

**KIPP: COOPER NORCROSS, INC.**

**AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

**KIPP: COOPER NORCROSS, INC.**

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June 30, 2020

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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, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of KIPP: Cooper Norcross, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2020, and have issued our report thereon dated October 26, 2020.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings as results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of KIPP: Cooper Norcross, Inc.'s management, Board of Trustees and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.

*AAFCPAs, Inc.*

Westborough, Massachusetts  
October 26, 2020

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

## **ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

### Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Trustees and the records of the various funds under the auspices of the Board of Trustees.

## **ADMINISTRATIVE PRACTICES AND PROCEDURES**

### Insurance

Fire insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule contained in the Renaissance School's CAFR.

### Official Bonds

<u>Name</u>	<u>Position</u>
Steve Small	Treasurer
Terry Brown	Assistant Board Administrator

There is a Public Employee's Faithful Performance Blanket Position Bond Policy covering all other employees with multiple coverage of \$25,000.

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$3,000,000.

## **FINANCIAL PLANNING, ACCOUNTING AND REPORTING**

### Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

### Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the designee in the Renaissance School and were certified by the President of the Board of Trustees and the School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

### Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2020, for proper classification of orders for accounts payable. No discrepancies were noted.

### Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A23A-23A-16(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and state single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A23A-8.3*. As a result of the procedures performed, no transaction error rate was noted.

## **SCHOOL PURCHASING PROGRAMS**

### Board and Board Secretary's Records

Our review of the financial and accounting records maintained by the Board secretary did not disclose any new exceptions during the year.

Our review of the records of the Treasurer did not disclose any new exceptions during the year.

### Student Body Activities

Our review of the student activities funds did not disclose any new exceptions during the year.

## **SCHEDULE OF AUDITED ENROLLMENTS**

### Enrollment Counts and Submissions to the Department

Our audit procedures included test of information reported on the October 15, 2019, and the last day of school for on-roll, special education, English Language Learners (ELL), and low income. We also performed a review of the Renaissance School's procedures related to its completion. The Renaissance School maintained adequate written procedures for the recording of student enrollment data. The results of our procedures are presented in the Schedule of Audit Enrollments. No exceptions noted.

### School Food Service

#### COVID-19 Emergency

Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students. No exception noted.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit. No exception noted.

The renaissance school project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable or Fixed Price contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit as projected in the initial budget. The operating results provision has not been met; however, the FSMC was not required to pay the guaranteed profit in fiscal year 2020, because the guaranteed profit is contingent upon serving a certain number of meals and this has not been achieved due to the impact of COVID-19. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. No exception noted.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exception noted.

## **SCHEDULE OF AUDITED ENROLLMENTS (Continued)**

### School Food Service (Continued)

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. No exception noted.

Net cash resources did not exceed three months average expenditures. No exception noted.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exception noted.

There wasn't a USDA Food Distribution Program .

There were no non-program food purchased, prepared, sold, or offered for sale.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

### Teacher's Pension and Annuity Fund (TPAF) Reimbursement to the State for Federal Salary Expenditures

As of June 30, 2020, the state has not reimbursed the Renaissance School for social security and pension related costs for TPAF employees. Therefore, this is not applicable for fiscal year 2020.

### Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended. No exceptions noted.

### Other Special Federal and/or State Projects

The Renaissance School's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) located in the CAFR.

Our audit of the Federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

## **MISCELLANEOUS**

### Testing for Lead of All Drinking Water in Educational Facilities

The Renaissance School adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The Renaissance School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

## **FOLLOW-UP ON PRIOR YEAR FINDINGS**

In accordance with *Government Auditing Standards*, our procedures included a review of the prior year findings. No recommendations were reported in the prior year.

## **ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the Renaissance School and we greatly appreciate the courtesies extended to the members of the audit team.

A handwritten signature in cursive script that reads "Matthew T. McGinnis".

Matthew T. McGinnis, C.P.A.

