross, Inc.**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from customers	\$ 151,133
Payments to suppliers	<u>(977,198)</u>
Net cash used for operating activities	<u>(826,065)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
State and Federal sources	<u>1,168,860</u>
Net cash provided by noncapital financing activities	<u>1,168,860</u>
Net increase in cash and cash equivalents	342,795
<b>Cash and Cash Equivalents Balance - beginning of year</b>	<u>-</u>
<b>Cash and Cash Equivalents Balance - end of year</b>	<u><u>\$ 342,795</u></u>
<b>Reconciliation of Operating Loss to Net Cash used for Operating Activities:</b>	
Operating loss	\$ (1,153,408)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Changes in operating assets and liabilities:	
Decrease in other receivables	38,812
Increase in accounts payable	<u>288,531</u>
Net cash used for operating activities	<u><u>\$ (826,065)</u></u>

## **FIDUCIARY FUNDS**

**KIPP: Cooper Norcross, Inc.**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of June 30, 2019**

	<u>Flex Spending Account</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 36,404	\$ 129,347	\$ 165,751
<b>LIABILITIES</b>			
Due to related party	\$ -	\$ 15,199	\$ 15,199
Payroll deductions and withholdings	36,404	114,148	150,552
Total liabilities	36,404	129,347	165,751
<b>NET POSITION</b>			
	-	-	-
Total liabilities and net position	<u>\$ 36,404</u>	<u>\$ 129,347</u>	<u>\$ 165,751</u>

**KIPP: Cooper Norcross, Inc.**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

	<u>Unemployment Compensation</u>
<b>Additions:</b>	
Contributions:	
General fund appropriation	\$ -
Total contributions	-
<b>Deductions:</b>	
Payments to NJ Unemployment Compensation Fund	-
Total deductions	-
Change in net position	-
<b>Net Position - beginning of the year</b>	-
<b>Net Position - end of the year</b>	\$ -

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**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 statutes, the Renaissance School's duties and powers include, but are 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 Governmental Accounting Standards Board (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 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 Renaissance School's Board 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 Renaissance School 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounting Principal Adoption**

During fiscal year 2019, the Renaissance School early adopted GASB Statement No. 89: *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Renaissance School expended \$330,102 in interest costs related to construction projects during fiscal year 2019.

**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 fiscal 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.

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 School's financial reporting in the State of New Jersey.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 School's major governmental funds:

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

As required by the NJ DOE, 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 are 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).

*Debt Service Fund* – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting (Continued)**

***Proprietary Funds***

The focus of Proprietary Funds' measurement is upon determination of changes in net position, net position and cash flows. The generally accepted accounting principles applicable are those similar to businesses 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 of food service to the students on a continuing basis be financed or recovered primarily through user charges; or where the Renaissance School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statements of net position. 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 position.

***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 involve measurement of results of operations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. The operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e., expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

***Basis of Accounting***

In the government-wide statement of net position and statement 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), regardless of the timing of related cash flows.

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.

**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 on the following page.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets/Budgetary Control (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.

**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.

New Jersey Renaissance Schools are limited as to the types of the investments and types of financial institutions 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 funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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 GUDPA 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Renaissance School has no deferred outflow of resources as of June 30, 2019.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Renaissance School has no deferred inflows of resources as of June 30, 2019.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position/Fund Balance**

School-Wide Statements

In the school-wide statements, there are three classes of net position:

- Net Invested in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - any portion of net position not already classified as either net invested in capital assets or net position - restricted is classified as net position – unrestricted, which includes deferred inflows and outflows.

**Fund Balance and Equity**

The Renaissance School follows GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”), in establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds’ financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

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

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Right-To-Use Assets - Land Leases**

Right-to-use assets - land leases consist of ground subleases entered into by the Renaissance School (see Note 5) to construct its school facilities on (see Note 4). The Renaissance School prepaid in full for the right-to-use assets upfront at the inception of the lease, and recognizes amortization expense using the straight-line method over the term of the respective leases.

**Capital Assets**

Capital assets, which include buildings and improvements, equipment, and furniture and fixtures 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. The following estimated useful lives are used to compute depreciation:

<u>Description of Capital Cost</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	40 years
Land improvements	15 years
Furniture and equipment	10 years

**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 liability for compensated absences as of June 30, 2019.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Deferred Revenue**

Deferred revenue represents funds which have been received but not yet earned. Deferred revenue as of June 30, 2019, is expected to be earned in fiscal year 2020.

**Use of 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.

**Income Taxes**

The Renaissance School accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Renaissance School has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2019. The Renaissance School's information returns are subject to examination by the Federal and state jurisdictions.

**Fair Value of Financial Instruments**

The Renaissance School follows the accounting and disclosure standards pertaining to GASB No. 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that the Renaissance School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Renaissance School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Renaissance School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value of Financial Instruments (Continued)**

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

**3. DEPOSITS AND INVESTMENTS**

**Deposits**

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, 2019, the Renaissance School's carrying amount of deposits and investments are as follows:

	<u>School-Wide Financial Statements</u>	<u>Agency Funds</u>	<u>Total</u>
Cash balance	\$ 6,702,145	\$ 165,751	\$ 6,867,896
Restricted cash	<u>20,275,773</u>	<u>-</u>	<u>20,275,773</u>
Total cash	<u>\$ 26,977,918</u>	<u>\$ 165,751</u>	<u>\$ 27,143,669</u>

**KIPP: COOPER NORCROSS, INC.**

Notes to the Basic Financial Statements  
June 30, 2019

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**3. DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

Operating cash accounts are held in the Renaissance School's name by one banking institution. At June 30, 2019, the Renaissance School's bank balance was \$27,436,954.

Of the bank balance, \$250,000 of the Renaissance School's cash deposits on June 30, 2019, were secured by Federal deposit insurance and \$27,186,954 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").

Reconciliation to the financial statements:

Total cash balance covered by collateral pool	\$ 27,186,954
Plus - Federally insured amount	250,000
Less - outstanding checks	(297,515)
Plus - petty cash held by the Renaissance School	<u>4,230</u>
	27,143,669
Less - Agency Funds	<u>(165,751)</u>
Total cash per school-wide financial statements	<u>\$ 26,977,918</u>

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

**Category 1**

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

**Category 2**

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

**Category 3**

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

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

**KIPP: COOPER NORCROSS, INC.**

Notes to the Basic Financial Statements  
June 30, 2019

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**3. DEPOSITS AND INVESTMENTS (Continued)****Investments**

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

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

As of June 30, 2019, 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 fiscal year ended June 30, 2019:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2018 (as restated)</u>	<u>Additions</u>	<u>(Transfers)</u>	<u>Ending Balance June 30, 2019</u>
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 23,788,114</u>	<u>\$ 1,411,173</u>	<u>\$ (24,143,165)</u>	<u>\$ 1,056,122</u>
Capital assets, being depreciated:				
Building and improvements	50,419,466	24,665,383	-	75,084,849
Land improvements	-	606,452	-	605,452
Equipment	<u>156,246</u>	<u>-</u>	<u>-</u>	<u>156,246</u>
Total capital assets being depreciated	<u>50,575,712</u>	<u>25,271,835</u>	<u>-</u>	<u>75,847,547</u>
Less - accumulated depreciated:				
Building and improvements	3,018,647	1,819,822	-	4,838,469
Equipment	<u>253</u>	<u>15,875</u>	<u>-</u>	<u>16,128</u>
Total accumulated depreciation	<u>3,018,900</u>	<u>1,835,697</u>	<u>-</u>	<u>4,854,597</u>
Total capital assets, net	<u>\$ 71,344,926</u>	<u>\$ 24,847,311</u>	<u>\$ (24,143,165)</u>	<u>\$ 72,049,072</u>

Depreciation expense of \$1,835,697 was charged to an unallocated function.

## KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements  
June 30, 2019

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### 5. LEASE OBLIGATIONS

#### Ground Subleases

The Renaissance School enters into long-term land leasing arrangements where it pays for the fair value of the land at inception. The total land value for the Lanning Project (see Note 12) is \$4,000,000 and the sublease term is for 68 years and nine months. Sublease expense amounted to \$58,823 for the fiscal year ended June 30, 2019.

The total land value for the Whittier Project (see Note 12) is \$3,500,000 and the sublease term is for 66 years and one month. Sublease expense amounted to \$48,550 for the fiscal year ended June 30, 2019.

Amortization expense of ground subleases for the next five years will be approximately \$107,000 per year.

### 6. RELATED PARTY TRANSACTIONS AND MANAGEMENT AGREEMENT

The Renaissance School shares some common Board members and management with the following organization:

**KIPP New Jersey a NJ Nonprofit Corporation** (KIPP NJ), a nonprofit charter school management organization, provided management services in the amount of \$3,382,857 to the Renaissance School for the year ended June 30, 2019. The management agreement operates on a July 1 to June 30 cycle, which coincides with the Renaissance School's fiscal year. This agreement is renewable after an initial term with three months written notice of each party's intention to renew the agreement. In the absence of such written notice, the agreements noted above will expire at the end of their initial term. Under the agreement, the service fees are paid monthly and are equal to 12% of core state and local funds received by the Renaissance School. In addition to the management fee, the Renaissance School is obligated to reimburse KIPP NJ for salary and related costs (the Ancillary Services) attributable to certain employees who were previously employed by the Renaissance School and that are considered to be performing direct school functions that represent those of an employee of the Renaissance School.

In addition, KIPP NJ provided services such as academic, financial, technology, and curriculum and operations support. In the opinion of management, the payments are less than the market. KIPP NJ also raises grants which are passed-through to the Renaissance School. The Renaissance School received a total of \$841,685 in grants awarded from KIPP NJ during the year ended June 30, 2019.

Due from related party of \$263,211 consists of grants receivable from KIPP NJ as of June 30, 2019. Due to related party of \$1,573,041 consists of operating costs and management fees payable to KIPP NJ as of June 30, 2019.

