

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE

**KIPP: COOPER NORCROSS, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

KIPP: COOPER NORCROSS, INC.

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N/A = Not Applicable

INTRODUCTORY SECTION

February 6, 2023

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

Dear Commissioner:

The Annual Comprehensive Financial Report of the KIPP: Cooper Norcross, Inc. (the Renaissance School or KCN) for the fiscal year ended June 30, 2022, 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. The Renaissance School's MD&A can be found immediately following the Independent Auditor's Report.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and the Renaissance School's 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 Individual Education Programs. Additionally, we provide therapy for students that have been identified as needing the services.

- 3) Internal Accounting Controls:** Management of the Renaissance School is responsible for establishing and maintaining internal control designed to ensure the assets of the Renaissance School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

During the 2021-2022 school year, the Renaissance School continued its efforts to improve its operational processes and procedures, correcting deficiencies identified in previous audits and reviews, and on maintaining general compliance with sound fiscal practices.

- 5) **Accounting System and 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.
- 6) **Financial Statement Information at Fiscal Year-End:** As demonstrated by the various statements and schedules included in the financial section of this report, the Renaissance School continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the General Fund and special revenue funds for the fiscal year ended June 30, 2022:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Revenue	\$ 35,185,115	76%
Sublease Income	182,503	1
State Aid	1,758,177	3
Federal Aid - General Fund	118,377	1
Miscellaneous - General Fund	205,200	1
Federal Aid - Special Revenue	7,685,325	16
Private Grants - Special Revenue	<u>1,048,560</u>	<u>2</u>
	<u>\$ 46,183,257</u>	<u>100%</u>

The following schedule presents a summary of the General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2022:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current - General Fund	\$ 30,205,703	77%
Current - Special Revenue Fund	8,484,438	22
Capital Outlay	<u>347,501</u>	<u>1</u>
Total	<u>\$ 39,037,642</u>	<u>100%</u>

- 7) **Cash Management:** The investment policy of the Renaissance School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”. The Renaissance School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires Governmental Units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 8) **Risk Management:** The Board carries various forms of insurance, including, but not limited to, general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, and worker’s compensation.
- 9) **Other Information:**

Independent Audit - State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Renaissance School appointed the accounting firm of AAFCPAs, Inc.

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 2021-2022 school-year was one of great strides in terms of academic achievement at the Renaissance School. 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 Renaissance School’s operations, and particularly in the area of student achievement.

- 10) **Acknowledgments:** A note of appreciation is extended to the Audit Committee of the Renaissance School for their ongoing support and commitment to fiscal integrity and to the Renaissance School 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 Renaissance School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,



Ryan Hill
Lead Person

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2022**

<u>Members of Board of Trustees</u>	<u>Term Expires</u>
Tim Carden, President, Voting	10/2022
Michael Goodman, Trustee, Voting	2/2023
Rahul Goyal, Treasurer, Voting	4/2025
William Smith, Trustee, Voting	2/2023
Christine Choi, Trustee, Voting	4/2025
Kathleen Nugent Hughes, Trustee, Voting	4/2025
Jordan Metzger, Trustee, Voting	3/2023
Marcus Worlds, Trustee, Voting	2/2023
Sheila Roberts, Trustee, Voting	2/2023

CONSULTANTS, INDEPENDENT AUDITORS AND ADVISORS

AUDIT FIRM

AAFCPAs, Inc.
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

**Unmodified Opinion on Financial Statements Accompanied by Required Supplementary Information,
Supplementary Information and Other Information – Governmental Entity**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of KIPP: Cooper Norcross, Inc. (KCN) and its blended component unit of KCNA Project, LLC (the LLC) (collectively, the Renaissance School), County of Camden, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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 KIPP: Cooper Norcross, Inc. and KCNA Project, LLC, County of Camden, State of New Jersey as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Renaissance School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of KCNA Project, LLC were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

During fiscal year 2022, the Renaissance School adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which modifies the accounting treatment of leases in the statement of net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Renaissance School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Renaissance School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Renaissance School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, which 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 and Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2022, 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 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*, respectively, are presented for purposes of additional analysis and are 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 introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, 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 solely 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 effectiveness of the Renaissance School's 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.

AAFCPA, Inc.

Westborough, Massachusetts
February 6, 2023

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, 2022

INTRODUCTION

This section of the KIPP: Cooper Norcross, Inc.'s (KCN) and KCNA Project, LLC's (the LLC) (collectively, the Renaissance School) Annual Comprehensive 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, 2022. 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 Statements - 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 2021-2022 fiscal year include the following:

- Net Position of governmental activities ended the fiscal year with \$2,108,297. Net position of business-type activities, which represent food service operations, ended the fiscal year with \$1,069,684.
- General revenues accounted for \$43,673,805 in revenue or 83 percent of total revenues of \$52,820,020. Program specific revenues, in the form of charges for services, grants, and contributions, accounted for \$9,116,215 or 17 percent of total revenues.
- The Renaissance School had \$67,563,141 in expenses related to governmental activities; \$8,490,601 of these expenses is offset by operating grants and contributions and \$625,614 is offset by capital grants and contributions. General governmental revenues (primarily local sources) of \$41,445,455 helped to provide for the balance of these programs.
- The General Fund reported a fund balance at June 30, 2022, of \$11,618,934, and a surplus of \$6,902,331 before other financing sources and 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.

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 2022?" 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, 2022

REPORTING THE RENAISSANCE SCHOOL'S MOST SIGNIFICANT FUNDS (Continued)**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 a useful indicator of a government's financial position. In the case of the Renaissance School, assets exceeded liabilities by \$3,177,981 at the close of fiscal year 2022. The following table provides a summary of net position relating to the Renaissance School's governmental and business-type activities:

	2022		
	Governmental Activities	Business- Type Activities	Total
Assets:			
Current assets	\$ 29,873,714	\$ 894,847	\$ 30,768,561
Right-to-use assets - land lease, net	9,158,108	-	9,158,108
Capital assets, net	<u>109,613,876</u>	<u>299,416</u>	<u>109,913,292</u>
Total assets	<u>\$ 148,645,698</u>	<u>\$ 1,194,263</u>	<u>\$ 149,839,961</u>
Liabilities:			
Current liabilities	\$ 18,259,985	\$ 124,579	\$ 18,384,564
Long-term liabilities	<u>128,277,416</u>	<u>-</u>	<u>128,277,416</u>
Total liabilities	<u>\$ 146,537,401</u>	<u>\$ 124,579</u>	<u>\$ 146,661,980</u>
Net position:			
Net invested in capital assets, net of related debt	\$ (11,253,527)	\$ 299,416	\$ (10,954,111)
Restricted	(5,205)	-	(5,205)
Unrestricted	<u>13,367,029</u>	<u>770,268</u>	<u>14,137,297</u>
Total net position	<u>\$ 2,108,297</u>	<u>\$ 1,069,684</u>	<u>\$ 3,177,981</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, 2022

THE RENAISSANCE SCHOOL AS A WHOLE (Continued)

The total net position of the Renaissance School increased by \$2,346,848 during the current fiscal year ended June 30, 2022. The majority of the increase is attributable to a surplus of \$1,777,191 in the governmental activities. The Renaissance School did have business-type activities during the year ended June 30, 2022, resulting in a surplus of \$569,657.

The table that follows reflects the change in fund balance before other financing sources and reconciliations for fiscal year 2022:

	2022		
	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues:			
Charge for services	\$ -	\$ 30,000	\$ 30,000
Operating grants and contributions	8,733,885	-	8,733,885
Capital grants	-	-	-
Total program revenues	<u>8,733,885</u>	<u>-</u>	<u>8,763,885</u>
Capital Projects:			
State aid	125,614	-	125,614
Miscellaneous	500,000	-	500,000
Total capital projects revenues	<u>625,614</u>	<u>-</u>	<u>625,614</u>
Debt Service:			
Federal aid	3,752,603	-	3,752,603
Miscellaneous	196	-	196
Total debt service revenues	<u>3,752,799</u>	<u>-</u>	<u>3,752,799</u>
General revenues:			
Local aid	35,185,115	-	35,185,115
Miscellaneous	387,703	-	387,703
Federal and state aid	1,876,554	2,228,350	4,104,904
Total general revenues	<u>37,449,372</u>	<u>2,228,350</u>	<u>39,677,722</u>
Total revenues	<u>50,561,670</u>	<u>2,258,350</u>	<u>52,820,020</u>
Expenses:			
Instructions	12,415,060	-	12,415,060
Administrative and support services	26,275,081	-	26,275,081
Capital outlay	22,232,584	-	22,232,584
Debt service - interest	6,640,416	-	6,640,416
Food service	-	1,688,693	1,688,693
Total expenses	<u>67,563,141</u>	<u>1,688,693</u>	<u>69,126,834</u>
Excess of revenues over expenditures	<u>\$ (17,001,471)</u>	<u>\$ 569,657</u>	<u>\$ (16,431,814)</u>

KIPP: COOPER NORCROSS, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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 governmental 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, 2022.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Administrative and support services	\$ 26,275,081	\$ 18,910,638
Instruction	12,415,060	11,295,065
Debt service	6,640,416	6,640,416
Capital outlay	<u>22,232,584</u>	<u>21,600,807</u>
Total expenses	<u>\$ 67,563,141</u>	<u>\$ 58,446,926</u>

BUSINESS-TYPE ACTIVITY

The business-type activity of the Renaissance School consists of the food service operation. This program had revenues of \$2,258,350 and operating expenses of \$1,688,693 for fiscal year 2022. The Renaissance School intended to have food services be self-operating without assistance from the General Fund. During the year ended June 30, 2022, the food service operation earned an operating surplus of \$569,657.

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 \$50,651,670 and expenditures of \$67,563,141. The negative change in fund balance for the year was \$17,001,471, before other financing sources of \$17,735,970. The fund balance increased by \$734,499.

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 2022, 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 the Renaissance School's management teams.

For the General Fund, final budgeted revenues were \$38,892,645, which included a local share of \$35,185,115. Expenditures and other financing sources were budgeted at \$1,522,434. The Renaissance School anticipated a budgeted fund balance decrease of \$(12,629,789) in its 2021-2022 budget year.

CAPITAL ASSETS

At the end of fiscal year 2022, the Renaissance School had \$109,913,292 invested in capital assets in its governmental and business-type activities.

The Renaissance School's 2022-2021 budget anticipates additional spending on capital projects in line with its expansion plans.

KIPP: COOPER NORCROSS, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

LONG-TERM DEBT

At June 30, 2022, the Renaissance School had \$128,277,416 in long-term debt. More detailed information about the Renaissance School's long-term obligations is presented in the notes to the financial statements.

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, 2022.

SCHOOL-WIDE FINANCIAL STATEMENTS

KIPP: COOPER NORCROSS, INC.

Statement of Net Position
As of June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 18,342,050	\$ 551,883	\$ 18,893,933
Restricted cash	1,289,865	-	1,289,865
Accounts receivables	8,804,128	342,964	9,147,092
Due from related party	820,369	-	820,369
Prepaid expenses	617,302	-	617,302
Right-to-use assets - land leases, net	9,158,108	-	9,158,108
Capital assets, net	<u>109,613,876</u>	<u>299,416</u>	<u>109,913,292</u>
Total assets	<u>\$ 148,645,698</u>	<u>\$ 1,194,263</u>	<u>\$ 149,839,961</u>
LIABILITIES:			
Intergovernmental payables - state	\$ 6,592,968	\$ -	\$ 6,592,968
Accounts payable	1,056,274	124,579	1,180,853
Payroll deductions and withholdings	768,188	-	768,188
Accrued expenses - development	3,037,960	-	3,037,960
Due to related party	593,492	-	593,492
Accrued interest	6,211,103	-	6,211,103
Bonds and notes payable, net of discount and line of credit	<u>128,277,416</u>	<u>-</u>	<u>128,277,416</u>
Total liabilities	<u>146,537,401</u>	<u>124,579</u>	<u>146,661,980</u>
NET POSITION:			
Net invested in capital assets, net of related debt	(11,253,527)	299,416	(10,954,111)
Restricted	(5,205)	-	(5,205)
Unrestricted	<u>13,367,029</u>	<u>770,268</u>	<u>14,137,297</u>
Total net position	<u>2,108,297</u>	<u>1,069,684</u>	<u>3,177,981</u>
Total net position and liabilities	<u>\$ 148,645,698</u>	<u>\$ 1,194,263</u>	<u>\$ 149,839,961</u>
Fund Balance, June 30, 2022 - B-1	\$ 11,613,729		
Right-to-use assets, net of accumulated amortization	9,158,108		
Cost of capital assets, net of accumulated depreciation	109,613,876		
Principal balance of bonds and notes payable, net of discount	<u>(128,277,416)</u>		
Total net position, June 30, 2022	<u>\$ 2,108,297</u>		

KIPP: COOPER NORCROSS, INC.