**KIPP: COOPER NORCROSS, INC.**

Audit Synopsis Recommendations  
June 30, 2020

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It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
Not applicable
3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities  
Not applicable
6. Application for State and School Aid  
None
7. Pupil Transportation  
Not applicable
8. Facilities and Capital Assets  
Not applicable
9. Miscellaneous  
Not applicable
10. Status of Prior Year's Findings and Recommendations  
Not applicable



**KIPP: COOPER NORCROSS, INC.**  
**APPLICATION FOR CHARTER SCHOOL AID**  
**ENROLLMENT COUNT AS OF OCTOBER 15, 2019**

Grades	Submission to DOE reported On Roll	Sample													
		Reported on workpapers	Verified signed registration forms	Verified # days enrolled		Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided		Errors	Low Income	Verified documentation	Errors
Kindergarten	120	60	60	0	60	0	4	4	0	4	0	111	111	0	
One	120	60	60	0	60	0	6	6	0	6	0	107	107	0	
Two	119	60	60	0	60	0	14	14	0	14	0	109	109	0	
Three	124	62	62	0	62	0	23	23	0	23	0	112	112	0	
Four	142	71	71	0	71	0	27	27	0	27	0	129	129	0	
Five	226	113	113	0	113	0	39	39	0	39	0	209	209	0	
Six	204	102	102	0	102	0	39	39	0	39	0	186	186	0	
Seven	230	115	115	0	115	0	51	51	0	51	0	208	208	0	
Eight	227	114	114	0	114	0	44	44	0	44	0	207	207	0	
<b>Total</b>	<b>1512</b>	<b>757</b>	<b>757</b>	<b>0</b>	<b>757</b>	<b>0</b>	<b>247</b>	<b>247</b>	<b>0</b>	<b>247</b>	<b>0</b>	<b>1378</b>	<b>1378</b>	<b>0</b>	
Percentage				0%		0%			0%		0%			0%	

**KIPP: COOPER NORCROSS, INC.**  
**APPLICATION FOR CHARTER SCHOOL AID**  
**ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL**

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	120	60	60	0	60	0	4	4	0	4	0	111	111	0
One	120	60	60	0	60	0	6	6	0	6	0	107	107	0
Two	120	60	60	0	60	0	14	14	0	14	0	109	109	0
Three	124	62	62	0	62	0	23	23	0	23	0	112	112	0
Four	143	72	72	0	72	0	28	28	0	28	0	131	131	0
Five	226	113	113	0	113	0	39	39	0	39	0	209	209	0
Six	206	103	103	0	103	0	39	39	0	39	0	187	187	0
Seven	231	116	116	0	116	0	51	51	0	51	0	209	209	0
Eight	229	115	115	0	115	0	45	45	0	45	0	209	209	0
<b>Total</b>	<b>1519</b>	<b>761</b>	<b>761</b>	<b>0</b>	<b>761</b>	<b>0</b>	<b>249</b>	<b>249</b>	<b>0</b>	<b>249</b>	<b>0</b>	<b>1384</b>	<b>1384</b>	<b>0</b>
Percentage				0%		0%			0%		0%			0%

**KIPP: COOPER NORCROSS, INC.**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL**  
**ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>PROGRAM</b>	<b>MEAL CATEGORY</b>	<b>MEALS CLAIMED</b>	<b>MEALS TESTED</b>	<b>MEALS VERIFIED</b>	<b>DIFFERENCE</b>	<b>RATE (a)</b>	<b>(OVER) UNDER CLAIM (b)</b>
National School Lunch (Regular Rate)	Paid	-	-	-	-	0.34	-
National School Lunch (Regular Rate)	Reduced	-	-	-	-	3.03	-
National School Lunch (Regular Rate)	Free	208,930	208,930	208,930	-	3.43	-
	<b>TOTAL</b>	<u>208,930</u>	<u>208,930</u>	<u>208,930</u>			<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>208,930</u>	<u>208,930</u>	<u>208,930</u>	-	0.07	<u>-</u>
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.31	-
	Reduced	-	-	-	-	1.90	-
	Free	181,728	181,728	181,728	-	2.20	-
	<b>TOTAL</b>	<u>181,728</u>	<u>181,728</u>	<u>181,728</u>			<u>-</u>
After School Snacks	Paid	-	-	-	-	0.08	-
	Reduced	-	-	-	-	0.47	-
	Free (Area Eligible)	129,489	129,489	129,489	-	0.94	-
	<b>TOTAL</b>	<u>129,489</u>	<u>129,489</u>	<u>129,489</u>			<u>-</u>
<b>Total Net Overclaim</b>							<u><u>-</u></u>