The Renaissance School enters into finance agreements with the following organization:

**Cooper Lanning Square Renaissance School Facilities, Inc.** (CLRSF) is a New Jersey nonprofit corporation organized to facilitate financing to fund the construction of real property located in Camden, New Jersey, in which the Renaissance School operates its schools. The Renaissance School has three notes payable due to CLRSF as of June 30, 2019 (see Note 12). CLRSF, as the developer of the properties, is entitled to a developer fee and overhead reimbursement for services provided during the development. Under the terms of the developer agreements, CLRSF was entitled collective developer fees, inclusive of all overhead, of \$8,200,000, (collectively, the developer fee). As of June 30, 2019, CLRSF earned and was paid the entire developer fee. The developer fees paid by the Renaissance School have been capitalized and are included in the balance of capital assets as of June 30, 2019 (see Note 4).

**7. PENSION PLANS**

**Application to State of New Jersey Pension Plans**

The Renaissance School submitted its application to the New Jersey Division of Pensions and Benefits to join the State of New Jersey pension system. The Renaissance School is awaiting approval of its application, which is typically a lengthy process for a new school. The Renaissance School is actively monitoring its status of its application with the New Jersey Department of Education and the Division of Pensions and Benefits. Upon receiving approval to join the pension system, the Renaissance School will begin enrolling employees in the pension system, process payroll deductions, and receive the State of New Jersey subsidy for employer FICA contributions on the wages of members of the Teachers' Pensions and Annuity Fund (TPAF).

**8. ECONOMIC DEPENDENCY**

The Renaissance School receives approximately 93% of its support from Federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Renaissance School's programs and activities.

**9. CONTINGENT LIABILITIES**

Certain amounts from Federal and state agencies are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the net position of the Renaissance School as of June 30, 2019, or on its changes in fund balances for the year then ended.

The Renaissance School, from time-to-time, is the defendant in lawsuits. It is management's belief that the Renaissance School will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying financial statements for any potential liability resulting from these lawsuits.

**10. RISK MANAGEMENT**

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

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

**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.**

Notes to the Basic Financial Statements  
June 30, 2019

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**11. RECEIVABLES**

Receivables as of June 30, 2019, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 278,421	\$ 991,019	\$ 218,824	\$ 1,488,264

There was no allowance for doubtful accounts deemed necessary as of June 30, 2019.

As of June 30, 2019, approximately 38% of the Renaissance School's school-wide receivables were due from the State of New Jersey. The Renaissance School received 99% of its total general revenues through contracts from New Jersey.

**12. BONDS AND NOTES PAYABLE**

**Bonds Payable**

The Renaissance School desired to construct or rehabilitate certain real property to be operated as Renaissance School facilities.

Pursuant to the IRC of 1986, as amended, 26 U.S.C. Sections 54A, 54F, and 54E, and Treasury Regulations promulgated thereunder, certain public school facilities were financed in part with the proceeds of issuance of obligations known as Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB).

New Jersey Economic Development Authority (NJEDA) issued Series 2014 QSCB, 2017 QSCB and 2017 QZAB (collectively, the Bonds), on behalf of the Renaissance School, at various purchase prices (see below and page 39). The par amount of the Bonds is due at various dates through December 2050 and bears interest at rates ranging from 1.63% to 4.55%. The discounts on the Bonds are accreted over the terms of the Bonds using effective interest rates ranging from 6.86% to 7.98%.

Bonds payable consist of the following at June 30, 2019:

4.37% bond payable to NJEDA (2014 QSCB) on the Lanning Project (see Note 5), which is a Renaissance School building located at 525 Clinton Street, Camden, New Jersey (NJ). Interest-only payments are due quarterly through July 2035 (maturity) when all unpaid principal and interest will be due in full. This note is secured by a shared first priority interest in the Lanning Project.	\$ 60,000,000
4.55% bond payable to NJEDA (2017 QSCB) on the Whittier Project (see Note 5), which is a Renaissance School building located at 740 Chestnut Street, Camden, NJ. Interest-only payments are due quarterly through February 2048 (maturity) when all unpaid principal and interest will be due in full. This note is secured by a shared first priority interest in the Whittier Project.	29,833,634

**KIPP: COOPER NORCROSS, INC.**Notes to the Basic Financial Statements  
June 30, 2019**12. BONDS AND NOTES PAYABLE (Continued)****Bonds Payable (Continued)**

1.63% bond payable to NJEDA (2017 QZAB) on the Sumner Project (see Note 5), which is a Renaissance School building located at 1600 S. 8th Street, Camden, NJ. Interest-only payments are due quarterly through December 2050 (maturity) when all unpaid principal and interest will be due in full. This note is secured by a shared first priority interest in the Sumner Project.	<u>15,508,000</u>
Total bonds payable	105,341,634
Less - unamortized bond discounts	<u>28,134,840</u>
Total bonds payable, net of discounts	<u>\$ 77,206,794</u>

The amortization of the bond discounts is calculated using the effective interest rate method over the term of the bonds as follows:

<u>Bond Issued</u>	<u>Par Value</u>	<u>Original Bond Discount</u>	<u>June 30, 2019</u>	
			<u>Accumulated Bond Discount Amortization</u>	<u>Net Discount</u>
2014 QSCB	\$ 60,000,000	\$ 21,000,000	\$ 1,487,109	\$ 19,512,891
2017 QSCB	29,833,634	8,833,634	211,685	8,621,949
2017 QZAB	<u>15,508,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 105,341,634</u>	<u>\$ 29,833,634</u>	<u>\$ 1,698,794</u>	<u>\$ 28,134,840</u>

Amortization of bond discounts was \$673,801 for the fiscal year ended June 30, 2019. Amortization expense over the next five years is expected to be as follows:

2020	\$ 728,088
2021	\$ 786,761
2022	\$ 850,173
2023	\$ 918,710
2024	\$ 992,785

In accordance with IRC Section 54A, the Renaissance School is entitled to an interest rebate from the U.S. Department of the Treasury to pay a portion of the quarterly stated interest of the 2014 and 2017 QSCB bonds. For the year ended June 30, 2019, the Renaissance School incurred total interest costs, excluding bond discount amortization, of \$4,232,151. During fiscal year 2019, the Renaissance School was awarded direct payment subsidy revenue of \$3,728,726, related to the bonds. The portion of interest not covered by the interest rebate (the Shortfall) was \$503,425 for the year ended June 30, 2019. The Renaissance School has incurred \$1,057,994 of accrued interest as of June 30, 2019, in conjunction with these bonds.

**KIPP: COOPER NORCROSS, INC.**Notes to the Basic Financial Statements  
June 30, 2019**12. BONDS AND NOTES PAYABLE (Continued)****Notes Payable**

Notes payable consist of the following at June 30, 2019:

7.00% note payable to CLRSF to finance the Lanning Project (see Notes 4 and 5). Interest only payments are due through maturity February 1, 2044 (maturity). This note is secured by a shared first priority interest in the Lanning Project. Accrued interest on this note is \$2,755,171 as of June 30, 2019.	\$ 17,000,000
7.00% note payable to CLRSF to finance the Whittier Project (see Notes 4 and 5). Interest only payments are due through maturity February 23, 2048 (maturity). This note is secured by a shared first priority interest in the Whittier Project. Accrued interest on this note is \$823,697 as of June 30, 2019.	7,469,628
7.50% note payable to CLRSF to finance the Sumner Project (see Note 4). Interest only payments are due through maturity December 28, 2050 (maturity). This note is secured by a shared first priority interest in the Sumner Project. Accrued interest on this note is \$28,788 as of June 30, 2019.	1,000,000
2.00% unsecured note payable to KIPP NJ. The note is set to mature on November 30, 2022 at which time principal and accrued interest are due. Accrued interest on this note is \$50,000 as of June 30, 2019.	2,500,000
1.00% unsecured note payable to KIPP NJ. Principal payment is due in an annual installment of \$250,000 through June 30, 2024 at which time principal and accrued interest are due. Accrued interest on this note is \$22,708 as of June 30, 2019.	<u>1,250,000</u>
Total notes payable	<u>\$ 29,219,628</u>

The Renaissance School must comply with various non-financial covenants under its bonds payable and note payable agreements. The Renaissance School was in compliance with these covenants at June 30, 2019.

Future minimum payments on bonds and notes payable are expected to be as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 250,000	\$ 6,020,085	\$ 6,270,085
2021	\$ 250,000	\$ 6,020,085	\$ 6,270,085
2022	\$ 250,000	\$ 6,020,085	\$ 6,270,085
2023	\$ 2,750,000	\$ 6,240,918	\$ 8,990,918
2024	\$ 250,000	\$ 6,080,293	\$ 6,330,293
2025 - 2029	\$ -	\$ 30,100,424	\$ 30,100,424
2030 - 2034	\$ -	\$ 30,100,424	\$ 30,100,424
2035 - 2039	\$ 60,000,000	\$ 19,830,924	\$ 79,830,924
2040 - 2044	\$ 17,000,000	\$ 16,494,590	\$ 33,494,590
2045 - 2049	\$ 37,833,634	\$ 8,533,351	\$ 46,366,985
2050 - 2054	\$ 16,508,000	\$ 491,671	\$ 16,999,671



**KIPP: COOPER NORCROSS, INC.**Notes to the Basic Financial Statements  
June 30, 2019**13. 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.