Statement of Activities
For the Year Ended June 30, 2022

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
Governmental Activities:							
Instruction:							
Regular	\$ 12,415,060	\$ -	\$ 1,119,995	\$ -	\$ 11,295,065	\$ -	\$ 11,295,065
Support services:							
General administration	12,389,378	-	-	-	12,389,378	-	12,389,378
Support services	12,164,439	-	7,364,443	-	4,799,996	-	4,799,996
TPAF Social Security (Reimbursed)	1,721,264	-	-	-	1,721,264	-	1,721,264
Capital outlay	22,232,584	-	6,163	625,614	21,600,807	-	21,600,807
Debt service:							
Interest	6,640,416	-	-	-	6,640,416	-	6,640,416
Total governmental activities	<u>67,563,141</u>	<u>-</u>	<u>8,490,601</u>	<u>625,614</u>	<u>58,446,926</u>	<u>-</u>	<u>58,446,926</u>
Business-type Activities:							
Food Service	1,688,693	30,000	-	-	-	1,658,693	1,658,693
Total business-type activities	<u>1,688,693</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,658,693</u>	<u>1,658,693</u>
Total primary government	<u>\$ 69,251,834</u>	<u>\$ 30,000</u>	<u>\$ 8,490,601</u>	<u>\$ 625,614</u>	<u>\$ 58,446,926</u>	<u>\$ 1,658,693</u>	<u>\$ 60,105,619</u>
General revenues:							
Local sources					\$ 35,185,115	\$ -	\$ 35,185,115
State aid					1,758,177	31,369	1,789,546
Federal aid					3,870,980	2,196,981	6,067,961
Interest income					196	-	196
Philanthropic support and other income					630,987	-	630,987
Total general revenues					<u>41,445,455</u>	<u>2,228,350</u>	<u>43,673,805</u>
Excess of revenues over expenditures					(17,001,471)	569,657	(16,431,814)
Other financing sources							
Net increase in fund balance					<u>17,735,970</u>	<u>-</u>	<u>17,735,970</u>
Increase in net capital outlay					19,779,507	-	19,779,507
Decrease in right-to-use asset					(150,671)	-	(150,671)
Issuance of notes payable					(17,985,970)	-	(17,985,970)
Net payments on notes payable					250,000	-	250,000
Amortization expense					(850,174)	-	(850,174)
Changes in net position					<u>1,777,191</u>	<u>569,657</u>	<u>2,346,848</u>
Net Position - beginning July 1, 2021					<u>331,106</u>	<u>500,027</u>	<u>831,133</u>
Net Position - ending June 30, 2022					<u>\$ 2,108,297</u>	<u>\$ 1,069,684</u>	<u>\$ 3,177,981</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 15,552,579	\$ -	\$ 2,789,471	\$ -	\$ 18,342,050
Restricted cash	153,702	-	-	1,136,163	1,289,865
Due to (from) funds	1,021,019	(5,544,566)	-	4,523,547	-
Receivables:					
State	3,042,467	-	-	-	3,042,467
Federal	-	5,617,923	-	-	5,617,923
Other	119,570	24,168	-	-	143,738
Due from related party	368,831	451,538	-	-	820,369
Prepaid expenses	297,288	-	-	320,014	617,302
Total assets	\$ 20,555,456	\$ 549,063	\$ 2,789,471	\$ 5,979,724	\$ 29,873,714
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Intergovernmental payables - state	\$ 6,364,181	\$ 228,787	\$ -	\$ -	\$ 6,592,968
Accounts payable	979,282	76,992	-	-	1,056,274
Payroll deductions and withholdings	768,188	-	-	-	768,188
Accrued expenses - development	-	-	3,037,960	-	3,037,960
Due to related party	593,492	-	-	-	593,492
Accrued interest	231,379	-	-	5,979,724	6,211,103
Total liabilities	8,936,522	305,779	3,037,960	5,979,724	18,259,985
Fund balances:					
Unassigned	11,321,646	-	-	-	11,321,646
Nonspendable	297,288	-	-	-	297,288
Restricted:					
Student related programs	-	243,284	-	-	243,284
Capital projects	-	-	(248,489)	-	(248,489)
Total fund balances	11,618,934	243,284	(248,489)	-	11,613,729
Total liabilities and fund balances	\$ 20,555,456	\$ 549,063	\$ 2,789,471	\$ 5,979,724	\$ 29,873,714

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$121,123,048 and the accumulated depreciation is \$11,509,172 (see Note 4). \$ 109,613,876

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 \$10,000,000 and the accumulated amortization is \$841,892 (see Note 5). 9,158,108

Long-term liabilities (net of discounts), including bonds, notes payable and line of credit are not due and payable in the current period and therefore are not reported as liabilities in the fund statements (see Note 12). (128,277,416)

Net position of governmental activities \$ 2,108,297

KIPP: COOPER NORCROSS, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local share	\$ 35,185,115	\$ -	\$ -	\$ -	\$ 35,185,115
State share	-	-	125,614	-	125,614
Sublease income	182,503	-	-	-	182,503
Philanthropic support	-	1,048,560	500,000	-	1,548,560
Interest income	-	-	-	196	196
Miscellaneous	205,200	-	-	-	205,200
Total - local sources	35,572,818	1,048,560	625,614	196	37,247,188
Federal sources	118,377	7,685,325	-	3,752,603	11,556,305
State sources	1,758,177	-	-	-	1,758,177
Total revenues	37,449,372	8,733,885	625,614	3,752,799	50,561,670
EXPENDITURES:					
Current:					
Instruction	11,295,065	1,119,995	-	-	12,415,060
Administrative	12,389,378	-	-	-	12,389,378
Support services	4,799,996	7,364,443	-	-	12,164,439
TPAF Social Security contributions (reimbursed)	1,721,264	-	-	-	1,721,264
Capital outlay	341,338	6,163	21,885,083	-	22,232,584
Debt service:					
Interest expense	-	-	-	6,640,416	6,640,416
Total expenditures	30,547,041	8,490,601	21,885,083	6,640,416	67,563,141
Excess (deficiency) of revenues over expenditures	6,902,331	243,284	(21,259,469)	(2,887,617)	(17,001,471)
OTHER FINANCING SOURCES (USES):					
Transfers	(2,887,617)	-	-	2,887,617	-
Repayment of debt	(250,000)	-	-	-	(250,000)
Issuance of notes payable	-	-	17,985,970	-	17,985,970
Total other financing sources (uses)	(3,137,617)	-	17,985,970	2,887,617	17,735,970
Net change in fund balances	3,764,714	243,284	(3,273,499)	-	734,499
Fund Balance - July 1, 2021	7,854,220	-	3,025,010	-	10,879,230
Fund Balance - June 30, 2022	\$ 11,618,934	\$ 243,284	\$ (248,489)	\$ -	\$ 11,613,729

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, 2022

Total net change in fund balances - governmental funds (from B-2) \$ 734,499

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

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

Depreciation expense	\$ (2,453,077)	
Capital outlays	<u>22,232,584</u>	19,779,507

The addition of right-to-use assets is 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 amortization expense. This amount reflects total amortization as there were no capital outlay additions in the period.

(150,671)

Net payments on notes payable

250,000

Proceeds from notes payable

(17,985,970)

Amortization increases bonds payable but the expense is not included in the fund balance.

(850,174)

Changes in net position of governmental activities

\$ 1,777,191

PROPRIETARY FUNDS

KIPP: COOPER NORCROSS, INC.

Statement of Net Position
 Proprietary Funds
 As of June 30, 2022

	Business-type Activities - Enterprise Fund
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 551,883
Accounts receivable - Federal Aid	338,069
Accounts receivable - State	4,895
	<hr/>
Total current assets	894,847
Capital Assets	299,416
	<hr/>
	\$ 1,194,263
	<hr/>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 124,579
	<hr/>
NET POSITION:	
Invested in capital assets	299,416
Unrestricted	770,268
	<hr/>
Total net position	1,069,684
	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 1,194,263
	<hr/>

KIPP: COOPER NORCROSS, INC.

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 30,000
Operating Expenses:	
Cost of sales - reimbursable programs	1,677,016
Cost of sales - nonreimbursable programs	11,677
	<u>1,688,693</u>
Total operating expenses	<u>1,688,693</u>
Operating loss	<u>(1,658,693)</u>
Non-operating Revenues:	
State sources:	
State school lunch program	31,369
Federal sources:	
National school lunch program	1,583,433
School breakfast program	581,658
Fresh fruit and vegetable program	31,890
	<u>2,228,350</u>
Total non-operating revenues	<u>2,228,350</u>
Changes in net position	569,657
Total Net Position - beginning	<u>500,027</u>
Total Net Position - ending	<u><u>\$ 1,069,684</u></u>

KIPP: COOPER NORCROSS, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 30,000
Payments to suppliers	<u>(1,683,189)</u>
Net cash used in operating activities	(1,653,189)
Cash Flows from Noncapital Financing Activities:	
State and Federal sources	2,027,537
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	<u>(299,416)</u>
Net increase in cash and cash equivalents	74,932
Cash and Cash Equivalents Balance - beginning of year	<u>476,951</u>
Cash and Cash Equivalents Balance - end of year	<u><u>\$ 551,883</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (1,658,693)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in accounts payable	<u>5,504</u>
Net cash used in operating activities	<u><u>\$ (1,653,189)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE RENAISSANCE SCHOOL AND REPORTING ENTITY

KIPP: Cooper Norcross, Inc. (KCN) was incorporated in the State of New Jersey in 2002 as a non-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. KCN's Board of Trustees (the Board) is responsible for the fiscal control of KCN. A School Leader/Chief Executive Officer is appointed by Board and is responsible for the administrative control of KCN. Under the existing statutes, KCN'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.

During fiscal year 2022, KCNA Project, LLC (the LLC) was formed for the purposes of obtaining financing to facilitate the construction projects for KCN. The LLC is a blended component unit of KCN. KCN and the LLC are collectively referred to as "the Renaissance School".

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 caregiver 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Summary of Adoption of New Accounting Standards

During fiscal year 2022, the Renaissance School adopted GASB Statement No. 87, *Leases* (GASB 87), which requires the Renaissance School to recognize intangible right-to-use lease assets and lease liabilities for its lessee agreements (see Note 5). The adoption of this GASB did not have a material impact to the Renaissance School's financial statements as of June 30, 2022.

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 the 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 NJDOE, 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 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 Fund – 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 (total net 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.

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 financial 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 objectives 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 determined 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.

Gifts of cash and other assets are reported as restricted program funds, if they are received with donor stipulations that limit the use of the donated assets. When a stipulated purpose restriction is accomplished, donor restricted net position assets are reclassified to operating and capital asset funds and are reported in the statements of revenues, expenses and changes in net position as transfers between funds.

Budgets/Budgetary Control

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Restricted Cash

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. Cash and cash equivalents also include certain reserves and set-asides which are reported as restricted cash.

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, 2022.

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, 2022.

Net Position/Fund Balance

School-Wide Statements

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

- Net Invested in Capital Assets, net of related debt - 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

School-Wide Statements (Continued)

- 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. Restricted net position also represents funds received or committed for specific program needs which have not yet been expended. Donor-restricted net position for the Renaissance School's programs totaled \$243,284 at June 30, 2022, all of which were program restricted. Net position restricted for capital projects has a temporary deficit of \$(248,489) at June 30, 2022.
- Unrestricted Net Position - any portion of net position not already classified as either net invested in capital assets, net of related debt, 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 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 a 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 a 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, 2022.