**KIPP: COOPER NORCROSS, INC.**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE**  
**ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	0.05	-
State Reimbursement - National School Lunch (Regular Rate)	Reduced	-	-	-	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	208,930	208,930	208,930	-	0.055	-
	<b>TOTAL</b>	<u>208,930</u>	<u>208,930</u>	<u>208,930</u>			<u>-</u>
	<b>Total Net Overclaim</b>						<u><u>-</u></u>

**KIPP: COOPER NORCROSS, INC.**

Excess Surplus Calculation  
June 30, 2020

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**EXCESS SURPLUS CALCULATION**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-		<u>\$ 24,923,603</u> (B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	- (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	- (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	- (B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ _____	- (B2a)
Assets Acquired Under Capital Leases	\$ _____	- (B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1a)]		<u>\$ 24,923,603</u> (B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]		<u>\$ 498,472</u> (B4)
Enter Greater of (B4) or \$250,000		<u>\$ 498,472</u> (B4)
Increased by: Allowable Adjustment		<u>\$ 87,828</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		<u>\$ 586,300</u> (M)
<u>Detail of Allowable Adjustments</u>		
Impact Aid	\$ _____	- (H)
Sale & Lease-back	\$ _____	- (I)
Extraordinary Aid	\$ <u>87,828</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	- (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	- (J3)
Family Crisis Transportation Aid	\$ _____	- (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]		<u>\$ 87,828</u> (K)

**KIPP: COOPER NORCROSS, INC.**

Excess Surplus Calculation  
June 30, 2020

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**EXCESS SURPLUS CALCULATION** (Continued)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>10,400,670</u> (C)
Decreased by:	
Year-end Encumbrances	\$ _____ - (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ <u>24,428</u> (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ _____ - (C3)
Other Restricted Fund Balances	\$ _____ - (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ _____ - (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>10,376,242</u> (U1)
Restricted Fund Balance – Excess Surplus [(U1)-(M)]	\$ <u>9,789,942</u> (E)
<b><u>Recapitulation of Excess Surplus as of June 30, 2020</u></b>	
Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ _____ - (C3)
Reserved Excess Surplus [(E)]	\$ <u>9,789,942</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>9,789,942</u>

**NET CASH RESOURCE SCHEDULE**

**Net Cash Resources did/did not exceed Three Months of Expenditures  
Proprietary Funds - Food Service  
Fiscal Year Ended June 30, 2020**

<u>Net Cash Resources:</u>			<u>Food Service B - 4/5</u>	
<b>CAFR</b>	*	<b>Current Assets</b>		
B-4		Cash & Cash Equiv.	\$ 189,969	
B-4		Accounts Receivable	180,193	
<b>CAFR</b>		<b>Current Liabilities</b>		
B-4		Less Accounts Payable	<u>(85,404)</u>	
		<b>Net Cash Resources</b>	<u><u>\$ 284,758</u></u>	<b>(A)</b>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	<u>\$ 1,269,115</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 1,269,115</u></u>	<b>(B)</b>

Average Monthly Operating Expense:

B / 10	<u><u>\$ 126,912</u></u>	<b>(C)</b>
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Three times monthly Average:

3 X C	<u><u>\$ 380,735</u></u>	<b>(D)</b>
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TOTAL IN BOX A	\$	284,758
LESS TOTAL IN BOX D	\$	(380,735)
NET	\$	<b>(95,977)</b>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.**

**D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form