**14. 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, 2019	\$ 21,171,634
Right-to-use assets, net of accumulated depreciation	7,090,358
Cost of capital assets, net of accumulated depreciation	72,049,072
Principal balance of bonds and notes payable, net of discount	<u>(106,426,422)</u>
Net position (per A-1) as of June 30, 2019	<u>\$ (6,115,358)</u>

**15. FUND BALANCE AND NET POSITION RESTATEMENT****Fund Balance Restatement**

The Governmental funds was restated for the following:

	<u>Governmental Funds</u>
Fund balance, June 30, 2018, as originally stated	\$ 19,635,531
Issuance of notes payable	3,250,000
Decrease in prepaid expenses	(189,894)
Additional capital outlay expenses	<u>(495,992)</u>
Fund balance, June 30, 2018, as restated	<u>\$ 22,199,645</u>

**Net Position Restatement**

	<u>School-Wide Government Activities</u>
Net position, June 30, 2018, as originally stated	\$ (1,405,848)
Net change in right-to-use assets and capital outlay	3,244,610
Decrease in prepaid expenses	(189,894)
Proceeds from note payable	(2,720,000)
Write-off of debt issuance costs	<u>(3,729,560)</u>
Net position, June 30, 2018, as restated	<u>\$ (4,800,692)</u>

**REQUIRED SUPPLEMENTARY INFORMATION PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**KIPP: Cooper Norcross, Inc.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local share	\$ 23,470,844	\$ 548,279	\$ 24,019,123	\$ 24,003,317	\$ (15,806)
Other sublease income	240,000	-	240,000	240,000	-
Miscellaneous	-	-	-	62,152	62,152
Total - Local Sources	<u>23,710,844</u>	<u>548,279</u>	<u>24,259,123</u>	<u>24,305,469</u>	<u>46,346</u>
Federal Sources:					
SEMI	33,305	21,592	54,897	4,092	(50,805)
State Sources:					
Special Education Aid	<u>30,000</u>	<u>(7,482)</u>	<u>22,518</u>	<u>45,036</u>	<u>22,518</u>
<b>Total Revenues</b>	<u>23,774,149</u>	<u>562,389</u>	<u>24,336,538</u>	<u>24,354,597</u>	<u>18,059</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Teachers salaries	7,508,391	(426,971)	7,081,420	7,050,418	31,002
Other salaries	166,000	1,766	167,766	193,958	(26,192)
General education supplies	608,579	261,851	870,430	848,878	21,552
Textbooks	105,000	29,844	134,844	150,563	(15,719)
Miscellaneous expenses	<u>365,996</u>	<u>(136,948)</u>	<u>229,048</u>	<u>179,078</u>	<u>49,970</u>
<b>Total Regular Programs - Instruction</b>	<u>8,753,966</u>	<u>(270,458)</u>	<u>8,483,508</u>	<u>8,422,895</u>	<u>60,613</u>
<b>General Administrative:</b>					
Salaries	1,209,248	265,494	1,474,742	1,256,485	218,257
Cost of benefits	3,295,906	(561,591)	2,734,315	2,164,192	570,123
Purchased professional technical services	3,310,405	326,771	3,637,176	3,751,981	(114,805)
Communications and telephones	80,871	(2,000)	78,871	92,344	(13,473)
Supplies and materials	354,701	287,720	642,421	610,956	31,465
Interest	-	-	-	72,708	(72,708)
Miscellaneous expenses	<u>541,131</u>	<u>533,172</u>	<u>1,074,303</u>	<u>708,342</u>	<u>365,961</u>
<b>Total Support Services - General Administrative</b>	<u>8,792,262</u>	<u>849,566</u>	<u>9,641,828</u>	<u>8,657,008</u>	<u>984,820</u>

**KIPP: Cooper Norcross, Inc.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Support Services:</b>					
Salaries	1,785,938	(37,168)	1,748,770	2,060,240	(311,470)
Purchased professional technical services	957,995	244,192	1,202,187	1,072,975	129,212
Other purchased services	51,356	95,030	146,386	144,757	1,629
Insurance	315,570	(22,970)	292,600	292,596	4
Supplies and materials	25,000	532	25,532	24,424	1,108
Energy and utilities	705,344	(241,964)	463,380	324,292	139,088
Miscellaneous expenses	62,000	(27,544)	34,456	16,099	18,357
Transportation other than to/from school	220,000	-	220,000	219,232	768
<b>Total Support Services</b>	<u>4,123,203</u>	<u>10,108</u>	<u>4,133,311</u>	<u>4,154,615</u>	<u>(21,304)</u>
<b>TOTAL GENERAL CURRENT EXPENDITURES</b>	<u>21,669,431</u>	<u>589,216</u>	<u>22,258,647</u>	<u>21,234,518</u>	<u>1,024,129</u>
<b>CAPITAL OUTLAY:</b>					
Instructional Equipment	203,582	511,849	715,431	522,218	193,213
<b>Total Capital Outlay</b>	<u>203,582</u>	<u>511,849</u>	<u>715,431</u>	<u>522,218</u>	<u>193,213</u>
<b>TOTAL EXPENDITURES - GENERAL FUND</b>	<u>21,873,013</u>	<u>1,101,065</u>	<u>22,974,078</u>	<u>21,756,736</u>	<u>1,217,342</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,901,136</u>	<u>(538,676)</u>	<u>1,362,460</u>	<u>2,597,861</u>	<u>1,235,401</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of notes payable	500,000	-	500,000	500,000	-
Transfers	-	-	-	(1,174,305)	(1,174,305)
<b>Total Other Financing Sources (Uses):</b>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>(674,305)</u>	<u>(1,174,305)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>2,401,136</u>	<u>(538,676)</u>	<u>1,862,460</u>	<u>1,923,556</u>	<u>61,096</u>
<b>Fund Balance, July 1, as restated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,318,770</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 2,401,136</u>	<u>\$ (538,676)</u>	<u>\$ 1,862,460</u>	<u>\$ 6,242,326</u>	<u>\$ 61,096</u>

**KIPP: Cooper Norcross, Inc.**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal sources	\$ 1,823,559	\$ (39,609)	\$ 1,783,950	\$ 2,456,986	\$ 673,036
Philanthropic support	695,600	902,517	1,598,117	925,081	(673,036)
<b>Total Revenues</b>	<u>2,519,159</u>	<u>862,908</u>	<u>3,382,067</u>	<u>3,382,067</u>	<u>-</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of teachers	737,222	34,351	771,573	739,136	(32,437)
Purchased professional and technical services	294,400	(3,500)	290,900	198,605	(92,295)
General supplies	36,600	3,141	39,741	28,117	(11,624)
Miscellaneous	234,200	176,054	410,254	410,254	-
<b>Total Instruction</b>	<u>1,302,422</u>	<u>210,046</u>	<u>1,512,468</u>	<u>1,376,112</u>	<u>(136,356)</u>
<b>Support Services:</b>					
Support service salaries	1,538,303	(287,864)	1,250,439	1,261,065	10,626
Employee benefits	-	358,227	358,227	487,055	128,828
Purchased professional and technical services	-	-	-	25,080	25,080
Other purchased services	-	29,393	29,393	16,913	(12,480)
Supplies	26,000	3,450	29,450	45,041	15,591
Miscellaneous	208,350	(6,260)	202,090	170,801	(31,289)
<b>Total Support Services</b>	<u>1,772,653</u>	<u>96,946</u>	<u>1,869,599</u>	<u>2,005,955</u>	<u>136,356</u>
<b>Total Expenditures</b>	<u>3,075,075</u>	<u>306,992</u>	<u>3,382,067</u>	<u>3,382,067</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ (555,916)</u>	<u>\$ 555,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**KIPP: COOPER NORCROSS, INC.**

Required Supplementary Information Budgetary Comparison Schedule Note to RSI  
For the Fiscal Year Ended June 30, 2019

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

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



**REQUIRED SUPPLEMENTARY INFORMATION PART III**

**KIPP: Cooper Norcross, Inc.**  
**Schedule of Charter School Contributions - PERS**  
**For the Fiscal Years Ended June 30\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the Net Position Liability (Asset)	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate Share of the Net Position Liability (Asset)	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Charer School Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A

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

**KIPP: Cooper Norcross, Inc.**  
**Schedule of Charter School Contributions - PERS**  
**For the Fiscal Years Ended June 30\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

**KIPP: Cooper Norcross, Inc.**  
**Schedule of Charter School Proportionate Share of Net Pension Liability - TPAF**  
**For the Fiscal Years Ended June 30\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	N/A	N/A	N/A	N/A	N/A	N/A
Charter School covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A

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

**KIPP: COOPER NORCROSS, INC.**

Notes to Required Supplementary Information Pension Schedules  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Schedule of Changes in the Renaissance School's Total OPEB Liability and Related Ratios - PERS and TPAF  
June 30, 2019

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**NOT APPLICABLE**

## **SPECIAL REVENUE FUND**

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

**KIPP: Cooper Norcross, Inc.**  
**Special Revenue Fund**  
**Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Total</u>	<u>Title IA</u>	<u>IDEA Part B-Basic Reg. Prog.</u>	<u>ESEA Title III</u>	<u>KIPP NJ</u>	<u>Arnold - Relay Residents</u>	<u>Promise Neighborhood</u>	<u>Project Lead the Way</u>	<u>United Way</u>
<b>REVENUES:</b>									
Intergovernmental:									
Federal	\$ 2,456,986	\$ 1,503,037	\$ 225,182	\$ 55,731	\$ -	\$ -	\$ 673,036	\$ -	\$ -
Other Sources:									
Miscellaneous	925,081	-	-	-	797,778	80,000	-	2,303	45,000
<b>Total Revenues</b>	<u>3,382,067</u>	<u>1,503,037</u>	<u>225,182</u>	<u>55,731</u>	<u>797,778</u>	<u>80,000</u>	<u>673,036</u>	<u>2,303</u>	<u>45,000</u>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of Teachers	739,136	619,886	-	39,250	-	80,000	-	-	-
Purchased Professional and Technical Services	198,605	-	-	-	13,096	-	185,509	-	-
General Supplies	28,117	-	-	-	28,117	-	-	-	-
Miscellaneous	410,254	15,591	-	-	349,663	-	-	-	45,000
<b>Total Instruction</b>	<u>1,376,112</u>	<u>635,477</u>	<u>-</u>	<u>39,250</u>	<u>390,876</u>	<u>80,000</u>	<u>185,509</u>	<u>-</u>	<u>45,000</u>
<b>Support Services:</b>									
Salaries of Supervisors of Instruction	1,261,065	496,423	225,182	-	208,240	-	331,220	-	-
Employee Benefits	487,056	346,057	-	12,168	-	-	128,831	-	-
Purchased Professional and Technical Services	25,080	25,080	-	-	-	-	-	-	-
Other Purchased Services	16,913	-	-	4,313	-	-	12,600	-	-
Miscellaneous	170,800	-	-	-	170,800	-	-	-	-
Supplies and Materials	45,041	-	-	-	27,862	-	14,876	2,303	-
<b>Total Support Services</b>	<u>2,005,955</u>	<u>867,560</u>	<u>225,182</u>	<u>16,481</u>	<u>406,902</u>	<u>-</u>	<u>487,527</u>	<u>2,303</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,382,067</u>	<u>1,503,037</u>	<u>225,182</u>	<u>55,731</u>	<u>797,778</u>	<u>80,000</u>	<u>673,036</u>	<u>2,303</u>	<u>45,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## **CAPITAL PROJECTS FUND**

