

**KIPP: COOPER NORCROSS, INC.**

**AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

**KIPP: COOPER NORCROSS, INC.**

Table of Contents  
June 30, 2021

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	<u>Pages</u>
<b>Independent Auditor's Report</b> .....	1
<b>Scope of Audit</b> .....	2
<b>Administrative Practices and Procedures</b>	
Insurance.....	2
Official Bonds .....	2
<b>Financial Planning, Accounting and Reporting</b>	
Examination and Payment of Claims .....	2
Payroll Account .....	2
Reserve for Encumbrances and Accounts Payable .....	2
Classification of Expenditures .....	2
<b>School Purchasing Programs</b>	
Board's Secretary Accounting Records .....	3
Student Body Activities .....	3
<b>Schedule of Audited Enrollments</b>	
Enrollment Counts and Submissions to the Department .....	3
School Food Service .....	3 - 4
Teacher's Pension and Annuity Fund (T.P.A.F.) Reimbursement for the State for Federal Salary Expenditures .....	4
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA) .....	4
Other Special Federal and/or State Projects .....	4
<b>Miscellaneous</b>	
Testing for Lead of All Drinking Water in Educational Facilities .....	4
<b>Follow-Up on Prior Year Findings</b> .....	5
<b>Acknowledgement</b> .....	5
<b>Audit Synopsis Recommendations</b> .....	6
<b>Schedules of Enrollment Count</b> .....	7 - 8
<b>Schedules of Meal Count Activity</b> .....	N/A
<b>Excess Surplus Calculation</b> .....	9 - 10
<b>Net Cash Resource Schedule</b> .....	11



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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, 2021, and have issued our report thereon dated October 25, 2021.

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 25, 2021

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.

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, 2021, 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, 2020, 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

#### Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, 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.

During school year 2020-2021, the public health emergency was still applicable. As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. No exception noted.

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations. 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 school food service program was not selected as a major Federal or state program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exception noted.

We also inquired of school management as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exception noted.

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

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

### School Food Service (Continued)

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the Food Service Management Company (FSMC) received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. Schedule of Meal Count Activity is not a required presentation where the School Food Service Program has not been audited as a major program.

Net cash resources did exceed three months average expenditures.

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

As of June 30, 2021, 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 2021.

### 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.

**KIPP: COOPER NORCROSS, INC.**

Audit Synopsis Recommendations  
June 30, 2021

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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, 2020**

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	0	0	0	0	0	116	116	0
One	133	67	67	0	67	0	5	5	0	5	0	131	131	0
Two	138	69	69	0	69	0	6	6	0	6	0	134	134	0
Three	150	75	75	0	75	0	15	15	0	15	0	145	145	0
Four	153	77	77	0	77	0	23	23	0	23	0	148	148	0
Five	173	87	87	0	87	0	32	32	0	32	0	168	168	0
Six	227	114	114	0	114	0	41	41	0	41	0	223	223	0
Seven	210	105	105	0	105	0	40	40	0	40	0	204	204	0
Eight	234	117	117	0	117	0	52	52	0	52	0	228	228	0
Nine	238	119	119	0	119	0	49	49	0	49	0	229	229	0
<b>Total</b>	<b>1776</b>	<b>890</b>	<b>890</b>	<b>0</b>	<b>890</b>	<b>0</b>	<b>263</b>	<b>263</b>	<b>0</b>	<b>263</b>	<b>0</b>	<b>1726</b>	<b>1726</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	121	61	61	0	61	0	1	1	0	1	0	115	115	0
One	133	67	67	0	67	0	11	11	0	11	0	130	130	0
Two	140	70	70	0	70	0	10	10	0	10	0	135	135	0
Three	150	75	75	0	75	0	19	19	0	19	0	145	145	0
Four	149	75	75	0	75	0	28	28	0	28	0	144	144	0
Five	169	85	85	0	85	0	32	32	0	32	0	160	160	0
Six	227	114	114	0	114	0	43	43	0	43	0	216	216	0
Seven	214	107	107	0	107	0	44	44	0	44	0	199	199	0
Eight	233	117	117	0	117	0	53	53	0	53	0	215	215	0
Nine	232	116	116	0	116	0	55	55	0	55	0	221	221	0
<b>Total</b>	<b>1768</b>	<b>887</b>	<b>887</b>	<b>0</b>	<b>887</b>	<b>0</b>	<b>296</b>	<b>296</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>1680</b>	<b>1680</b>	<b>0</b>
Percentage				0%		0%			0%		0%			0%

**KIPP: COOPER NORCROSS, INC.**

Excess Surplus Calculation  
June 30, 2021

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**EXCESS SURPLUS CALCULATION**

**SECTION 1**

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

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-	\$ <u>27,137,500</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 2020-21 General Fund Expenditures [(B)+(B1a)] \$ 27,137,500 (B3)

2% of Adjusted 2020-21 General Fund Expenditures [(B3) times .02]	\$ <u>542,750</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>542,750</u> (B4)
Increased by: Allowable Adjustment	\$ <u>33,567</u> (K)

Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] \$ 576,317 (M)

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ - (H)
Sale & Lease-back	\$ _____ - (I)
Extraordinary Aid	\$ <u>33,567</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)] \$ 33,567 (K)

**KIPP: COOPER NORCROSS, INC.**

Excess Surplus Calculation  
June 30, 2021

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**EXCESS SURPLUS CALCULATION** (Continued)

**SECTION 2**

Total General Fund - Fund Balances as of June 30, 2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>7,854,220</u> (C)
Decreased by:	
Year-end Encumbrances	\$ _____ - (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ <u>177,835</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>7,676,385</u> (U1)
Restricted Fund Balance – Excess Surplus [(U1)-(M)]	\$ <u>7,109,597</u> (E)
<b><u>Recapitulation of Excess Surplus as of June 30, 2021</u></b>	
Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ _____ - (C3)
Reserved Excess Surplus [(E)]	\$ <u>7,100,068</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>7,100,068</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, 2021**

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>		
<b>CAFR</b>	*	<b>Current Assets</b>		
B-4		Cash & Cash Equiv.	\$ 476,951	
B-4		Accounts Receivable	142,151	
<b>CAFR</b>		<b>Current Liabilities</b>		
B-4		Less Accounts Payable	<u>(119,075)</u>	
		<b>Net Cash Resources</b>	<u><u>\$ 500,027</u></u>	<b>(A)</b>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 1,050,602	
	Adj. Tot. Oper. Exp.	<u><u>\$ 1,050,602</u></u>	<b>(B)</b>

Average Monthly Operating Expense:

B / 10	<u><u>\$ 105,060</u></u>	<b>(C)</b>
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Three times monthly Average:

3 X C	<u><u>\$ 315,181</u></u>	<b>(D)</b>
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TOTAL IN BOX A	\$ 500,027
LESS TOTAL IN BOX D	\$ (315,181)
NET	\$ <b>184,846</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