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.

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, 2022. 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, 2022, the Renaissance School's carrying amount of deposits and investments are as follows:

	School-Wide Financial Statements
Cash balance	\$ 18,893,933
Restricted cash	<u>1,289,865</u>
Total cash and restricted cash	<u>\$ 20,183,798</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2022

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, 2022, the Renaissance School's bank balance was \$20,351,270.

Of the bank balance, \$250,000 of the Renaissance School's cash deposits on June 30, 2022, were secured by Federal deposit insurance and \$20,101,270 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey GUDPA.

Reconciliation to the financial statements:

Total cash balance covered by collateral pool	\$ 20,101,270
Plus - Federally insured amount	250,000
Less - outstanding checks	<u>(167,472)</u>
Total cash per school-wide financial statements	<u>\$ 20,183,798</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, 2022**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, 2022, the Renaissance School did not hold any investments.

4. CAPITAL ASSETS

The following schedule is a summarization of the governmental and business-type activities changes in capital assets for the fiscal year ended June 30, 2022:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2021</u>	<u>Additions</u>	<u>(Transfers)</u>	<u>Ending Balance June 30, 2022</u>
Capital assets, not being depreciated:				
Construction in progress - Other	\$ -	\$ 322,937	\$ -	\$ 322,937
Construction in progress - The Hatch Middle School Project	-	3,518,102	8,526	3,526,628
Construction in progress - The Whittier High School Project	<u>1,966,464</u>	<u>18,540,783</u>	<u>-</u>	<u>20,507,247</u>
Total construction in progress	<u>1,966,464</u>	<u>22,381,822</u>	<u>8,526</u>	<u>24,356,812</u>
Capital assets, being depreciated:				
Building and improvements	96,140,850	150,178	(8,526)	96,282,502
Land improvements	621,530	-	-	621,530
Equipment	<u>161,620</u>	<u>-</u>	<u>-</u>	<u>161,620</u>
Total capital assets being depreciated	<u>96,924,000</u>	<u>150,178</u>	<u>(8,526)</u>	<u>97,065,652</u>
Less - accumulated depreciated:				
Building and improvements	8,946,394	2,405,838	-	11,352,232
Land improvements	61,399	31,077	-	92,476
Equipment	<u>48,302</u>	<u>16,162</u>	<u>-</u>	<u>64,464</u>
Total accumulated depreciation	<u>9,056,095</u>	<u>2,453,077</u>	<u>-</u>	<u>11,509,172</u>
Total capital assets, net	<u>\$ 89,834,369</u>	<u>\$ 20,078,923</u>	<u>\$ -</u>	<u>\$ 109,913,292</u>

Depreciation expense of \$2,453,077 was charged to an unallocated function.

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2022

4. CAPITAL ASSETS (Continued)

Construction in progress as of June 30, 2022, primarily consists of construction related to the Whittier High School Project and the Hatch Middle School Project, which are expected to be completed in fiscal years 2023 and 2024, respectively.

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 prepayments are recorded as a right-to-use assets - land leases and amortized over the life of the lease.

The total land value for the Lanning Project (see Note 12) is \$4,000,000 and the sublease term is for sixty-eight years and nine months. Sublease expense amounted to \$58,182 for the fiscal year ended June 30, 2022.

The total land value for the Whittier Project (see Note 12) is \$3,500,000 and the sublease term is for sixty-six years and one month. Sublease expense amounted to \$52,963 for the fiscal year ended June 30, 2022.

The total land value for the Sumner Project (see Note 12) is \$2,500,000 and the sublease term is for sixty-three years and three months. Sublease expense amounted to \$39,526 for the fiscal year ended June 30, 2022.

Amortization expense of ground subleases was \$150,671 for the year ended June 30, 2022, and will continue to be approximately \$151,000 per year for the duration of the lease periods.

The following schedule is a summary of the right-to-use assets as of June 30, 2022:

Right-to-use assets	\$ 10,000,000
Less - accumulated amortization	<u>(841,892)</u>
Right-to-use assets, net	<u>\$ 9,158,108</u>

6. RELATED PARTY TRANSACTIONS AND MANAGEMENT AGREEMENT

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

KIPP Team and Family Schools, Inc. (formerly, KIPP New Jersey a NJ Nonprofit Corporation) (KTAF), a nonprofit charter school management organization, provided management services in the amount of \$4,222,214 to the Renaissance School for the year ended June 30, 2022. 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 KTAF 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.

6. RELATED PARTY TRANSACTIONS AND MANAGEMENT AGREEMENT (Continued)

In addition, KTAF provided services such as academic, facilities expansion, financial, technology, and curriculum and operations support. In the opinion of management, the payments are less than the market. KTAF also raises grants which are passed-through to the Renaissance School. The Renaissance School received a total of \$673,792 in grants awarded from KTAF during the year ended June 30, 2022.

Due from related party of \$820,369 consists of grants receivable from KTAF as of June 30, 2022. Due to related party consists of operating costs of \$593,492 as of June 30, 2022. In addition, accrued interest of \$225,208 (see Note 12) due to KTAF is included in accrued interest as of June 30, 2022.

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

Cooper Lanning Square Renaissance School Facilities, Inc. (CLSRSF) 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 CLSRSF as of June 30, 2022 (see Note 12). CLSRSF, 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 agreement for the Sumner Project, CLSRSF was entitled to a developer fee of \$1,000,000 which was previously earned and capitalized (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 and was officially accepted into the pension system during fiscal year 2021. Upon receiving approval to join the pension system, the Renaissance School began enrolling employees in the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) and processing payroll deductions. The payroll deductions that are being processed during fiscal year 2022 includes employees' back pay of their portion of pension contribution from previous fiscal years. The New Jersey Division of Pensions and Benefits allows the employees to pay back the pension contribution over time. During the year ended June 30, 2022, the Renaissance School made payments of \$564,123 and \$973,783 to the New Jersey Division of Pensions and Benefits for the employees' portion of pension contribution into TPAF and PERS, respectively.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. The Renaissance School has not recorded the amount the State of New Jersey makes on behalf of the Renaissance School to TPAF for the employer contribution. At June 30, 2022, the Renaissance School has accrued \$4,050,273 for the employer contribution to PERS since the inception of the Renaissance School, which is included in the intergovernmental payables - state in the accompanying statement of net position.

The employer's net position liability reported at June 30, 2022, has a measurement date of June 30, 2021 (and a corresponding measurement period of July 1, 2020 to June 30, 2021). The Renaissance School was officially accepted into the pension system as of June 30, 2021, however, there is no net pension liability as of June 30, 2022.

7. PENSION PLANS (Continued)

Application to State of New Jersey Pension Plans (Continued)

Description of Plans - Substantially all of the employees of the Renaissance School are covered by either the PERS or the TPAF (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and the TPAF. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (TPAF) - TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full-time certified teachers or professional staff of the public school systems in the State.

The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Renaissance School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

8. ECONOMIC DEPENDENCY

The Renaissance School receives approximately 96% 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, 2022, 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 (see Note 12).

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 Annual Comprehensive 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.

11. RECEIVABLES

Receivables as of June 30, 2022, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full.

A summary of the principal items of receivables is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables: Accounts	<u>\$ 3,162,037</u>	<u>\$ 5,642,091</u>	<u>\$ 342,964</u>	<u>\$ 9,147,092</u>

There was no allowance for doubtful accounts deemed necessary as of June 30, 2022.

As of June 30, 2022, approximately 95% of the Renaissance School’s school-wide receivables were due from the State of New Jersey. The Renaissance School received 88% 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 page 36). The par amounts of the Bonds are due at various dates through December 2050 and bear 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%.

KIPP: COOPER NORCROSS, INC.Notes to the Basic Financial Statements
June 30, 2022**12. BONDS AND NOTES PAYABLE (Continued)****Bonds Payable (Continued)**

Bonds payable consist of the following at June 30, 2022:

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 bond 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 bond is secured by a shared first priority interest in the Whittier Project.	29,833,634
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 bond 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>25,769,816</u>
Total bonds payable, net of discounts	<u>\$ 79,571,818</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, 2022</u>	
			<u>Accumulated Bond Discount Amortization</u>	<u>Net Discount</u>
2014 QSCB	\$ 60,000,000	\$ 22,000,000	\$ 4,527,926	\$ 17,472,074
2017 QSCB	29,833,634	8,833,634	535,892	8,297,742
2017 QZAB	<u>15,508,000</u>	-	-	-
	<u>\$ 105,341,634</u>	<u>\$ 30,833,634</u>	<u>\$ 5,063,818</u>	<u>\$ 25,769,816</u>

Amortization of bond discounts was \$850,174 for the fiscal year ended June 30, 2022. Amortization expense over the next five years is expected to be as follows:

2023	\$ 918,710
2024	\$ 992,785
2025	\$ 1,072,848
2026	\$ 1,159,384
2027	\$ 1,252,917

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2022

12. BONDS AND NOTES PAYABLE (Continued)

Bonds Payable (Continued)

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, 2022, the Renaissance School incurred total interest costs, excluding bond discount amortization, of \$4,232,210. During fiscal year 2022, the Renaissance School was awarded direct payment subsidy revenue of \$3,752,603 related to the bonds. The portion of interest not covered by the interest rebate (the Shortfall) was \$479,607 for the year ended June 30, 2022. The Renaissance School has incurred \$1,057,993 of accrued interest as of June 30, 2022, in conjunction with these bonds.

The original discount and other elements of the Renaissance School's 2014 QSCB and 2017 QSCB bond transactions are under review by the Internal Revenue Service (IRS). The IRS issued notices of adverse determination for each bond issuance related to certain structural issues, including its position that the original discounts of the bonds have artificially increased the interest rates subsidies available for each bond. The IRS has also issued credit adjustment notices to deny the subsidy payments for each bond effective from the time of the adverse determination and for a certain retroactive period associated with each bond. The IRS has also assessed penalties for subsidies paid during the same period. Management, with the aid of legal counsel, is vigorously contesting the IRS's findings and the matter has been referred to the IRS Office of Appeals. On August 27, 2021, the IRS acknowledged that the case has been forwarded to the Office of Appeals. Payment of the quarterly interest subsidies continues while the appeal is ongoing, but loss of the subsidies could significantly affect the Renaissance School's ability to meet its obligations under the bonds. Subsequent to year-end, on July 27, 2022, the Renaissance School received notices from the IRS noting that there were no deficiencies or overassessments found with respect to the Renaissance School's 2014 QSCB and 2017 QSCB bonds. No further action is required on the part of the Renaissance School.

Notes Payable

Notes payable consist of the following at June 30, 2022:

7.00% note payable to CLSRSF 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 \$3,956,734 as of June 30, 2022.	\$ 17,000,000
7.00% note payable to CLSRSF 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 \$578,517 as of June 30, 2022.	7,469,628
7.50% note payable with a maximum borrowing capacity of \$6,000,000 to CLSRSF 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. There was \$1,000,000 drawn down during fiscal year 2021 (see Note 6). Accrued interest on this note is \$386,480 as of June 30, 2022.	4,500,000

KIPP: COOPER NORCROSS, INC.Notes to the Basic Financial Statements
June 30, 2022**12. BONDS AND NOTES PAYABLE (Continued)****Notes Payable (Continued)**

1.00% unsecured note payable to KTAF. A 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 \$60,208 as of June 30, 2022. There was a payment of \$250,000 on this note payable during fiscal year 2022.	1,000,000
2.00% unsecured note payable to KTAF. 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 \$165,000 as of June 30, 2022. The remaining balance of this loan was repaid subsequent to fiscal year 2022.	<u>750,000</u>
Total notes payable	<u>\$ 30,719,628</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, 2022.