Capital Projects funds are used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**KIPP: Cooper Norcross, Inc.**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Year Ended June 30, 2019**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2019</u>
			<u>Prior Years</u>	<u>Current Year</u>	
KIPP Whittier Middle School (The Whitter Project) - Complete renovation of an existing school building including a 13,312 square foot building addition consisting of gymnasium, cafeteria and full service kitchen.	May 2016	<u>\$ 28,760,000</u>	<u>\$ 26,749,463</u>	<u>\$ 673,702</u>	<u>\$ 1,336,835</u>
KIPP High School (the Sumner Project) - Complete renovation of an existing unoccupied school building to accommodate High School. This project is currently under construction.	April 2017	<u>\$ 16,613,759</u>	<u>\$ 743,421</u>	<u>\$ 941,030</u>	<u>\$ 14,929,308</u>
KIPP Lanning Square Primary/ Middle School (Land Improvements project) - Installation of approximately 36,614 square foot of artificial in-filled playing surface, Revolution 360 by Field Turf.	October 2018	<u>\$ 606,452</u>	<u>\$ -</u>	<u>\$ 606,452</u>	<u>\$ -</u>
Totals		<u>\$ 45,980,211</u>	<u>\$ 27,492,884</u>	<u>\$ 2,221,184</u>	<u>\$ 16,266,143</u>

**KIPP: Cooper Norcross, Inc.**  
**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2019**

**Revenues:**

Local sources:

Capital grants	<u>\$ 500,000</u>
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Total revenues	<u>500,000</u>
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**Expenditures:**

Administrative:

Miscellaneous	3,501
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Debt issuance costs	200,058
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Capital outlay	<u>2,017,625</u>
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Total expenditures	<u>2,221,184</u>
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**Other Financing Sources (Uses):**

Net transfers	<u>(1,230,383)</u>
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Net change in fund balance	(2,951,567)
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<b>Fund Balance, July 1, 2018, as restated</b>	<u>17,880,875</u>
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<b>Fund balance, June 30, 2019</b>	<u><u>\$ 14,929,308</u></u>
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**KIPP: Cooper Norcross, Inc.**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**The Whittier Project**  
**From Inception and for the Year Ended June 30, 2019**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
<b>Revenues and Other Financing Sources:</b>			
Bond proceeds	\$ 21,000,000	\$ -	\$ 21,000,000
Loan proceeds	7,760,000	-	7,760,000
	<u>28,760,000</u>	<u>-</u>	<u>28,760,000</u>
<b>Expenditures:</b>			
Right-to-use assets - land lease	\$ 3,500,000	\$ -	\$ 3,500,000
Miscellaneous	-	3,501	3,501
Construction services	23,249,463	470,143	23,719,606
Debt issuance costs	-	200,058	200,058
	<u>26,749,463</u>	<u>673,702</u>	<u>27,423,165</u>
<b>Other Financing Uses:</b>			
Transfers	-	1,336,835	1,336,835
	<u>-</u>	<u>1,336,835</u>	<u>1,336,835</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ 2,010,537</u>	<u>\$ (2,010,537)</u>	<u>\$ -</u>

**KIPP: Cooper Norcross, Inc.**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**The Sumner Project**  
**From Inception and for the Year Ended June 30, 2019**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
<b>Revenues and Other Financing Sources:</b>			
Bond proceeds	\$ 15,508,000	\$ -	\$ 15,508,000
Loan proceeds	1,000,000	-	1,000,000
Capital grant	105,759	-	105,759
	<u>16,613,759</u>	<u>-</u>	<u>16,613,759</u>
<b>Total revenues</b>			
	<u>16,613,759</u>	<u>-</u>	<u>16,613,759</u>
<b>Expenditures and Other Financing Uses:</b>			
Construction services	743,421	941,030	1,684,451
	<u>743,421</u>	<u>941,030</u>	<u>1,684,451</u>
<b>Total expenditures</b>			
	<u>743,421</u>	<u>941,030</u>	<u>1,684,451</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ 15,870,338</u>	<u>\$ (941,030)</u>	<u>\$ 14,929,308</u>

**KIPP: Cooper Norcross, Inc.**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Land Improvements Project**  
**From Inception and for the Year Ended June 30, 2019**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
<b>Revenues and Other Financing Sources:</b>			
Capital grants	\$ -	\$ 500,000	\$ 500,000
Transfer	-	106,452	106,452
	<u>-</u>	<u>606,452</u>	<u>606,452</u>
Total revenues	-	606,452	606,452
<b>Expenditures and Other Financing Uses:</b>			
Construction services	-	606,452	606,452
	<u>-</u>	<u>606,452</u>	<u>606,452</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

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

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



**KIPP: Cooper Norcross, Inc.**  
**Statement of Net Position**  
**As of June 30, 2019**

	<u>Business-type Activities - Enterprise Funds Food Service</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 342,795
Accounts receivable:	
Federal receivables	198,727
State	1,425
Other	<u>18,672</u>
Total assets	<u><u>\$ 561,619</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 354,640
<b>NET POSITION</b>	
Unrestricted	<u>206,979</u>
Total net position and liabilities	<u><u>\$ 561,619</u></u>

**KIPP: Cooper Norcross, Inc.**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Business-type            Activities -            Enterprise Funds  <u>Food Service</u></b>
<b>Operating Revenues:</b>	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 112,321
Total operating revenues	<u>112,321</u>
<b>Operating Expenses:</b>	
Cost of sales - reimbursable programs	1,249,604
Cost of sales - nonreimbursable programs	<u>16,125</u>
Total operating expenses	<u>1,265,729</u>
Operating loss	<u>(1,153,408)</u>
<b>Nonoperating Revenues:</b>	
State sources:	
State school lunch program	12,185
Federal sources:	
National school lunch program	394,070
National school breakfast program	879,826
Fresh fruits and vegetables program	<u>20,226</u>
Total nonoperating revenues	<u>1,306,307</u>
Change in net position	152,899
<b>Total Net Position - beginning of year</b>	<u>54,080</u>
<b>Total Net Position - ending of year</b>	<u><u>\$ 206,979</u></u>

**KIPP: Cooper Norcross, Inc.**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2019**

<b>Cash Flows from Operating Activities:</b>	
Receipts from customers	\$ 151,133
Payments to suppliers	<u>(977,198)</u>
Net cash used for operating activities	<u>(826,065)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
State and Federal sources	<u>1,168,860</u>
Net cash provided by noncapital financing activities	<u>1,168,860</u>
Net increase in cash and cash equivalents	342,795
<b>Cash and Cash Equivalents, beginning of year</b>	<u>-</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 342,795</u></u>
<b>Reconciliation of Operating Loss to Net Cash used for Operating Activities:</b>	
Operating loss	\$ (1,153,408)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Changes in operating assets and liabilities:	
Decrease in other receivables	38,812
Increase in accounts payable	<u>288,531</u>
Net cash used for operating activities	<u><u>\$ (826,065)</u></u>

## **FIDUCIARY FUNDS**

**KIPP: Cooper Norcross, Inc.**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of June 30, 2019**

	<u>Flex Spending Account</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 36,404	\$ 129,347	\$ 165,751
<b>LIABILITIES</b>			
Due to related party	\$ 36,404	\$ 15,199	\$ 51,603
Payroll deductions and withholdings	-	114,148	114,148
Total liabilities	<u>36,404</u>	<u>129,347</u>	<u>165,751</u>
<b>NET POSITION</b>			
Reserve for Unemployment Trust Fund	-	-	-
Total liabilities and net position	<u>\$ 36,404</u>	<u>\$ 129,347</u>	<u>\$ 165,751</u>

**KIPP: Cooper Norcross, Inc.**  
**Combining Statement of Changes in Agency Fund Net Position**  
**Fiduciary Funds**  
**As of June 30, 2019**

**NOT APPLICABLE**

**KIPP: Cooper Norcross, Inc.  
Parent Council Funds  
Schedule of Receipts and Disbursements  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2019**

**NOT APPLICABLE**

**KIPP: Cooper Norcross, Inc.**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS</b>				
Cash	<u>\$ 95,139</u>	<u>\$ 15,814,002</u>	<u>\$ 15,779,794</u>	<u>\$ 129,347</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings	<u>\$ 95,139</u>	<u>\$ 15,814,002</u>	<u>\$ 15,779,794</u>	<u>\$ 129,347</u>



**KIPP: Cooper Norcross, Inc.**  
**Unemployment Compensation Insurance Trust Fund**  
**Schedule of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2019**

**NOT APPLICABLE**

## **LONG-TERM DEBT**

**KIPP: COOPER NORCROSS, INC.**

Schedule of Serial Bond Payable  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Schedule of Loans Payable  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: Cooper Norcross, Inc.**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Revenues:</b>					
QSCB subsidy income	\$ 3,728,726	\$ -	\$ 3,728,726	\$ 3,728,726	\$ -
Interest income	370,624	-	370,624	370,624	-
Total revenues	<u>4,099,350</u>	<u>-</u>	<u>4,099,350</u>	<u>4,099,350</u>	<u>-</u>
<b>Expenditures:</b>					
Regular debt service:					
Interest expense	6,213,665	-	6,213,665	6,213,665	-
Total expenditures	<u>6,213,665</u>	<u>-</u>	<u>6,213,665</u>	<u>6,213,665</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers	-	-	-	2,404,688	(2,404,688)
Principal payments on notes payable	(290,373)	-	(290,373)	(290,373)	-
Total other financing sources (uses)	<u>(290,373)</u>	<u>-</u>	<u>(290,373)</u>	<u>2,114,315</u>	<u>(2,404,688)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,114,315)	-	(2,114,315)	-	2,404,688
<b>Fund Balance, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u><u>\$ (2,114,315)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,114,315)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**KIPP: COOPER NORCROSS, INC.**

Schedule of School Facilities Loans Payable  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

## STATISTICAL SECTION

This part of the KIPP: Cooper Norcross, Inc's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Renaissance School's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

J-1 to J-5

These schedules contain trend information to help the reader understand how the Renaissance School's financial performance and well-being have changed over time.

#### **Revenue Capacity**

J-6 to J-9

These schedules contain information to help the reader assess the Renaissance School's most significant local revenue source, the property tax.

#### **Debt Capacity**

J-10 to J-13

These schedules present information to help the reader assess the affordability of the Renaissance School's current levels of outstanding debt and the Renaissance School's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

J-14 and J-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Renaissance School's financial activities take place.

#### **Operating Information**

J-16 to J-20

These schedules contain service and infrastructure data to help the reader understand how the information in the Renaissance School's financial report relates to the services the Renaissance School provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## **FINANCIAL TRENDS**



**KIPP: Cooper Norcross, Inc.**  
**Net Position by Component**  
**For the Fiscal Years Ended June 30**  
*(Accrual Basis of Accounting)*

	<b>2019</b>	<b>2018 (As Restated)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Governmental Activities:</b>					
Invested in capital assets, net of related debt	\$ (6,661,949)	\$ (3,280,955)	\$ (14,140,267)	\$ -	\$ -
Unrestricted	546,591	(1,519,737)	3,451,573	1,652,939	783,355
Total governmental activities net assets	<u>\$ (6,115,358)</u>	<u>\$ (4,800,692)</u>	<u>\$ (10,688,694)</u>	<u>\$ 1,652,939</u>	<u>\$ 783,355</u>
<b>Business-type Activities:</b>					
Unrestricted	<u>\$ 206,979</u>	<u>\$ 54,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>School-wide:</b>					
Invested in capital assets, net of related debt	\$ (6,661,949)	\$ (3,280,955)	\$ (14,140,267)	\$ -	\$ -
Unrestricted	753,570	(1,465,657)	3,451,573	1,652,939	783,355
Total school-wide net assets	<u>\$ (5,908,379)</u>	<u>\$ (4,746,612)</u>	<u>\$ (10,688,694)</u>	<u>\$ 1,652,939</u>	<u>\$ 783,355</u>

**KIPP: Cooper Norcross, Inc.**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30**  
*(Accrual Basis of Accounting)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Expenses:</b>					
Governmental activities:					
Instruction:					
Regular	\$ 9,799,007	\$ 8,537,337	\$ 6,616,503	\$ 4,290,026	\$ 924,973
Support services:					
General administration	8,860,567	7,676,868	12,873,356	4,391,505	2,098,930
School administrative services	6,160,570	9,954,058	(7,981,809)	2,360,940	354,015
Capital outlay	2,539,843	-	-	-	-
Interest	6,213,665	*	*	*	*
Unallocated depreciation	1,835,697	1,275,910	1,257,219	-	-
Total governmental activities expenses	<u>35,409,349</u>	<u>27,444,173</u>	<u>12,765,269</u>	<u>11,042,471</u>	<u>3,377,918</u>
Business-type activities:					
Food service	1,265,729	1,038,504	-	-	-
Total business-type activities expense	<u>1,265,729</u>	<u>1,038,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total school expenses	<u>\$ 36,675,078</u>	<u>\$ 28,482,677</u>	<u>\$ 12,765,269</u>	<u>\$ 11,042,471</u>	<u>\$ 3,377,918</u>
<b>Program Revenues:</b>					
Governmental activities:					
Operating grants and contributions	\$ 3,382,067	\$ 9,778,304	\$ 1,872,189	\$ 578,814	\$ 600,214
Capital grants and contributions	500,000	-	-	-	-
Total governmental activities program revenues	<u>3,882,067</u>	<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 and transfers	112,321	57,484	-	-	-
Operating grants and contributions	-	1,035,100	-	-	-
Total business type activities program revenues	<u>112,321</u>	<u>1,092,584</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>\$ 3,994,388</u>	<u>\$ 10,870,888</u>	<u>\$ 1,872,189</u>	<u>\$ 578,814</u>	<u>\$ 600,214</u>

**KIPP: Cooper Norcross, Inc.**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30**  
*(Accrual Basis of Accounting)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net (Expense)/Revenue:</b>					
Governmental activities	\$ (31,527,282)	\$ (17,665,869)	\$ (10,893,080)	\$ (10,463,657)	\$ (2,777,704)
Business-type activities	<u>(1,153,408)</u>	<u>54,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total school-wide net expense	<u><u>\$ (32,680,690)</u></u>	<u><u>\$ (17,611,789)</u></u>	<u><u>\$ (10,893,080)</u></u>	<u><u>\$ (10,463,657)</u></u>	<u><u>\$ (2,777,704)</u></u>
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Local share	\$ 24,003,317	\$ 19,918,599	\$ 2,282,605	\$ 8,643,760	\$ 1,944,017
State aid	45,036	-	-	-	-
Federal aid	3,732,818	-	13,667,907	251,471	46,400
Miscellaneous income	672,776	846,736	424,858	2,689,481	1,482,238
Increase in net capital outlay	2,539,843	-	-	-	-
Amortization expense	<u>(781,174)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>30,212,616</u>	<u>20,765,335</u>	<u>16,375,370</u>	<u>11,584,712</u>	<u>3,472,655</u>
Business-type activities					
State aid	12,185	-	-	-	-
Federal aid	<u>1,294,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,306,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total school-wide	<u><u>\$ 31,518,923</u></u>	<u><u>\$ 20,765,335</u></u>	<u><u>\$ 31,518,923</u></u>	<u><u>\$ 11,584,712</u></u>	<u><u>\$ 3,472,655</u></u>
<b>Changes in Net Position:</b>					
Governmental activities	\$ (1,314,666)	\$ 3,099,466	\$ 5,482,290	\$ 1,121,055	\$ 694,951
Business-type activities	<u>152,899</u>	<u>54,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total school	<u><u>\$ (1,161,767)</u></u>	<u><u>\$ 3,153,546</u></u>	<u><u>\$ 5,482,290</u></u>	<u><u>\$ 1,121,055</u></u>	<u><u>\$ 694,951</u></u>

\* Information not provided for prior year schedules

**KIPP: Cooper Norcross, Inc.**  
**Statement of Net Position - All Activities**  
**GASB to FASB Reconciliation**  
**As of June 30, 2019**

	Governmental Activities	Business-type Activities	Total	Fiduciary Activities	Total GASB	GASB to FASB Reconciliation	Total FASB
<b>ASSETS</b>							
Cash and cash equivalents	\$ 6,359,350	\$ 342,795	\$ 6,702,145	\$ 165,751	\$ 6,867,896	\$ -	\$ 6,867,896
Restricted cash and cash equivalents	20,275,773	-	20,275,773	-	20,275,773	-	20,275,773
Accounts receivable	1,269,440	218,824	1,488,264	-	1,488,264	-	1,488,264
Due from related parties	263,211	-	263,211	-	263,211	1,794,242 (1)	2,057,453
Prepaid expenses	245,339	-	245,339	-	245,339	-	245,339
Right-to-use assets - land leases, net	7,090,358	-	7,090,358	-	7,090,358	-	7,090,358
Capital assets, net	72,049,072	-	72,049,072	-	72,049,072	330,102 (2)	72,379,174
<b>Total assets</b>	<b>\$ 107,552,543</b>	<b>\$ 561,619</b>	<b>\$ 108,114,162</b>	<b>\$ 165,751</b>	<b>\$ 108,279,913</b>	<b>\$ 2,124,344</b>	<b>\$ 110,404,257</b>
<b>LIABILITIES</b>							
Intergovernmental payables - state	\$ 136,505	\$ -	\$ 136,505	\$ -	\$ 136,505	\$ -	\$ 136,505
Accounts payable	668,972	354,640	1,023,612	-	1,023,612	-	1,023,612
Accrued expenses	33,094	-	33,094	-	33,094	-	33,094
Payroll deductions and withholdings	-	-	-	150,552	150,552	-	150,552
Due to related parties	1,557,842	-	1,557,842	15,199	1,573,041	-	1,573,041
Accrued interest	4,738,358	-	4,738,358	-	4,738,358	-	4,738,358
Bonds and notes payable, net	106,426,422	-	106,426,422	-	106,426,422	(3,281,886) (3)	103,144,536
Deferred revenue	106,708	-	106,708	-	106,708	-	106,708
<b>Total liabilities</b>	<b>113,667,901</b>	<b>354,640</b>	<b>114,022,541</b>	<b>165,751</b>	<b>114,188,292</b>	<b>(3,281,886)</b>	<b>110,906,406</b>
<b>NET POSITION</b>							
Invested in capital assets	(6,661,949)	-	(6,661,949)	-	(6,661,949)	-	(6,661,949)
Unrestricted	546,591	206,979	753,570	-	753,570	5,406,230 (4)	6,159,800
<b>Total net position</b>	<b>(6,115,358)</b>	<b>206,979</b>	<b>(5,908,379)</b>	<b>-</b>	<b>(5,908,379)</b>	<b>5,406,230</b>	<b>(502,149)</b>
<b>Total net position and liabilities</b>	<b>\$ 107,552,543</b>	<b>\$ 561,619</b>	<b>\$ 108,114,162</b>	<b>\$ 165,751</b>	<b>\$ 108,279,913</b>	<b>\$ 2,124,344</b>	<b>\$ 110,404,257</b>
Fund Balance, June 30, 2019 - B-1	\$ 21,171,634						\$ 26,784,843
Right-to-use assets, net of accumulated amortization	7,090,358						7,090,358
Cost of capital assets, net of accumulated depreciation	72,049,072						72,049,072
Principal balance of bonds and notes payable, net of discount	(106,426,422)						(106,426,422)
<b>Total net position, June 30, 2019</b>	<b>\$ (6,115,358)</b>						<b>\$ (502,149)</b>