Future minimum payments on bonds, notes payable and line of credit (see Note 13) are expected to be as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 19,485,970	\$ 6,729,994	\$ 26,215,964
2024	\$ 250,000	\$ 6,352,793	\$ 6,602,793
2025	\$ -	\$ 6,282,585	\$ 6,282,585
2026	\$ -	\$ 6,282,585	\$ 6,282,585
2027	\$ -	\$ 6,282,585	\$ 6,282,585
2028 - 2032	\$ -	\$ 31,412,924	\$ 31,412,924
2033 - 2037	\$ 60,000,000	\$ 26,387,424	\$ 86,387,424
2038 - 2042	\$ -	\$ 18,302,924	\$ 18,302,924
2043 - 2047	\$ 17,000,000	\$ 14,237,090	\$ 31,237,090
2048 - 2052	\$ 57,311,262	\$ 3,319,518	\$ 60,630,780

13. LINE OF CREDIT

On June 16, 2022, the LLC entered into a revolving line of credit agreement with a bank. The agreement allows for borrowings up to \$18,000,000 for the purposes of financing various capital projects (the Whittier Project and the Hatch Project, see Note 4). This line of credit expires on December 16, 2022. The outstanding balance under this line of credit was \$17,985,970 at June 30, 2022. Interest is payable at the one-month Bloomberg Short-Term Bank Yield Index Rate (BSBY) plus 1.75% (3.35% at June 30, 2022). Interest expense totaled approximately \$6,200 for the year ended June 30, 2022. The loan is subject to certain guarantees and security interests on assets of the Renaissance School. There are no financial or nonfinancial covenants with which the Renaissance School must comply. While this is a short-term line of credit, it will be replaced with a long-term bond payable which closed in fiscal year 2023 and, therefore, is reported as a long-term financial liability and is included in notes and bonds payable in the accompanying financial statements (see Note 15).

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2022

14. SUBSEQUENT EVENTS

The Renaissance School has evaluated all subsequent events occurring through the date of the Independent Auditor's Report of February 6, 2023, which is the date the financial statements were available to be issued. See Notes 12 and 15 for events that met the criteria for disclosure within the financial statements.

15. BOND PAYABLE CLOSING

Subsequent to year-end, on November 15, 2022, the Renaissance School closed on Series 2022 bonds with a net purchase price of \$83,594,394, in order to provide permanent financing for the Whittier High School and Hatch Middle School projects (see Note 4). The full purchase price is to be paid to the bank (the Trustee) by the underwriter, as identified in the agreement.

16. RECONCILIATION OF SCHOOL-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the School-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 School-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, 2022	\$ 11,613,729
Cost of capital assets, net of accumulated depreciation	109,613,876
Right-to-use assets, net of accumulated amortization	9,158,108
Principal balance of bonds and notes payable, net of discount	<u>(128,277,416)</u>
Net position (per A-1) as of June 30, 2022	<u>\$ 2,108,297</u>

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

KIPP: COOPER NORCROSS, INC.

Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local share	\$ 38,432,289	\$ (3,247,174)	\$ 35,185,115	\$ 35,185,115	\$ -
Sublease income	180,000	-	180,000	182,503	(2,503)
Miscellaneous	-	-	-	205,200	(205,200)
Total - Local Sources	<u>38,612,289</u>	<u>(3,247,174)</u>	<u>35,365,115</u>	<u>35,572,818</u>	<u>(207,703)</u>
Federal Sources:					
SEMI	80,229	-	80,229	118,377	(38,148)
State Sources:					
Special Education Aid	-	-	-	36,913	(36,913)
TPAF Social Security (Reimbursed - non-budgeted)	3,447,301	-	3,447,301	1,721,264	1,726,037
Total State Sources	<u>3,447,301</u>	<u>-</u>	<u>3,447,301</u>	<u>1,758,177</u>	<u>1,689,124</u>
Total Revenues	<u>42,139,819</u>	<u>(3,247,174)</u>	<u>38,892,645</u>	<u>37,449,372</u>	<u>1,443,273</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Teachers salaries	10,609,032	(975,262)	9,633,770	9,081,673	552,097
Other salaries	1,419,500	105,287	1,524,787	297,717	1,227,070
General education supplies	814,901	206,471	1,021,372	1,094,611	(73,239)
Textbooks	116,000	(3,138)	112,862	18,401	94,461
Miscellaneous expenses	1,148,892	(152,139)	996,753	802,663	194,090
Total Regular Programs - Instruction	<u>14,108,325</u>	<u>(818,781)</u>	<u>13,289,544</u>	<u>11,295,065</u>	<u>1,994,479</u>
Administrative:					
Salaries	4,043,302	(190,455)	3,852,847	3,139,466	713,381
Cost of benefits	8,150,942	-	8,150,942	2,859,342	5,291,600
Purchased professional technical services	5,356,393	11,491	5,367,884	4,985,196	382,688
Communications and telephones	102,650	-	102,650	98,630	4,020
Supplies and materials	648,263	229,891	878,154	729,367	148,787
Interest	-	-	-	177,500	(177,500)
Miscellaneous expenses	1,436,774	(1,264,950)	171,824	399,877	(228,053)
Total Administrative	<u>19,738,324</u>	<u>(1,214,023)</u>	<u>18,524,301</u>	<u>12,389,378</u>	<u>6,134,923</u>

KIPP: COOPER NORCROSS, INC.

Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES: (Continued)					
Current Expense: (Continued)					
Support Services:					
Salaries	1,638,557	761,645	2,400,202	1,421,326	978,876
Purchased professional technical services	1,679,402	204,000	1,883,402	1,358,847	524,555
Other purchased services	272,065	225,000	497,065	418,476	78,589
Insurance	-	-	-	312,427	(312,427)
Supplies and materials	466,250	38,131	504,381	71,713	432,668
Energy and utilities	377,752	97,855	475,607	455,486	20,121
Miscellaneous expenses	50,000	(9,548)	40,452	16,729	23,723
Transportation other than to/from school	550,000	250,000	800,000	744,992	55,008
Total Support Services	<u>5,034,026</u>	<u>1,567,083</u>	<u>6,601,109</u>	<u>4,799,996</u>	<u>1,801,113</u>
TOTAL CURRENT EXPENDITURES	38,880,675	(465,721)	38,414,954	28,484,439	9,930,515
CAPITAL OUTLAY:					
Instructional equipment	5,835,621	7,521,859	13,357,480	341,338	13,016,142
TPAF Social Security Contributions (Reimbursed)	-	-	-	1,721,264	(1,721,264)
TOTAL EXPENDITURES - GENERAL FUND	<u>44,716,296</u>	<u>7,056,138</u>	<u>51,772,434</u>	<u>30,547,041</u>	<u>21,225,393</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,576,477)</u>	<u>(10,303,312)</u>	<u>(12,879,789)</u>	<u>6,902,331</u>	<u>(19,782,120)</u>
OTHER FINANCING SOURCES (USES):					
Repayment of debt	250,000	-	250,000	(250,000)	500,000
Transfers	-	-	-	(2,887,617)	2,887,617
Total Oher Financing Sources (Uses)	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>(3,137,617)</u>	<u>3,387,617</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,326,477)	(10,303,312)	(12,629,789)	3,764,714	(16,394,503)
Fund Balance, July 1	<u>7,854,220</u>	<u>-</u>	<u>7,854,220</u>	<u>7,854,220</u>	<u>7,854,220</u>
Fund Balance, June 30	<u>\$ 5,527,743</u>	<u>\$ (10,303,312)</u>	<u>\$ (4,775,569)</u>	<u>\$ 11,618,934</u>	<u>\$ (8,540,283)</u>

KIPP: COOPER NORCROSS, INC.

Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources	\$ 4,861,707	\$ 2,823,618	\$ 7,685,325	\$ 7,685,325	\$ -
Philanthropic support	1,872,736	(824,176)	1,048,560	1,048,560	-
Total Revenues	<u>6,734,443</u>	<u>1,999,442</u>	<u>8,733,885</u>	<u>8,733,885</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	88,000	712,763	800,763	800,763	-
Purchased professional and technical services	231,000	(57,068)	173,932	173,932	-
General supplies	252,600	(161,462)	91,138	19,096	72,042
Textbooks	-	47,625	47,625	47,625	-
Miscellaneous	-	6,537	6,537	6,537	-
Instructional equipment	196,000	-	196,000	72,042	123,958
Total Instruction	<u>767,600</u>	<u>548,395</u>	<u>1,315,995</u>	<u>1,119,995</u>	<u>196,000</u>
Support Services:					
Support service salaries	3,007,096	2,911,070	5,918,166	5,918,166	-
Employee benefits	-	997,128	997,128	997,127	1
Purchased professional and technical services	-	73,878	73,878	134,078	(60,200)
Supplies	49,000	(48,976)	24	24	-
Miscellaneous	606,500	(272,254)	334,246	315,048	19,198
Total Support Services	<u>3,662,596</u>	<u>3,660,846</u>	<u>7,323,442</u>	<u>7,364,443</u>	<u>(41,001)</u>
Facilities Acquisition and Construction Services:					
Constructions services	-	-	-	6,163	(6,163)
Total Expenditures	<u>4,430,196</u>	<u>4,209,241</u>	<u>8,639,437</u>	<u>8,490,601</u>	<u>148,836</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,304,247	(2,209,799)	94,448	243,284	(148,836)
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ 2,304,247</u>	<u>\$ (2,209,799)</u>	<u>\$ -</u>	<u>\$ 243,284</u>	<u>\$ (148,836)</u>
Restricted:					
Curriculum and enrollment				\$ 152,092	
Mental health healing services				76,642	
Community engagement				14,550	
Total Fund Balance				<u>\$ 243,284</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KIPP: COOPER NORCROSS, INC.

Required Supplementary Information Budgetary Comparison Schedule Note to RSI
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2022

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

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.

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022

	Total	KTAF Arnold Relay	Title I	Title I Reallocation	IDEA Part B-Basic Reg. Prog.	English Language Acquisition	KTAF	Promise Neighborhood	NJSIG	SEED Grant	CEF Advocacy Grant	CEF All Learners Grant	KF Opportunity Fund for Mental Health	KTAF Rebranding Grant	United Way	KTAF Tenacre	ARP IDEA Basic	CARES Act ESSER 1	CRRSA Act ESSER 2	CRRSA Act Learning Acceleration Grant	ARP ESSER
REVENUES:																					
Intergovernmental:																					
Federal	\$ 7,685,325	\$ -	\$ 1,740,128	\$ 51,008	\$ 331,370	\$ 12,915	\$ -	\$ 563,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,318	\$ 1,153,306	\$ 2,112,827	\$ 22,500	\$ 1,590,466
Other Sources:																					
Philanthropic support	1,048,560	88,000	-	-	-	-	357,538	-	6,163	50,000	50,000	150,000	163,859	13,000	45,000	125,000	-	-	-	-	-
Total Revenues	8,733,885	88,000	1,740,128	51,008	331,370	12,915	357,538	563,487	6,163	50,000	50,000	150,000	163,859	13,000	45,000	125,000	107,318	1,153,306	2,112,827	22,500	1,590,466
EXPENDITURES:																					
Instruction:																					
Salaries of teachers	800,763	25,000	365,668	-	-	10,000	-	128,054	-	-	-	-	-	-	-	-	-	-	-	18,000	254,041
Purchased professional and technical services	173,932	-	-	-	-	-	36,706	137,226	-	-	-	-	-	-	-	-	-	-	-	-	-
General supplies	19,096	-	-	-	-	2,915	1,122	15,059	-	-	-	-	-	-	-	-	-	-	-	-	-
Textbooks	47,625	-	-	-	-	-	-	-	-	-	-	-	-	-	45,000	-	-	-	2,625	-	-
Miscellaneous	6,537	-	-	-	-	-	6,537	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Instructional equipment	72,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,042	-	-	-
Total Instruction	1,119,995	25,000	365,668	-	-	12,915	44,365	280,339	-	-	-	-	-	-	45,000	-	-	72,042	2,625	18,000	254,041
Support Services:																					
Salaries of supervisors of instruction	5,918,166	-	1,034,098	51,008	331,370	-	-	220,948	-	50,000	35,450	-	22,349	-	-	125,000	105,990	1,004,425	1,775,185	4,500	1,157,843
Employee benefits	997,127	63,000	340,362	-	-	-	-	42,999	-	-	-	-	-	-	-	-	1,328	76,839	335,017	-	137,582
Other purchased services	134,078	-	-	-	-	-	-	19,200	-	-	-	-	64,530	9,348	-	-	-	-	-	-	41,000
Supplies and materials	24	-	-	-	-	-	-	-	-	-	-	-	24	-	-	-	-	-	-	-	-
Miscellaneous	315,048	-	-	-	-	-	313,173	1	-	-	-	1,560	314	-	-	-	-	-	-	-	-
Total Support Services	7,364,443	63,000	1,374,460	51,008	331,370	-	313,173	283,148	-	50,000	35,450	1,560	87,217	9,348	-	125,000	107,318	1,081,264	2,110,202	4,500	1,336,425
Facilities Acquisition and Construction Services:																					
Capital Outlay	6,163	-	-	-	-	-	-	-	6,163	-	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	6,163	-	-	-	-	-	-	-	6,163	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	8,490,601	88,000	1,740,128	51,008	331,370	12,915	357,538	563,487	6,163	50,000	35,450	1,560	87,217	9,348	45,000	125,000	107,318	1,153,306	2,112,827	22,500	1,590,466
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ 243,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,550	\$ 148,440	\$ 76,642	\$ 3,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022

<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, 2022</u>
			<u>Prior Years</u>	<u>Current Year</u>	
KIPP High School (the Whittier High School Project) - Expand an existing school building to accommodate a new High School. This project is currently under construction.	February 2021	<u>\$ 26,000,000</u>	<u>\$ 1,974,990</u>	<u>\$ 18,366,981</u>	<u>\$ 5,658,029</u>
KIPP Middle School (the Hatch Project) - Acquisition and substantial reconstruction of a former middle school. Project is planned to open in fiscal year 2024 to provide a permanent home for the second middle school.	August 2020	<u>\$ 25,600,000</u>	<u>\$ -</u>	<u>\$ 3,518,102</u>	<u>\$ 22,081,898</u>

KIPP: COOPER NORCROSS, INC.Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2022**Revenues:**

Local sources:

Capital grants	\$ 625,614
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Expenditures:

Capital outlay	21,885,083
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Other Financing Sources:

Issuance of note payable	<u>17,985,970</u>
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Net change in fund balance	(3,273,499)
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Fund Balance, July 1, 2021	<u>3,025,010</u>
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Fund balance, June 30, 2022	<u><u>\$ (248,489)</u></u>
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KIPP: COOPER NORCROSS, INC.

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
 The Whittier High School Project
 From Inception and for the Year Ended June 30, 2022

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
Revenues and Other Financing Sources:			
Capital grant	\$ 5,000,000	\$ 125,614	\$ 5,125,614
Loan proceeds	-	14,976,154	14,976,154
	<u>5,000,000</u>	<u>15,101,768</u>	<u>20,101,768</u>
Expenditures and Other Financing Uses:			
Construction services	<u>1,974,990</u>	<u>18,366,981</u>	<u>20,341,971</u>
Excess (deficiency) of revenues over expenses	<u>\$ 3,025,010</u>	<u>\$ (3,265,213)</u>	<u>\$ (240,203)</u>

KIPP: COOPER NORCROSS, INC.

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis

The Hatch Middle School Project

From Inception and for the Year Ended June 30, 2022

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
Revenues and Other Financing Sources:			
Loan proceeds	\$ -	\$ 3,009,816	\$ 3,009,816
Capital grant	-	500,000	500,000
	<u>-</u>	<u>3,509,816</u>	<u>3,509,816</u>
Expenditures and Other Financing Uses:			
Construction services	-	3,518,102	3,518,102
	<u>-</u>	<u>3,518,102</u>	<u>3,518,102</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$ (8,286)</u>	<u>\$ (8,286)</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

Proprietary Funds

As of June 30, 2022

	Business-type Activities - Enterprise Fund Food Service
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 551,883
Accounts receivable:	
Federal aid	338,069
State aid	<u>4,895</u>
Total current assets	894,847
Capital Assets	<u>299,416</u>
Total assets	<u><u>\$ 1,194,263</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	<u>\$ 124,579</u>
NET POSITION:	
Invested in capital assets	299,416
Unrestricted	<u>770,268</u>
Total net position	<u>1,069,684</u>
Total liabilities and net position	<u><u>\$ 1,194,263</u></u>

KIPP: COOPER NORCROSS, INC.

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 30,000
Total operating revenues	<u>30,000</u>
Operating Expenses:	
Cost of sales - reimbursable programs	1,677,016
Cost of sales - nonreimbursable programs	<u>11,677</u>
Total operating expenses	<u>1,688,693</u>
Operating loss	<u>(1,658,693)</u>
Non-operating Revenues:	
State sources:	
State school lunch program	31,369
Federal sources:	
National school lunch program	1,583,433
School breakfast program	581,658
Fresh fruit and vegetable program	<u>31,890</u>
Total non-operating revenues	<u>2,228,350</u>
Change in net position	569,657
Total Net Position - beginning of year	<u>500,027</u>
Total Net Position - ending of year	<u><u>\$ 1,069,684</u></u>

KIPP: COOPER NORCROSS, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from customers	\$ 30,000
Payments to suppliers	<u>(1,683,189)</u>
Net cash used in operating activities	(1,653,189)
Cash Flows from Noncapital Financing Activities:	
State and Federal sources	2,027,537
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	<u>(299,416)</u>
Net increase in cash and cash equivalents	74,932
Cash and Cash Equivalents, beginning of year	<u>476,951</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 551,883</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (1,658,693)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in accounts payable	<u>5,504</u>
Net cash used in operating activities	<u><u>\$ (1,653,189)</u></u>

LONG-TERM DEBT

KIPP: COOPER NORCROSS, INC.

Debt Service Fund
 Budgetary Comparison Schedule
 Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
QSCB subsidy income	\$ 3,752,603	\$ -	\$ 3,752,603	\$ 3,752,603	\$ -
Interest income	196	-	196	196	-
Total revenues	<u>3,752,799</u>	<u>-</u>	<u>3,752,799</u>	<u>3,752,799</u>	<u>-</u>
Expenditures:					
Regular debt service:					
Interest expense	6,640,416	-	6,640,416	6,640,416	-
Total expenditures	<u>6,640,416</u>	<u>-</u>	<u>6,640,416</u>	<u>6,640,416</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers	-	-	-	2,887,617	(2,887,617)
Excess (deficiency) of revenues over (under) expenditures	(2,887,617)	-	(2,887,617)	-	2,887,617
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (2,887,617)</u>	<u>\$ -</u>	<u>\$ (2,887,617)</u>	<u>\$ -</u>	<u>\$ 2,887,617</u>

STATISTICAL SECTION

This part of the KIPP: Cooper Norcross, Inc.'s Annual Comprehensive 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-21

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 annual comprehensive 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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:								
Invested in capital assets, net of related debt	\$ (11,253,527)	\$ (7,325,614)	\$ (9,997,295)	\$ (6,661,949)	\$ (3,280,955)	\$ (14,140,267)	\$ -	\$ -
Restricted	(5,205)	3,025,010	-	-	-	-	-	-
Unrestricted	<u>13,367,029</u>	<u>4,631,710</u>	<u>2,113,887</u>	<u>546,591</u>	<u>(1,519,737)</u>	<u>3,451,573</u>	<u>1,652,939</u>	<u>783,355</u>
Total governmental activities net position	<u>\$ 2,108,297</u>	<u>\$ 331,106</u>	<u>\$ (7,883,408)</u>	<u>\$ (6,115,358)</u>	<u>\$ (4,800,692)</u>	<u>\$ (10,688,694)</u>	<u>\$ 1,652,939</u>	<u>\$ 783,355</u>
Business-type Activities:								
Invested in capital assets	\$ 299,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>770,268</u>	<u>500,027</u>	<u>284,758</u>	<u>206,979</u>	<u>54,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ 1,069,684</u>	<u>\$ 500,027</u>	<u>\$ 284,758</u>	<u>\$ 206,979</u>	<u>\$ 54,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School-wide:								
Invested in capital assets, net of related debt	\$ (10,954,111)	\$ (7,325,614)	\$ (9,997,295)	\$ (6,661,949)	\$ (3,280,955)	\$ (14,140,267)	\$ -	\$ -
Restricted	(5,205)	3,025,010	-	-	-	-	-	-
Unrestricted	<u>14,137,297</u>	<u>5,131,737</u>	<u>2,398,645</u>	<u>753,570</u>	<u>(1,465,657)</u>	<u>3,451,573</u>	<u>1,652,939</u>	<u>783,355</u>
Total school-wide net position	<u>\$ 3,177,981</u>	<u>\$ 831,133</u>	<u>\$ (7,598,650)</u>	<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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Expenses:								
Governmental activities:								
Instruction:								
Regular	\$ 12,415,060	\$ 10,834,738	\$ 9,830,844	\$ 9,799,007	\$ 8,537,337	\$ 6,616,503	\$ 4,290,026	\$ 924,973
Support services:								
General administration	12,389,378	12,537,589	11,384,901	8,860,567	7,676,868	12,873,356	4,391,505	2,098,930
School administrative services	12,164,439	7,023,606	6,525,590	6,160,570	9,954,058	(7,981,809)	2,360,940	354,015
TPAF Social Security (Reimbursed)	1,721,264	332,475	984,971	-	-	-	-	-
Capital outlay	22,232,584	5,844,497	16,142,298	2,539,843	-	-	-	-
Land lease	-	-	2,500,000	-	-	-	-	-
Interest	6,640,416	6,564,522	6,381,513	6,213,665	*	*	*	*
Unallocated depreciation	2,453,077	2,275,271	1,926,227	1,835,697	1,275,910	1,257,219	-	-
Total governmental activities expenses	<u>70,016,218</u>	<u>45,412,698</u>	<u>55,676,344</u>	<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	1,688,693	1,050,602	1,269,115	1,265,729	1,038,504	-	-	-
Total business-type activities expense	<u>1,688,693</u>	<u>1,050,602</u>	<u>1,269,115</u>	<u>1,265,729</u>	<u>1,038,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program expenses	<u>\$ 71,704,911</u>	<u>\$ 46,463,300</u>	<u>\$ 56,945,459</u>	<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>
Program Revenues:								
Governmental activities:								
Operating grants and contributions	\$ 8,490,601	\$ 3,734,881	\$ 3,805,312	\$ 3,382,067	\$ 9,778,304	\$ 1,872,189	\$ 578,814	\$ 600,214
Capital grants and contributions	625,614	-	-	500,000	-	-	-	-
Total governmental activities program revenues	<u>9,116,215</u>	<u>3,734,881</u>	<u>3,805,312</u>	<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	30,000	-	75,790	112,321	57,484	-	-	-
Operating grants and contributions	-	-	-	-	1,035,100	-	-	-
Total business type activities program revenues	<u>30,000</u>	<u>-</u>	<u>75,790</u>	<u>112,321</u>	<u>1,092,584</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>\$ 9,146,215</u>	<u>\$ 3,734,881</u>	<u>\$ 3,881,102</u>	<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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program (Expense) Revenue:								
Governmental activities	\$ (60,900,003)	\$ (41,677,817)	\$ (51,871,032)	\$ (31,527,282)	\$ (17,665,869)	\$ (10,893,080)	\$ (10,463,657)	\$ (2,777,704)
Business-type activities	<u>(1,658,693)</u>	<u>(1,050,602)</u>	<u>(1,193,325)</u>	<u>(1,153,408)</u>	<u>54,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program expense	<u>\$ (62,558,696)</u>	<u>\$ (42,728,419)</u>	<u>\$ (53,064,357)</u>	<u>\$ (32,680,690)</u>	<u>\$ (17,611,789)</u>	<u>\$ (10,893,080)</u>	<u>\$ (10,463,657)</u>	<u>\$ (2,777,704)</u>
General Revenues and Other Changes in Net Position:								
Governmental activities:								
Local share	\$ 35,185,115	\$ 31,966,540	\$ 26,943,165	\$ 24,003,317	\$ 19,918,599	\$ 2,282,605	\$ 8,643,760	\$ 1,944,017
State aid	1,758,177	366,042	1,072,799	45,036	-	-	-	-
Federal aid	3,870,980	3,816,801	3,822,525	3,732,818	-	13,667,907	251,471	46,400
Philanthropic support and other income	631,183	5,656,187	481,191	672,776	846,736	424,858	2,689,481	1,482,238
Increase in net capital outlay	22,232,584	5,844,497	18,642,298	2,647,216	-	-	-	-
Forgiveness income	-	3,179,697	-	-	-	-	-	-
Decrease in right-to-use asset	(150,671)	(150,671)	(130,908)	(107,373)	-	-	-	-
Amortization expense	<u>(850,174)</u>	<u>(786,762)</u>	<u>(728,088)</u>	<u>(781,174)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>62,677,194</u>	<u>49,892,331</u>	<u>50,102,982</u>	<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	31,369	32,312	11,356	12,185	-	-	-	-
Federal aid	2,196,981	1,213,289	1,259,748	1,294,122	-	-	-	-
Other income	<u>-</u>	<u>20,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>2,228,350</u>	<u>1,245,601</u>	<u>1,271,104</u>	<u>1,306,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and other changes in net position	<u>\$ 64,905,544</u>	<u>\$ 51,137,932</u>	<u>\$ 51,374,086</u>	<u>\$ 31,518,923</u>	<u>\$ 20,765,335</u>	<u>\$ 16,375,370</u>	<u>\$ 11,584,712</u>	<u>\$ 3,472,655</u>
Changes in Net Position:								
Governmental activities	\$ 1,777,191	\$ 8,214,514	\$ (1,768,050)	\$ (1,314,666)	\$ 3,099,466	\$ 5,482,290	\$ 1,121,055	\$ 694,951
Business-type activities	<u>569,657</u>	<u>215,269</u>	<u>77,779</u>	<u>152,899</u>	<u>54,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total changes in net position	<u>\$ 2,346,848</u>	<u>\$ 8,429,783</u>	<u>\$ (1,690,271)</u>	<u>\$ (1,161,767)</u>	<u>\$ 3,153,546</u>	<u>\$ 5,482,290</u>	<u>\$ 1,121,055</u>	<u>\$ 694,951</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, 2022