**Notes:**

- (1) FASB reconciliation to add due from related party for revenue recognized under FASB but not yet earned under GASB  
(2) FASB reconciliation to add construction interest expensed under GASB to be capitalized under FASB  
(3) FASB reconciliation to add debt issuance costs expensed under GASB to be capitalized under FASB  
(4) Accumulated impact of GASB to FASB reconciliation

**KIPP: Cooper Norcross, Inc.**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**GASB to FASB Reconciliation**  
**For the Fiscal Year Ended June 30, 2019**

	Governmental Funds				Total Governmental Funds	Proprietary Funds	Total Funds (GASB)	GASB to FASB Reconciliation	Total Funds (FASB)
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund		Business-type Activities - Enterprise Fund			
<b>REVENUES:</b>									
Local sources:									
Local share	\$ 24,003,317	\$ -	\$ -	\$ -	\$ 24,003,317	\$ -	\$ 24,003,317	\$ -	\$ 24,003,317
Sublease income	240,000	-	-	-	240,000	-	240,000	-	240,000
Philanthropic support	-	925,081	-	-	925,081	-	925,081	-	925,081
Capital grants	-	-	500,000	-	500,000	-	500,000	-	500,000
Interest income	-	-	-	370,624	370,624	-	370,624	-	370,624
Miscellaneous	62,152	-	-	-	62,152	-	62,152	-	62,152
Charges for services	-	-	-	-	-	112,321	112,321	-	112,321
Total - local sources	24,305,469	925,081	500,000	370,624	26,101,174	112,321	26,213,495	-	26,213,495
Federal sources	4,092	2,456,986	-	3,728,726	6,189,804	1,294,122	7,483,926	-	7,483,926
State sources	45,036	-	-	-	45,036	12,185	57,221	-	57,221
Total revenues	24,354,597	3,382,067	500,000	4,099,350	32,336,014	1,418,628	33,754,642	-	33,754,642
<b>EXPENDITURES:</b>									
Current:									
Instruction	8,422,895	1,376,112	-	-	9,799,007	-	9,799,007	-	9,799,007
Administrative	8,657,008	-	203,559	-	8,860,567	-	8,860,567	-	8,860,567
Support services	4,154,615	2,005,955	-	-	6,160,570	1,265,729	7,426,299	-	7,426,299
Capital outlay	522,218	-	2,017,625	-	2,539,843	-	2,539,843	(2,539,843) (1)	-
Depreciation expense	-	-	-	-	-	-	-	1,835,697 (2)	1,835,697
Amortization expense	-	-	-	-	-	-	-	905,492 (3)	905,492
Debt service:									
Interest	-	-	-	6,213,665	6,213,665	-	6,213,665	(330,102) (4)	5,883,563
Total expenditures	21,756,736	3,382,067	2,221,184	6,213,665	33,573,652	1,265,729	34,839,381	(128,756)	34,710,625
Excess of revenues over expenditures	2,597,861	-	(1,721,184)	(2,114,315)	(1,237,638)	152,899	(1,084,739)	128,756	(955,983)
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers	(1,174,305)	-	(1,230,383)	2,404,688	-	-	-	-	-
Issuance of notes payable	500,000	-	-	-	500,000	-	500,000	(500,000) (5)	-
Principal payment on notes payable	-	-	-	(290,373)	(290,373)	-	(290,373)	290,373 (6)	-
Total other financing sources and uses	(674,305)	-	(1,230,383)	2,114,315	209,627	-	209,627	(209,627)	-
Net change in fund balances	1,923,556	-	(2,951,567)	-	(1,028,011)	152,899	(875,112)	(80,871)	(955,983)
<b>Fund Balance - July 1, 2018, as restated</b>	4,318,770	-	17,880,875	-	22,199,645	54,080	22,253,725	5,487,101 (7)	27,740,826
<b>Fund Balance - June 30, 2019</b>	\$ 6,242,326	\$ -	\$ 14,929,308	\$ -	\$ 21,171,634	\$ 206,979	\$ 21,378,613	\$ 5,406,230	\$ 26,784,843

**Notes:**

- (1) FASB reconciliation to remove capital outlay expensed under GASB to be capitalized under FASE
- (2) FASB reconciliation to include depreciation expense of capital assets
- (3) FASB reconciliation to include amortization expense of bonds payable and right to use assets - land lease
- (4) FASB reconciliation to remove construction interest expensed under GASB to be capitalized under FASE
- (5) FASB reconciliation to remove revenue of FY2019 loan proceeds
- (6) FASB reconciliation to remove expense related to principal payments of notes payable
- (7) Beginning accumulated impact of GASB to FASB reconciliation

**KIPP: Cooper Norcross, Inc.**  
**Statement of Cash Flows**  
**As of June 30, 2019**

**Cash Flows from Operating Activities:**

Changes in fund balances	\$ (955,983)
Adjustment to reconcile changes in fund balance to net cash provided by operating activities:	
Depreciation	1,835,697
Amortization of right-to-use assets - land lease	107,373
Amortization of bonds payable	673,801
Amortization of debt issuance costs	124,318
Changes in operating assets and liabilities	
Accounts receivable	1,183,556
Due from related parties	(263,211)
Prepaid expenses	(163,470)
Intergovernmental payables - state	136,505
Accounts payable	(390,984)
Accrued expenses	33,094
Payroll deductions and withholdings	150,552
Due to related party	1,573,041
Accrued interest	642,139
Deferred revenue	<u>72,698</u>
Net cash provided by operating activities	<u>4,759,126</u>

**Cash Flows from Investing Activities:**

Purchases of capital assets (including capitalized interest)	(2,869,945)
Withdrawals from restricted cash	<u>900,876</u>
Net cash used in investing activities	<u>(1,969,069)</u>

**Cash Flows from Financing Activities:**

Proceeds from bonds and notes payable	500,000
Principal payments on bonds and notes payable	<u>(290,373)</u>
Net cash provided by financing activities	<u>209,627</u>

**Net Change in Cash** 2,999,684

**Cash:**

Beginning of year	<u>3,868,212</u>
End of year	<u><u>\$ 6,867,896</u></u>

**KIPP: Cooper Norcross, Inc.**  
**Fund Balances - Governmental Funds**  
**For the Fiscal Years Ended June 30**  
*(Modified Accrual Basis of Accounting)*

	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>General Fund:</b>					
Unreserved	\$ 6,242,326	\$ 4,318,770	\$ 3,066,516	\$ 1,652,939	\$ 697,303
Reserved	-	-	-	-	100,000
Total General Fund	<u>\$ 6,242,326</u>	<u>\$ 4,318,770</u>	<u>\$ 3,066,516</u>	<u>\$ 1,652,939</u>	<u>\$ 797,303</u>
<b>All Other Governmental Funds:</b>					
Reserved	<u>\$ 14,929,308</u>	<u>\$ 17,880,875</u>	<u>\$ -</u>	<u>\$ 741,298</u>	<u>\$ (392,981)</u>
Total all other governmental funds	<u>\$ 14,929,308</u>	<u>\$ 17,880,875</u>	<u>\$ -</u>	<u>\$ 741,298</u>	<u>\$ (392,981)</u>

**KIPP: Cooper Norcross, Inc.**  
**Changes in Fund Balances - Governmental Funds**  
**For the Fiscal Years Ended June 30**  
*(Modified Accrual Basis of Accounting)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Revenues and Financing Sources:</b>					
Local sources	\$ 26,039,022	\$ 19,918,599	\$ 2,282,605	\$ -	\$ 64,948
Miscellaneous	62,152	846,736	424,858	2,990,494	1,969,830
State sources	45,036	-	13,411,112	8,895,231	1,925,469
Federal sources	6,189,804	1,182,235	994,681	277,801	112,622
Financing	500,000	16,508,000	*	*	*
Total revenues and financing sources	<u>32,836,014</u>	<u>38,455,570</u>	<u>17,113,256</u>	<u>12,163,526</u>	<u>4,072,869</u>
<b>Expenditures:</b>					
Instruction:					
Regular instruction	\$ 9,799,007	\$ 8,537,337	\$ 6,616,503	\$ 4,458,406	\$ 1,525,187
Support Services:					
General administration	8,860,567	7,571,298	6,811,875	4,474,596	2,159,678
School administrative services/plant	6,160,570	8,126,324	3,373,490	2,360,940	354,015
Capital outlay	2,539,843	12,809,599	13,129,763	-	-
Principal payments	290,373	*	*	*	*
Debt service:					
Interest	6,213,665	*	*	*	*
Total expenditures	<u>33,864,025</u>	<u>37,044,558</u>	<u>29,931,631</u>	<u>11,293,942</u>	<u>4,038,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,028,011)</u>	<u>1,411,012</u>	<u>(12,818,375)</u>	<u>869,584</u>	<u>33,989</u>
Net change in fund balances	<u>\$ (1,028,011)</u>	<u>\$ 1,411,012</u>	<u>\$ (12,818,375)</u>	<u>\$ 869,584</u>	<u>\$ 33,989</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	19%	*	*	*	*

\* Information not segregated or provided for prior year schedules



**KIPP: Cooper Norcross, Inc.**  
**General Fund - Other Local Revenue by Source**  
**For the Fiscal Years Ended June 30**  
*(Modified Accrual Basis of Accounting)*

	<u>Rental</u>	<u>Donations</u>	<u>Other Local</u>	<u>Totals</u>
2015	\$ -	\$ 1,482,238	\$ -	\$ 1,482,238
2016	240,160	2,282,605	166,716	2,689,481
2017	-	424,858	-	424,858
2018	-	846,736	-	846,736
2019	240,000	62,152	-	302,152

**Source:** School Financial Statements

## **REVENUE CAPACITY**

**KIPP: COOPER NORCROSS, INC.**

Assessed Value and Actual Value of Taxable Property  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Direct and Overlapping Property Tax Rates  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Principal Property Taxpayers  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Property Tax Levies and Collections  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

## **DEBT CAPACITY**

**KIPP: Cooper Norcross, Inc.  
 Ratios of Outstanding Debt by Type  
 For the Fiscal Year Ended June 30, 2019**

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>				<u>Business-type Activities</u>	<u>Total Charter School</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds (net)</u>	<u>Mortgage Payable</u>	<u>Capital Leases</u>	<u>Note Payable (net)</u>	<u>Capital Leases</u>			
2019	<u>\$ 77,206,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,219,628</u>	<u>\$ -</u>	<u>\$ 106,426,422</u>	*	*

**Source:** School Financial Statements

**Note:** Details regarding the Renaissance School's outstanding debt can be found in the notes to the financial statements (see Note 12).