	Governmental Activities	Business-type Activities	Total GASB	GASB to FASB Reconciliation	Total FASB
ASSETS:					
Cash and cash equivalents	\$ 18,342,050	\$ 551,883	\$ 18,893,933	\$ -	\$ 18,893,933
Restricted cash	1,289,865	-	1,289,865	-	1,289,865
Accounts receivable	8,804,128	342,964	9,147,092	-	9,147,092
Due from related parties	820,369	-	820,369	-	820,369
Prepaid expenses	617,302	-	617,302	-	617,302
Right-to-use assets - land leases, net	9,158,108	-	9,158,108	-	9,158,108
Capital assets, net	109,613,876	299,416	109,913,292	852,368 (1)	110,765,660
Total assets	<u>\$ 148,645,698</u>	<u>\$ 1,194,263</u>	<u>\$ 149,839,961</u>	<u>\$ 852,368</u>	<u>\$ 150,692,329</u>
LIABILITIES:					
Intergovernmental payables - state	\$ 6,592,968	\$ -	\$ 6,592,968	\$ -	\$ 6,592,968
Accounts payable	1,056,274	124,579	1,180,853	-	1,180,853
Payroll deductions and withholdings	768,188	-	768,188	-	768,188
Accrued expenses - development	3,037,960	-	3,037,960	-	3,037,960
Due to related parties	593,492	-	593,492	-	593,492
Accrued interest	6,211,103	-	6,211,103	-	6,211,103
Bonds and notes payable, net	128,277,416	-	128,277,416	(3,174,366) (2)	125,103,050
Total liabilities	<u>146,537,401</u>	<u>124,579</u>	<u>146,661,980</u>	<u>(3,174,366)</u>	<u>143,487,614</u>
NET POSITION:					
Invested in capital assets, net of related debt	(11,253,527)	299,416	(10,954,111)	-	(10,954,111)
Restricted for capital projects	(5,205)	-	(5,205)	-	(5,205)
Unrestricted	13,367,029	770,268	14,137,297	4,026,734 (3)	18,164,031
Total net position	<u>2,108,297</u>	<u>1,069,684</u>	<u>3,177,981</u>	<u>4,026,734</u>	<u>7,204,715</u>
Total liabilities and net position	<u>\$ 148,645,698</u>	<u>\$ 1,194,263</u>	<u>\$ 149,839,961</u>	<u>\$ 852,368</u>	<u>\$ 150,692,329</u>
Fund Balance, June 30, 2022 - B-1	\$ 11,613,729				\$ 16,710,147
Right-to-use assets, net of accumulated amortization	9,158,108				9,158,108
Cost of capital assets, net of accumulated depreciation	109,613,876				109,613,876
Principal balance of bonds and notes payable, net of discount	(128,277,416)				(128,277,416)
Total net position, June 30, 2022	<u>\$ 2,108,297</u>				<u>\$ 7,204,715</u>

Notes:

- (1) FASB reconciliation to add construction interest expensed under GASB to be capitalized under FASB.
 (2) FASB reconciliation to add debt issuance costs expensed under GASB to be capitalized under FASB.
 (3) 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, 2022

	Governmental Funds				Total Governmental Funds	Proprietary Funds		GASB to FASB Reconciliation	Total FASB
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund		Business-type Activities - Enterprise Fund	Total GASB		
REVENUES:									
Local sources:									
Local share	\$ 35,185,115	\$ -	\$ -	\$ -	\$ 35,185,115	\$ -	\$ 35,185,115	\$ -	\$ 35,185,115
Sublease income	182,503	-	-	-	182,503	-	182,503	-	182,503
Philanthropic support	-	1,048,560	500,000	-	1,548,560	-	1,548,560	-	1,548,560
Interest income	-	-	-	196	196	-	196	-	196
Miscellaneous	205,200	-	-	-	205,200	30,000	235,200	-	235,200
Total - local sources	35,572,818	1,048,560	500,000	196	37,121,574	30,000	37,151,574	-	37,151,574
Federal sources	118,377	7,685,325	-	3,752,603	11,556,305	2,196,981	13,753,286	-	13,753,286
State sources	1,758,177	-	125,614	-	1,883,791	31,369	1,915,160	-	1,915,160
Total revenues	37,449,372	8,733,885	625,614	3,752,799	50,561,670	2,258,350	52,820,020	-	52,820,020
EXPENDITURES:									
Current:									
Instruction	11,295,065	1,119,995	-	-	12,415,060	-	12,415,060	-	12,415,060
Administrative	12,389,378	-	-	-	12,389,378	-	12,389,378	-	12,389,378
Support services	4,799,996	7,364,443	-	-	12,164,439	1,688,693	13,853,132	-	13,853,132
TPAF Social Security (Reimbursed)	1,721,264	-	-	-	1,721,264	-	1,721,264	-	1,721,264
Capital outlay	341,338	6,163	21,885,083	-	22,232,584	-	22,232,584	(22,232,584) (2)	-
Depreciation expense	-	-	-	-	-	-	-	2,453,077 (3)	2,453,077
Amortization expense - right-to-use assets	-	-	-	-	-	-	-	150,671 (8)	150,671
Amortization expense - bond discounts	-	-	-	-	-	-	-	850,174 (4)	850,174
Amortization expense - debt issuance costs	-	-	-	-	-	-	-	117,569 (7)	117,569
Debt service:									
Interest	-	-	-	6,640,416	6,640,416	-	6,640,416	-	6,640,416
Total expenditures	30,547,041	8,490,601	21,885,083	6,640,416	67,563,141	1,688,693	69,251,834	(18,661,093)	50,590,741
Excess (deficit) of revenues over expenditures	6,902,331	243,284	(21,259,469)	(2,887,617)	(17,001,471)	569,657	(16,431,814)	18,661,093	2,229,279
OTHER FINANCING SOURCES (USES):									
Transfers	(2,887,617)	-	-	2,887,617	-	-	-	-	-
Repayment of debt	(250,000)	-	-	-	(250,000)	-	(250,000)	250,000 (5)	-
Issuance of note payable	-	-	17,985,970	-	17,985,970	-	17,985,970	(17,985,970) (6)	-
Total other financing sources (uses)	(3,137,617)	-	17,985,970	2,887,617	17,735,970	-	17,735,970	(17,735,970)	-
Net change in fund balances	3,764,714	243,284	(3,273,499)	-	734,499	569,657	1,304,156	925,123	2,229,279
Fund Balance - July 1, 2021	7,854,220	-	3,025,010	-	10,879,230	500,027	11,379,257	4,144,303 (1)	15,523,560
Net change in capital assets (fund to school-wide reconciliation)	-	-	-	-	-	-	-	(19,779,507) (2)(3)	(19,779,507)
Net change in right-to-use assets (fund to school-wide reconciliation)	-	-	-	-	-	-	-	150,671 (8)	150,671
Net change in bonds and notes payable (fund to school-wide reconciliation)	-	-	-	-	-	-	-	18,586,144 (4)(5)(6)	18,586,144
Fund Balance - June 30, 2022	\$ 11,618,934	\$ 243,284	\$ (248,489)	\$ -	\$ 11,613,729	\$ 1,069,684	\$ 12,683,413	\$ 4,026,734	\$ 16,710,147

Notes:

- (1) Beginning accumulated impact of GASB to FASB reconciliation.
- (2) FASB reconciliation to remove capital outlay expensed under GASB to be capitalized under FASB.
- (3) FASB reconciliation to include depreciation expense of capital assets.
- (4) FASB reconciliation to include amortization expense of bonds payable.
- (5) FASB reconciliation to remove expense for payments made on loans.
- (6) FASB reconciliation to remove revenue for loan proceeds received.
- (7) FASB reconciliation to include amortization expense of debt issuance costs.
- (8) FASB reconciliation to include amortization expense of right to use assets - land lease.

KIPP: COOPER NORCROSS, INC.Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Changes in fund balances	\$ 2,229,279
Adjustment to reconcile changes in fund balances to net cash provided by operating activities:	
Depreciation	2,453,077
Amortization of right-to-use assets - land lease	150,671
Amortization of bonds payable discount	850,174
Amortization of debt issuance costs	117,569
Changes in operating assets and liabilities:	
Accounts receivable	(6,147,651)
Due from related parties	(600,445)
Prepaid expenses	(439,467)
Intergovernmental payables - state	2,941,856
Accounts payable	(770,736)
Payroll deductions and withholdings	456,697
Due to related party	(706,860)
Accrued interest	413,257
	<u>947,421</u>
Net cash provided by operating activities	<u>947,421</u>
Cash Flows from Investing Activities:	
Purchases of capital assets (including capitalized interest)	<u>(20,063,943)</u>
Cash Flows from Financing Activities:	
Payments on bonds and notes payable	(250,000)
Proceeds from notes payable	<u>17,985,970</u>
	<u>17,735,970</u>
Net cash provided by financing activities	<u>17,735,970</u>
Net Change in Cash and Restricted Cash	<u>(1,380,552)</u>
Cash and Restricted Cash:	
Beginning of year	<u>21,564,350</u>
End of year	<u>\$ 20,183,798</u>
Reconciliations of Cash and Restricted Cash:	
Cash	\$ 18,893,933
Restricted cash	<u>1,289,865</u>
	<u>\$ 20,183,798</u>
Total cash and restricted cash	<u>\$ 20,183,798</u>

KIPP: COOPER NORCROSS, INC.