**Note:** Schedule of information was not reported for prior years.

\* Data was not available at time of issuance.



**KIPP: COOPER NORCROSS, INC.**

Ratios of Net General Bonded Debt Outstanding  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Direct and Overlapping Governmental Activities Debt  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: COOPER NORCROSS, INC.**

Legal Debt Margin Information  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**KIPP: Cooper Norcross, Inc.**  
**Demographic and Economic Statistics**  
**For the Fiscal Year Ended June 30, 2019**

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income (thousands of dollars)<sup>b</sup></u>	<u>County Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2015	510,809	24,845,003	48,639	6.5%
2016	510,741	25,453,129	49,836	5.5%
2017	510,719	26,495,132	51,878	5.1%
2018	*	*	*	4.6%
2019	*	*	*	4.0%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept. of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Personal capital income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

\* 2019 data was not available at time of issuance.

**KIPP: COOPER NORCROSS, INC.**

Principal Employers  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

## **OPERATING INFORMATION**

**KIPP: Cooper Norcross, Inc.**  
**Full-time Equivalent School Employees by Function/Program**  
**For the Fiscal Years Ended June 30**

<u>Function/Program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Instruction:</b>					
Regular	111	120	92	61	13
Special Education	19	16	8	5	-
Vocational	3	-	-	-	-
Other Instruction	2	20	-	-	-
<b>Support Services:</b>					
Student and Instruction Related Services	23	14	5	3	1
General Administration	11	3	-	-	5
School Administrative Services	19	13	8	5	-
Administrative Information Technology	4	1	-	-	-
Total	<u>192</u>	<u>187</u>	<u>113</u>	<u>74</u>	<u>19</u>

**Source:** School Personnel Records



**KIPP: Cooper Norcross, Inc.**  
**Operating Statistics**  
**For the Fiscal Years Ended June 30**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	105	\$ 4,431,861	\$ 42,208	0.00%	39	1:12	1:12	105	98	33.00%	96.90%
2016	496	14,402,238	29,037	-31.21%	74	1:12	1:12	496	486	372.38%	97.98%
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%	98.03%
2019	1,386	34,839,381	25,137	6.76%	141	1:12	1:13	1,355	1,262	11.55%	93.30%

Sources: School records

**KIPP: Cooper Norcross, Inc.  
School Building Information  
For the Fiscal Years Ended June 30**

<u>District Building</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KIPP: Cooper Norcross Lanning Square Primary (ES#1 and MS# 1)					
Square Feet	124,563	124,563	124,563	124,563	124,563
Capacity (students)	3,956	3,956	3,956	3,956	3,956
Enrollment	1,057	783	651	496	105
KIPP: Cooper Norcross Whittier Middle (MS#2)					
Square Feet	71,815	71,815	71,815	N/A	N/A
Capacity (students)	2,601	2,601	2,601	N/A	N/A
Enrollment	329	331	197	N/A	N/A

Number of Schools at June 30, 2019

    Elementary = 1

    Middle School = 2

**Source:** School Office

**KIPP: COOPER NORCROSS, INC.**

General Fund - Schedule of Required Maintenance  
For the Fiscal Year Ended June 30, 2019

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**NOT APPLICABLE**

**KIPP: Cooper Norcross, Inc.**  
**Insurance Schedule**  
**June 30, 2019**

	<u>Coverage</u>	<u>Deductible</u>
<b>Commercial property and general liability:</b>		
Commercial 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	-
<b>Surety bonds:</b>		
School Board legal liability	1,000,000	-

## **CHARTER SCHOOL PERFORMANCE**

**KIPP: Cooper Norcross, Inc.**  
**Sustainability Indicators**  
**For the Fiscal Years Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 6,702,145	\$ 4,364,204	\$ 4,152,901	\$ 2,581,429	\$ 520,562
Current Assets	29,362,945	26,459,590	20,217,266	2,426,627	1,442,152
Capital Assets - net	72,049,072	76,192,257	65,961,799	54,710,827	-
Total Assets	<u>108,114,162</u>	<u>107,016,051</u>	<u>90,331,966</u>	<u>59,718,883</u>	<u>1,962,714</u>
Current Liabilities	7,596,119	8,729,408	5,251,120	3,543,007	1,178,958
Long-Term Liabilities	106,426,422	99,572,994	82,441,423	55,878,062	-
Total Liabilities	<u>114,022,541</u>	<u>108,302,402</u>	<u>87,692,543</u>	<u>59,421,069</u>	<u>1,178,958</u>
Net Position	<u>\$ (5,908,379)</u>	<u>\$ (1,286,351)</u>	<u>\$ 2,639,423</u>	<u>\$ 297,814</u>	<u>\$ 783,756</u>
Total Revenue	\$ 34,668,415	\$ 31,636,223	\$ 18,247,559	\$ 15,577,590	\$ 4,072,869
Total Expenses	<u>(35,830,182)</u>	<u>(35,627,414)</u>	<u>(15,905,950)</u>	<u>(14,373,848)</u>	<u>(4,421,861)</u>
Change in Net Position	<u>\$ (1,161,767)</u>	<u>\$ (3,991,191)</u>	<u>\$ 2,341,609</u>	<u>\$ 1,203,742</u>	<u>\$ (348,992)</u>
Depreciation	\$ 1,835,697	\$ 1,275,910	\$ 1,257,219	\$ 505,222	\$ -
Final average daily enrollment	1,349	1,114	848	496	105
March 30th budgeted enrollment	1,487	1,092	850	490	100
<b>Near Term indicators</b>					
<b>Current Ratios</b>	3.87	3.03	3.85	0.68	1.22
Unrestricted days in cash	68.27	44.71	95.30	65.55	42.97
Enrollment variance	100%	100%	100%	100%	100%
Default	N/A	N/A	N/A	N/A	N/A

**KIPP: Cooper Norcross, Inc.**  
**Near Term Indicators**  
**For the Fiscal Years Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 6,702,145	\$ 4,364,204	\$ 4,152,901	\$ 2,581,429	\$ 520,562
Current Assets	29,362,945	26,459,590	20,217,266	2,426,627	1,442,152
Capital Assets - net	72,049,072	76,192,257	65,961,799	54,710,827	-
Total Assets	108,114,162	107,016,051	90,331,966	59,718,883	1,962,714
Current Liabilities	7,596,119	8,729,408	5,251,120	3,543,007	1,178,958
Long-Term Liabilities	106,426,422	99,572,994	82,441,423	55,878,062	-
Total Liabilities	114,022,541	108,302,402	87,692,543	59,421,069	1,178,958
Net Position	<u>\$ (5,908,379)</u>	<u>\$ (1,286,351)</u>	<u>\$ 2,639,423</u>	<u>\$ 297,814</u>	<u>\$ 783,756</u>
Total Revenue	\$ 34,668,415	\$ 31,636,223	\$ 18,247,559	\$ 15,577,590	\$ 4,072,869
Total Expenses	(35,830,182)	(35,627,414)	(15,905,950)	(14,373,848)	(4,421,861)
Change in Net Position	<u>\$ (1,161,767)</u>	<u>\$ (3,991,191)</u>	<u>\$ 2,341,609</u>	<u>\$ 1,203,742</u>	<u>\$ (348,992)</u>
Depreciation	\$ 1,835,697	\$ 1,275,910	\$ 1,257,219	\$ 505,222	\$ -
Final average daily enrollment	1,349	1,114	848	496	105
March 30th budgeted enrollment	1,487	1,092	850	490	100
<b>Sustainability Indicators</b>					
Total Margin	-3.4%	-12.6%	12.8%	7.7%	-8.6%
Debt to Asset	1.05	1.01	0.97	1.00	0.60
Cash Flow	2,337,941	211,303	1,571,472	2,060,867	520,562
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A

**SINGLE AUDIT SECTION K**





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## EXHIBIT K-1

### 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

#### Independent Auditor's Report

To the Board of Trustees of  
KIPP: Cooper Norcross, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*, the financial statements of KIPP: Cooper Norcross, Inc. (the Renaissance School), which comprise the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Renaissance School as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 20, 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 opinion 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Renaissance School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alexander, Brown, Pinning & Co., P.C.*

Boston, Massachusetts  
November 20, 2019



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## EXHIBIT K-2

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

#### Independent Auditor's Report

To the Board of Trustees of  
KIPP: Cooper Norcross, Inc.:

#### **Report on Compliance for Each Major Federal and State Program**

We have audited KIPP: Cooper Norcross, Inc.'s (the Renaissance School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Renaissance School's major Federal and state programs for the year ended June 30, 2019. 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 statutes, regulations, and the terms and conditions of its awards applicable to its Federal and state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Renaissance School's major Federal and 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Department of the Treasury OMB's Circular Letter 15-08, *Single Audit Policy for Receipts of Federal Grants, State Grants and State Aid*. Those standards and the Uniform Guidance and State of New Jersey Department of the Treasury OMB's Circular 15-08 require that we 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 and 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 of the major Federal and state programs. 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 programs for the year ended June 30, 2019.

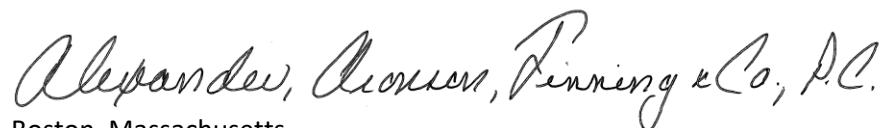
## Report on Internal Control Over Compliance

Management of the Renaissance School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we 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 Department of Treasury OMB's Circular 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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal and 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 and 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 on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State of New Jersey Department of Treasury OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Boston, Massachusetts  
November 20, 2019

KIPP: Cooper Norcross, Inc.  
 Schedule of Expenditures of State Financial Assistance  
 For the Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2018	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2019
			From	To				
<b>State Department of Education</b>								
<b>General Fund:</b>								
Equalization Aid - Local	19-495-034-5120-078	\$ 24,139,006	7/1/18	6/30/19	\$ 135,689	\$ 24,139,006	\$ 24,003,317	\$ -
Extraordinary Aid	19-495-034-5120-044	22,518	7/1/17	6/30/19	-	22,518	45,036	22,518
<b>Total General Fund</b>					<u>135,689</u>	<u>24,161,524</u>	<u>24,048,353</u>	<u>22,518</u>
<b>Enterprise Fund:</b>								
State School Lunch	19-100-010-3350-023	11,333	7/1/18	6/30/19	573	11,333	12,185	1,425
<b>Total Enterprise Fund</b>					<u>573</u>	<u>11,333</u>	<u>12,185</u>	<u>1,425</u>
<b>Total State Financial Assistance</b>					<u>\$ 136,262</u>	<u>\$ 24,172,857</u>	<u>\$ 24,060,538</u>	<u>\$ 23,943</u>

KIPP: Cooper Norcross, Inc.  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Identification Number	Program or Award Amount	Grant Period		Balance at June 30, 2018	Cash Received	Total Budgetary Expenditures	Balance at June 30,
				From	To				Accounts Receivable
<b>U.S. Department of Education</b>									
Passed-through New Jersey Department of Education:									
Title I Grants to Local Educational Agencies	84.010	S010A180030	\$ 1,503,037	7/1/18	6/30/19	\$ 1,002,806	\$ 2,227,642	\$ 1,503,037	\$ 278,201
English Language Acquisition State Grants	84.365	S365A180030	55,731	7/1/18	6/30/19	-	38,564	55,731	17,167
Special Education Cluster (IDEA):									
Special Education Grants to States	84.027	H027A180100	218,568	7/1/18	6/30/19	179,429	343,355	218,568	54,642
Special Education Preschool Grants	84.173	H173A180114	6,614	7/1/18	6/30/19	-	4,961	6,614	1,653
Total Special Education Cluster (IDEA)						179,429	348,316	225,182	56,295
Passed-through the Center for Family Services:									
Fund for the Improvement of Education	84.215	U215N160015	673,036	7/1/18	6/30/19	-	294,928	673,036	378,108
Total Special Revenue Fund and U.S. Department of Education						1,182,235	2,909,450	2,456,986	729,771
<b>U.S. Department of Agriculture</b>									
Passed-through New Jersey Department of Agriculture:									
Fresh Fruit and Vegetable Program	10.582	191NJ304L1603	20,226	7/1/18	6/30/19	2,600	20,845	20,226	1,981
Child Nutrition Cluster:									
National School Lunch Program	10.555	19NJ304N1099	879,826	7/1/18	6/30/19	39,684	774,144	879,826	145,366
School Breakfast Program	10.553	19NJ304N1099	394,070	7/1/18	6/30/19	19,848	362,538	394,070	51,380
Total Child Nutrition Cluster						59,532	1,136,682	1,273,896	196,746
Total Enterprise Fund and U.S. Department of Agriculture						62,132	1,157,527	1,294,122	198,727
<b>U.S. Department of Health and Human Services</b>									
Passed-through New Jersey Department of Education:									
Medicaid Cluster:									
Medical Assistance Program	93.778	1905NJ5MAP	4,092	7/1/18	6/30/19	-	4,092	4,092	-
Total General Fund and U.S. Department of Health and Human Services						-	4,092	4,092	-
<b>Total Federal Financial Awards</b>						<u>\$ 1,244,367</u>	<u>\$ 4,071,069</u>	<u>\$ 3,755,200</u>	<u>\$ 928,498</u>

**KIPP: COOPER NORCROSS, INC.**

Notes to the Schedules of Expenditures of Federal and State Assistance  
For the Year Ended June 30, 2019

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**1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance programs (collectively, the Schedules) include Federal and state award activity of KIPP: Cooper Norcross, Inc. (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 are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**2. BASIS OF ACCOUNTING**

The accompanying Schedules are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the 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); and the provisions of New Jersey Department of the Treasury OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

**3. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS**

The Schedules of Expenditures of Federal Awards and State Financial Assistance present only a selected portion of the activities of the Renaissance School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in fund balance of the governmental funds. The financial activity for the aforementioned awards is reported in the Renaissance School's statement of activities and statement of revenue, expenditures and changes in fund balance - governmental funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 4,092	\$ 24,048,353	\$ 24,052,455
Special Revenue Fund	2,456,986	-	2,456,986
Food Service Fund	<u>1,294,122</u>	<u>12,185</u>	<u>1,311,307</u>
Total Awards and Financial Assistance	<u>\$ 3,755,200</u>	<u>\$ 24,060,538</u>	<u>\$ 27,820,738</u>

**KIPP: COOPER NORCROSS, INC.**

Notes to the Schedules of Expenditures of Federal and State Assistance  
For the Year Ended June 30, 2019

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**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. OTHER**

Not applicable

**6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

Not applicable

**7. DE MINIMIS INDIRECT COST RATE**

The Renaissance School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**KIPP: COOPER NORCROSS, INC.**

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2019

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**1. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report?             Yes        X   No

Internal control over financial reporting:

- Material weakness(es) identified?      X   Yes             No
- Significant deficiency(ies) identified?             Yes        X   None reported

Noncompliance material to financial statements noted?             Yes        X   No

**Federal Awards**

Internal control over major Federal programs:

- Material weakness(es) identified?           Yes        X   No
- Significant deficiency(ies) identified?             Yes        X   None reported

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

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

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title I Grants to Local Educational Agencies	84.010

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

Auditee qualified as low-risk auditee?        X   Yes             No

**KIPP: COOPER NORCROSS, INC.**

New Jersey Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2019

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**1. SUMMARY OF AUDITOR’S RESULTS (Continued)**

**State Awards**

	<u>Yes</u>	<u>No</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$ 750,000	
Auditee qualified as low risk auditee:	<b>X</b>	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		<b>X</b>
Significant deficiencies identified not considered to be material weakness(es)?	<b>X</b>	None Reported
Type of auditor's report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to reported in Accordance with NJOMB Circular Letter 15-08?		<b>X</b>
Identification of major programs:		
<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>	
19-495-034-5120-078	Equalization Aid - Local	

**KIPP: COOPER NORCROSS, INC.**

Summary of Schedule of Prior Year Audit Findings and Questioned Costs  
As Prepared by Management  
For the Fiscal Year Ended June 30, 2019

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**2. FINANCIAL STATEMENT FINDINGS****Material Weakness*****Finding 2019-001: Real Estate Development Accounting***

This item was reported during the year ended June 30, 2019, as finding 2019-001.

***Criteria***

Proper accounting and reconciliations of real estate development and other accounts as of and for the year ended June 30, 2019, in accordance with U.S. GAAP.

***Condition***

Management is not consistently recording real estate and related transactions within the general ledger. Several real estate and related balances had to be reconciled to allow for accurate year-end reporting. In addition, management was commingling fund accounting and school-wide accounting in certain transactions.

***Cause***

The Renaissance School is not consistently recording real estate and related transactions within the general ledger. Several real estate and related balances had to be reconciled to allow for accurate year-end reporting.

***Effect***

Many real estate and related accounts required additional analysis to reconcile at year-end and, as a result, there were several audit adjustments.

***Recommendation***

The Renaissance School should separate the accounting of the Funds accounts and School-Wide accounts by tracking the School-Wide balances in its own general ledger code. This will allow for the ending activity in the fund balance to reconcile to the school-wide financial statements. In addition, we recommend management record the necessary audit adjustments and perform an annual reconciliation between the trial balance and the audited financial statements to ensure that beginning balances are accurately reflected.

The Renaissance School should maintain a schedule of all individual capital assets by development project. The schedule should include the date the assets was placed in service as well as the useful life of each asset for depreciation purposes. Additionally, management should ensure all useful lives assigned to assets are in accordance with their internal capitalization policy and the applicable accounting standards. Lastly, the Renaissance School should implement a process where periodic reconciliations are performed between the Real Estate and Finance departments to ensure accurate and complete recording of transactions.

**KIPP: COOPER NORCROSS, INC.**

Summary of Schedule of Prior Year Audit Findings and Questioned Costs  
As Prepared by Management  
For the Fiscal Year Ended June 30, 2019

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**2. FINANCIAL STATEMENT FINDINGS (Continued)*****Management Response***

*Management understands that due to the complex accounting requirements of GAAP, GASB and New Jersey Fund Accounting Requirements, the landscape of the Renaissance School and the real estate transactions with its facilities partner, there were a number of adjustments that needed to be recorded in order to rectify fiscal year 2019 beginning balances. Now that the beginning balances have been audited, management feels comfortable with the necessary adjustments and we feel confident that going forward we will be able to produce financial statements that require no or minimal adjustments.*

*Due to a large amount of required interim financial reporting to external parties, management opted to record transactions that are part of the schoolwide financial reporting within the fund financial statements. After discussion with our auditors, we have considered ways in which we are able to continue to report to our lenders on schoolwide financial statements while still being able to avoid co-mingling of accounts by segregating the transactions between school wide and fund accounting. We are certain that we be able to produce financial statements for future reporting periods that are segregated between fund and school wide financial statements.*

*Starting in fiscal year 2020, we have established fixed asset schedules which we will continue to update and reconcile to our general ledger system. Management will continue to review the monthly close checklist which contains the reconciliation of all cash accounts to identify any accounts that may have been missed during the reconciliation process. Several new accounts were opened this year for an exceptional bond issuance. Going forward, the accounting team will specifically record cash account requirements with the real estate team upon the issuance of new financing.*

*Management intends to partner with our auditors during the course of fiscal year 2020 to ensure that this material weakness is removed in the coming year.*

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**KIPP: COOPER NORCROSS, INC.**

New Jersey Schedule of Prior Year Findings and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2019

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**Status of Prior Year Findings**

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

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. There were no prior year findings.