Fund Balances - Governmental Funds
 For the Fiscal Years Ended June 30
 (Modified Accrual Basis of Accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:								
Unreserved	\$ 11,618,934	\$ 7,854,220	\$ 10,400,670	\$ 6,242,326	\$ 4,318,770	\$ 3,066,516	\$ 1,652,939	\$ 697,303
Reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total General Fund	<u>\$ 11,618,934</u>	<u>\$ 7,854,220</u>	<u>\$ 10,400,670</u>	<u>\$ 6,242,326</u>	<u>\$ 4,318,770</u>	<u>\$ 3,066,516</u>	<u>\$ 1,652,939</u>	<u>\$ 797,303</u>
All Other Governmental Funds:								
Restricted, reported in:								
Special revenue fund	\$ 243,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	<u>(248,489)</u>	<u>3,025,010</u>	<u>(1,210,381)</u>	<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>\$ (5,205)</u>	<u>\$ 3,025,010</u>	<u>\$ (1,210,381)</u>	<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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues and Financing Sources:								
Local sources	\$ 37,041,988	\$ 38,385,091	\$ 28,126,405	\$ 26,039,022	\$ 19,918,599	\$ 2,282,605	\$ -	\$ 64,948
Miscellaneous	205,200	476,092	87,040	62,152	846,736	424,858	2,990,494	1,969,830
State sources	1,758,177	366,042	1,072,799	45,036	-	13,411,112	8,895,231	1,925,469
Federal sources	11,556,305	6,313,226	6,838,748	6,189,804	1,182,235	994,681	277,801	112,622
Financing sources	<u>17,985,970</u>	<u>1,035,917</u>	<u>5,643,780</u>	<u>500,000</u>	<u>16,508,000</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total revenues and financing sources	<u>68,547,640</u>	<u>46,576,368</u>	<u>41,768,772</u>	<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>
Expenditures:								
Instruction:								
Regular instruction	12,415,060	10,834,738	9,830,844	9,799,007	8,537,337	6,616,503	4,458,406	1,525,187
Support Services:								
General administration	12,389,378	12,537,589	11,384,901	8,860,567	7,571,298	6,811,875	4,474,596	2,159,678
School administrative services/plant	12,164,439	7,023,606	6,525,590	6,160,570	8,126,324	3,373,490	2,360,940	354,015
TPAF Social Security	1,721,264	332,475	984,971	-	-	-	-	-
Capital outlay	22,232,584	5,844,497	18,642,298	2,539,843	12,809,599	13,129,763	-	-
Principal payments	250,000	1,750,000	-	290,373	*	*	*	*
Debt service:								
Interest	<u>6,640,416</u>	<u>6,564,522</u>	<u>6,381,513</u>	<u>6,213,665</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total expenditures	<u>67,813,141</u>	<u>44,887,427</u>	<u>53,750,117</u>	<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>734,499</u>	<u>1,688,941</u>	<u>(11,981,345)</u>	<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>\$ 734,499</u>	<u>\$ 1,688,941</u>	<u>\$ (11,981,345)</u>	<u>\$ (1,028,011)</u>	<u>\$ 1,411,012</u>	<u>\$ (12,818,375)</u>	<u>\$ 869,584</u>	<u>\$ 33,989</u>
Debt Service as a Percentage of Noncapital Expenditures	15%	21%	18%	21%	*	*	*	*

* 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
2020	170,000	876,129	-	1,046,129
2021	180,000	476,092	-	656,092
2022	182,503	205,200	-	387,703

Source: School Financial Statements

DEBT CAPACITY

KIPP: COOPER NORCROSS, INC.

Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2022

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Renaissance School	Percentage of Personal Income	Per Capita
	General Obligation Bonds (net)	Mortgage Payable	Capital Leases	Note Payable (net)	Capital Leases			
2022	<u>\$ 79,571,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,705,598</u>	<u>\$ -</u>	<u>\$ 128,277,416</u>	*	*

Source: School-wide 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.

DEMOGRAPHIC AND ECONOMIC INFORMATION

KIPP: COOPER NORCROSS, INC.

Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2022

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2015	507,784	24,826,318	48,891	6.5%
2016	507,002	25,466,955	52,230	5.5%
2017	506,224	26,267,230	51,889	5.1%
2018	506,353	27,211,175	53,740	4.6%
2019	506,471	28,251,117	55,780	4.0%
2020	523,204	30,075,581	57,483	10.9%
2021	523,771	32,286,039	61,642	10.1%
2022	*	*	*	6.8%

Source:

^a Population information provided by the New Jersey Department of Labor and Workforce Development.

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

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

^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development.

* Not available at time of issuance.

OPERATING INFORMATION

KIPP: COOPER NORCROSS, INC.

Full-Time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30

Function/Program	2022	2021	2020	2019	2018	2017	2016
Instruction:							
Regular	105	87	90	86	85	64	61
Special Education	24	21	22	19	10	7	5
Vocational	3	1	-	-	-	-	-
Other Instruction	11	5	3	3	4	2	-
Support Services:							
Student and Instruction Related Services	49	48	51	41	35	24	3
General Administration	62	41	31	30	19	14	-
School Administrative Services	1	-	1	4	1	-	5
Administrative Information Technology	3	2	2	1	1	1	-
Total	258	205	200	184	155	112	74

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	1:3	105	98	33.00%
2016	496	14,402,238	29,037	-31.21%	74	1:12	1:12	1:7	496	486	372.38%
2017	848	16,801,868	19,814	-31.76%	74	1:12	1:12	1:11	848	831	70.97%
2018	1,114	24,234,959	21,755	9.80%	99	1:12	1:12	1:11	1,114	1,092	31.37%
2019	1,386	34,839,381	25,137	15.54%	108	1:12	1:13	1:12	1,355	1,262	11.55%
2020	1,519	29,995,421	19,747	-21.44%	115	1:12	1:12	1:13	1,482	1,372	9.57%
2021	1,770	31,779,010	17,954	-9.08%	114	1:18	1:15	1:15	1,769	1,502	19.37%
2022	1,881	40,378,834	21,467	8.71%	143	1:16	1:18	1:15	1,824	1,533	81.50%

Sources: School records

KIPP: COOPER NORCROSS, INC.

School Building Information
For the Fiscal Years Ended June 30

District Building	2022	2021	2020	2019	2018	2017	2016	2015
KIPP: Cooper Norcross Lanning Square Primary (ES #1 and MS #1)								
Square Feet	124,563	124,563	124,563	124,563	124,563	124,563	124,563	124,563
Capacity (students)	3,956	3,956	3,956	3,956	3,956	3,956	3,956	3,956
Enrollment	1,072	1,104	1,094	1,057	783	651	496	105
KIPP: Cooper Norcross Whittier Middle (MS #2)								
Square Feet	71,815	71,815	71,815	71,815	71,815	71,815	N/A	N/A
Capacity (students)	2,601	2,601	2,601	2,601	2,601	2,601	N/A	N/A
Enrollment	428	426	425	329	331	197	N/A	N/A
KIPP: Camden High School (HS #1)								
Square Feet	70,758	70,758	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	890	890	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	381	237	N/A	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2022

- Elementary = 1
- Middle School = 2
- High School = 1

Source: School Office

KIPP: COOPER NORCROSS, INC.

Insurance Schedule

June 30, 2022

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property and General Liability:		
Commercial Property	\$ 89,921,860	\$ 5,000
General Liability - Each Occurrence	\$ 31,000,000	\$ -
Business Auto (Hired and Non-Owned Liability)	\$ 31,000,000	\$ -
School Board Legal Liability	\$ 31,000,000	\$ 5,000
Umbrella	Included	\$ -
Workers' Compensation	Statutory	\$ -
Surety Bonds:		
Treasurer	\$ 252,540	\$ -
Assistant Business Administrator	\$ 252,540	\$ -

**RENAISSANCE SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

KIPP: COOPER NORCROSS, INC.

Sustainability Indicators
For the Fiscal Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 18,893,933	\$ 20,341,840	\$ 14,595,959	\$ 6,702,145	\$ 4,364,204	\$ 4,152,901	\$ 2,581,429	\$ 520,562
Other Current Assets	11,874,628	4,619,710	11,294,675	22,272,587	26,459,590	20,217,266	2,426,627	1,442,152
Capital Assets - net	<u>119,071,400</u>	<u>99,143,148</u>	<u>95,724,593</u>	<u>79,139,430</u>	<u>76,192,257</u>	<u>65,961,799</u>	<u>54,710,827</u>	-
Total Assets	<u>149,839,961</u>	<u>124,104,698</u>	<u>121,615,227</u>	<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	18,384,564	13,582,293	16,415,587	7,596,119	8,729,408	5,251,120	3,543,007	1,178,958
Long-Term Liabilities	<u>128,277,416</u>	<u>109,691,272</u>	<u>112,798,290</u>	<u>106,426,422</u>	<u>99,572,994</u>	<u>82,441,423</u>	<u>55,878,062</u>	-
Total Liabilities	<u>146,661,980</u>	<u>123,273,565</u>	<u>129,213,877</u>	<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>\$ 3,177,981</u>	<u>\$ 831,133</u>	<u>\$ (7,598,650)</u>	<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	\$ 52,820,020	\$ 49,236,019	\$ 37,471,886	\$ 34,668,415	\$ 31,636,223	\$ 18,247,559	\$ 15,577,590	\$ 4,072,869
Total Expenses	<u>(50,473,172)</u>	<u>(40,806,236)</u>	<u>(39,162,157)</u>	<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>\$ 2,346,848</u>	<u>\$ 8,429,783</u>	<u>\$ (1,690,271)</u>	<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	\$ 2,453,077	\$ 2,275,271	\$ 1,926,227	\$ 1,835,697	\$ 1,275,910	\$ 1,257,219	\$ 505,222	\$ -
Final average daily enrollment	1,824	1,769	1,482	1,355	1,114	848	496	105
March 30th budgeted enrollment	1,895	1,739	1,493	1,487	1,092	850	490	100
Near Term Indicators								
Current Ratios	1.67	1.84	1.58	3.81	3.53	4.64	1.41	1.66
Unrestricted days in cash	136.63	181.95	136.04	68.27	44.71	95.30	65.55	42.97
Enrollment variance	96%	102%	99%	91%	102%	100%	101%	105%
Default	N/A	N/A	N/A	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 18,893,933	\$ 20,341,840	\$ 14,595,959	\$ 6,702,145	\$ 4,364,204	\$ 4,152,901	\$ 2,581,429	\$ 520,562
Other Current Assets	11,874,628	4,619,710	11,294,675	22,272,587	26,459,590	20,217,266	2,426,627	1,442,152
Capital Assets - net	<u>119,071,400</u>	<u>99,143,148</u>	<u>95,724,593</u>	<u>79,139,430</u>	<u>76,192,257</u>	<u>65,961,799</u>	<u>54,710,827</u>	-
Total Assets	<u>149,839,961</u>	<u>124,104,698</u>	<u>121,615,227</u>	<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	18,384,564	13,582,293	16,415,587	7,596,119	8,729,408	5,251,120	3,543,007	1,178,958
Long-Term Liabilities	<u>128,277,416</u>	<u>109,691,272</u>	<u>112,798,290</u>	<u>106,426,422</u>	<u>99,572,994</u>	<u>82,441,423</u>	<u>55,878,062</u>	-
Total Liabilities	<u>146,661,980</u>	<u>123,273,565</u>	<u>129,213,877</u>	<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>\$ 3,177,981</u>	<u>\$ 831,133</u>	<u>\$ (7,598,650)</u>	<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	\$ 52,820,020	\$ 49,236,019	\$ 37,471,886	\$ 34,668,415	\$ 31,636,223	\$ 18,247,559	\$ 15,577,590	\$ 4,072,869
Total Expenses	<u>(50,473,172)</u>	<u>(40,806,236)</u>	<u>(39,162,157)</u>	<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>\$ 2,346,848</u>	<u>\$ 8,429,783</u>	<u>\$ (1,690,271)</u>	<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	\$ 2,453,077	\$ 2,275,271	\$ 1,926,227	\$ 1,835,697	\$ 1,275,910	\$ 1,257,219	\$ 505,222	\$ -
Final average daily enrollment	1,824	1,769	1,482	1,355	1,114	848	496	105
March 30th budgeted enrollment	1,895	1,739	1,493	1,487	1,092	850	490	100
Sustainability Indicators								
Total Margin	4.4%	17.1%	-4.5%	-3.4%	-12.6%	12.8%	7.7%	-8.6%
Debt to Asset	0.98	0.99	1.06	1.05	1.01	0.97	1.00	0.60
Operating Cash Flow	(1,447,907)	5,745,881	7,893,814	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	N/A	N/A	N/A

SINGLE AUDIT SECTION K

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. (KCN) and its blended component unit of KCNA Project, LLC (the LLC) (collectively, 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2023.

Report on 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) as the basis for designing 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Report on 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 financial statements. 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*.

The Renaissance School's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Renaissance School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Renaissance School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

AAFCPA, Inc.

Westborough, Massachusetts
February 6, 2023

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

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 New Jersey OMB 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

Opinion on Each Major Federal and State Program

We have audited KIPP: Cooper Norcross, Inc.'s (KCN) and its blended component unit of KCNA Project, LLC's (the LLC) (collectively, the Renaissance School), compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Renaissance School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal and state program. Our audit does not provide a legal determination of the Renaissance School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Renaissance School's Federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Renaissance School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and New Jersey Department of the Treasury OMB's Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Renaissance School's compliance with the requirements of each major Federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey Department of the Treasury OMB's Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Renaissance School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Renaissance School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Renaissance School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control Over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

AAFCPAs, Inc.

Westborough, Massachusetts
February 6, 2023

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

KIPP: COOPER NORCROSS, INC.

Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Identification Number	Program or Award Amount	Grant Period		Balance at June 30, 2021	Cash Received	Total Budgetary Expenditures	Balance at
				From	To				June 30, 2022
									Accounts Receivable
U.S. Department of Education:									
Special Revenue Fund:									
Passed-through New Jersey Department of Education:									
E.S.S.A.:									
Title I Grants to Local Educational Agencies	84.010	S010A180030	\$ 1,805,148	7/1/21	6/30/22	\$ 884,434	\$ 2,388,307	\$ 1,791,136	\$ 287,263
English Language Acquisition State Grants	84.365	S365A180030	63,965	7/1/21	6/30/22	-	-	12,915	12,915
COVID-19 - Education Stabilization Fund	84.425D	S425D210027	5,954,705	7/1/21	6/30/23	-	-	3,288,633	3,288,633
COVID-19 - Education Stabilization Fund	84.425U	S425U210027	10,396,741	7/1/21	6/30/24	-	-	1,590,466	1,590,466
Total AL No. 84.425			16,351,446			-	-	4,879,099	4,879,099
Special Education Cluster (IDEA):									
Special Education Grants to States	84.027	H027A180100	384,221	7/1/21	6/30/22	188,536	476,606	322,141	34,071
COVID-19 - Special Education Grants to States	84.027	H027A180100	110,471	7/1/21	6/30/22	-	-	107,318	107,318
Total AL No. 84.027						188,536	476,606	429,459	141,389
Special Education Preschool Grants	84.173	H173A180114	9,229	7/1/21	6/30/22	-	9,229	9,229	-
Total Special Education Cluster (IDEA)						188,536	485,835	438,688	141,389
Total Passed-through New Jersey Department of Education						1,072,970	2,874,142	7,121,838	5,320,666
Passed-through the Center for Family Services:									
Innovative Approaches to Literacy, Promise Neighborhoods, Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215N	U215N160015	563,487	7/1/21	6/30/22	375,779	642,009	563,487	297,257
Total U.S. Department of Education and Special Revenue Fund						1,448,749	3,516,151	7,685,325	5,617,923
U.S. Department of Agriculture:									
Enterprise Fund:									
Passed-through New Jersey Department of Agriculture:									
Child Nutrition Cluster:									
Fresh Fruit and Vegetable Program	10.582	201NJ304L1603	31,890	7/1/21	6/30/22	-	23,745	31,890	8,145
National School Lunch Program	10.555	20NJ304N1099	1,583,433	7/1/21	6/30/22	88,872	1,433,452	1,583,433	238,853
School Breakfast Program	10.553	20NJ304N1099	581,658	7/1/21	6/30/22	44,558	535,145	581,658	91,071
Total Child Nutrition Cluster						133,430	1,992,342	2,196,981	338,069
Total U.S. Department of Agriculture and Enterprise Fund						133,430	1,992,342	2,196,981	338,069
U.S. Department of Health and Human Services:									
General Fund:									
Passed-through New Jersey Department of Education:									
Medicaid Cluster:									
Medical Assistance Program	93.778	2005NJ5MAP	118,377	7/1/21	6/30/22	-	118,377	118,377	-
Total U.S. Department of Health and Human Services and General Fund						-	118,377	118,377	-
Total Federal Financial Awards						\$ 1,582,179	\$ 5,626,870	\$ 10,000,683	\$ 5,955,992

KIPP: COOPER NORCROSS, INC.

Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2021	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2022
			From	To				
State Department of Education:								
General Fund:								
Equalization Aid - Local	21-495-034-5120-078	\$ 35,185,115	7/1/21	6/30/22	\$ -	\$ 35,185,115	\$ 35,185,115	\$ -
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	15,557	7/1/14	6/30/15	15,557	-	25,997	41,554
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	54,399	7/1/15	6/30/16	54,399	-	113,953	168,352
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	103,109	7/1/16	6/30/17	103,109	-	203,891	307,000
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	130,319	7/1/17	6/30/18	130,319	-	127,996	258,315
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	219,772	7/1/18	6/30/19	219,772	-	272,726	492,498
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	441,225	7/1/19	6/30/20	441,225	-	116,192	557,417
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	332,475	7/1/20	6/30/21	332,475	-	160,588	493,063
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	699,921	7/1/21	6/30/22	-	-	699,921	699,921
Extraordinary Aid	21-495-034-5120-044	36,913	7/1/21	6/30/22	20,000	12,566	36,913	24,347
Total General Fund					<u>1,316,856</u>	<u>35,197,681</u>	<u>36,943,292</u>	<u>3,042,467</u>
Capital Projects Fund:								
Renaissance School Project Emergent and Capital Maintenance Funds	5120-495-034-5120-124-H030-6060	125,614	7/1/21	6/30/22	-	125,614	125,614	-
Enterprise Fund:								
State School Lunch	21-100-010-3350-023	31,369	7/1/21	6/30/22	8,721	35,195	31,369	4,895
Total State Financial Assistance					<u>\$ 1,325,577</u>	<u>\$ 35,358,490</u>	<u>\$ 37,100,275</u>	<u>\$ 3,047,362</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Year Ended June 30, 2022

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	\$ 118,377	\$ 36,943,292	\$ 37,061,669
Special Revenue Fund	7,685,325	-	7,685,325
Food Service Fund	2,196,981	31,369	2,228,350
Capital Projects Fund	-	<u>125,614</u>	<u>125,614</u>
Total Awards and Financial Assistance	<u>\$ 10,000,683</u>	<u>\$ 37,100,275</u>	<u>\$ 47,100,958</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Year Ended June 30, 2022

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

The Teachers' Pension and Annuity Fund (TPAF) Social Security Contributions of \$1,721,264 represent the amount to be reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2022.

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

Not applicable for the year ended June 30, 2022.

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, 2022

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 U.S. 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? Yes X No
- Significant deficiency(ies) identified? X Yes 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 program: 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 program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
COVID-19 - Education Stabilization Fund	84.425

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, 2022

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)	\$1,113,008	
Auditee qualified as low risk auditee:		X
Type of auditor’s report issued:	Unmodified	
Internal control over major program:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Type of auditor's report on compliance for major program:	Unmodified	
Any audit findings disclosed that are required to reported in Accordance with NJ OMB Circular Letter 15-08?		X
Identification of major program:		
<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>	
20-495-034-5120-078	Equalization Aid - Local	

KIPP: COOPER NORCROSS, INC.

Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

2. FINANCIAL STATEMENT FINDINGS**Significant Deficiency*****Finding 2022-001: Fund Financial Statement Reporting and Timely Closing Procedures***

Criteria: The Renaissance School is required to maintain books and records that are properly reconciled to supporting documentation during the year and maintain its financial statements in accordance with Generally Accepted Accounting Standards and Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: There were several audit adjustments required to properly tie-out and reconcile account balances and individual funds as of and for the year ended June 30, 2022.

Context: Significant deficiency over general ledger maintenance and financial reporting.

Cause: The Renaissance School is not consistently reconciling general ledger accounts to supporting schedules or reconciling individual funds. Several related balances had to be reconciled to allow for accurate year-end reporting.

Effect: There were a total of sixteen audit adjustments and classification adjustments (five of which were proposed by management) that affected a variety of account balances and classification between funds.

Recommendation: Management should assess the accounting department's resources and capabilities to produce accurate and timely financial statements. Management should also implement better oversight procedures surrounding account reconciliations to ensure they are performed in accordance with GASB. These improvements should help ensure completeness of the general ledger and the production of accurate internal financial statements and financial information.

Management Response: Management understands the importance of producing financial reports in GASB and FASB and regularly produces both types of reports. Unfortunately, the current general ledger system is not capable of reporting transactions in two different ways in order to comply with the different reporting requirements. In order to mitigate this issue, management has created supplemental schedules to support the creation of these report, which causes the ongoing adjusting and reclassification of entries in our general ledger system. Management understands that this is only a temporary solution and therefore is currently in the process of implementing a new general ledger system that can support the different reporting requirements.

3. FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None

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, 2022

STATUS OF PRIOR YEAR FINDINGS**Significant Deficiency*****Finding 2021-001: Fund Financial Statement Reporting and Review***

Criteria: Proper accounting and reconciliations for the purpose of fund financial statements under Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards as of and for the year ended June 30, 2021.

Condition: A significant amount of adjustments were necessary to have accurate fund balances in the governmental fund financial statements.

Cause: Due to the routine reporting needs of the Renaissance School's internal financial statements throughout the year to various lenders, the accounting records of the Renaissance School are largely maintained on an accrual basis of accounting consistent with Financial Accounting Standards Board (FASB) standards. Meanwhile, the Annual Comprehensive Financial Report (ACFR) required by the State of New Jersey requires both school-wide financial statements and fund financial statements to be reported under Governmental Accounting Standards Board (GASB) standards. In order to provide interim financial reports to external and internal parties, the Renaissance School's general ledger system is expected to produce financial reporting following both GASB and FASB standards. Management does not have a formal process in place to successfully reclass all transactions that follow FASB standards to reflect GASB reporting requirements as required by the Annual Comprehensive Financial Reporting mandated by the State of New Jersey.

Effect: There were several audit adjustments and additional reconciliations needed to properly state governmental fund financial statements in the ACFR.

Recommendation: Management should consider the following procedures or actions to enhance the review of fund financial statement reporting:

- Review the beginning fund balances for each governmental fund by tying the balances to the prior year audited ending balances.
- Design and implement a closing checklist to include a list of transactions that should be excluded from the fund financial statements, as they represent a fund to school-wide reconciliation item.
- Consider not using Fund 0 for current year activities as it comingles fund accounting and government-wide transactions.
- Review whether certain categories of transactions have been recorded in the appropriate governmental funds.

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, 2022

STATUS OF PRIOR YEAR FINDINGS (Continued)**Significant Deficiency (Continued)*****Finding 2021-001: Fund Financial Statement Reporting and Review (Continued)***

Management Response: Management will partner with our auditors during the course of fiscal year 2022 to implement the recommendations. E.g. Create additional schedules required to properly record all transactions based on GASB reporting requirements; make sure all fiscal year 2021 Adjusting Journal Entries are properly recorded and that the beginning balance will tie to each fund's prior year ending balance; identify a list of all transactions that should be excluded from the fund financial statements, as well as identify any major capital outlay transactions that should be reported under the capital projects fund. Management will also engage our auditors to do an additional preliminary interim review of the financial statements before the close of the fiscal year. Management will also consider the possibility of excluding Fund 0 and creating a separate general ledger system that will only report on GASB reporting standards to avoid the comingling of fund accounting and school-wide transactions.

Status: This finding is in process. See finding 2022-001 relating to fund financial statement reporting and timely closing procedures.

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, 2022

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 .511(a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. See pages 82 and 83 for prior year findings.