

KIPP: COOPER NORCROSS, INC.

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2022**

KIPP: COOPER NORCROSS, INC.

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June 30, 2022

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of KIPP: Cooper Norcross, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2022, and have issued our report thereon dated February 6, 2023.

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

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

AAFCPAs, Inc.

Westborough, Massachusetts
February 6, 2023

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

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule contained in KIPP: Cooper Norcross, Inc.'s (the Renaissance School) Annual Comprehensive Financial Report (ACFR).

Official Bonds

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

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

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Payroll Account

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

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium.

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2022, for proper classification of orders for accounts payable. No discrepancies were noted.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Classification of Expenditures

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

SCHOOL PURCHASING PROGRAMS

Board's Secretary Accounting Records

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

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

Student Body Activities

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

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Our audit procedures included test of information reported on the October 15, 2021, and the last day of school for on-roll, special education, English Language Learners (ELL), and low-income. We also performed a review of the Renaissance School's procedures related to its completion. The Renaissance School maintained adequate written procedures for the recording of student enrollment data. The results of our procedures are presented in the Schedule of Audit Enrollments. No exceptions noted.

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020, for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures. Governor Murphy's emergency declaration ended on June 4, 2021; however, the United States Department of Agriculture's Federal waiver continued through June 30, 2022. Food Service Agencies operated under this Federal waiver.

As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices. SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations. No exception noted.

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

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

School Food Service (Continued)

Public Health Emergency (Continued)

The school food service program was not selected as a major Federal or state program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exception noted.

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

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

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

Net cash resources did exceed three months average expenditures.

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

As of June 30, 2022, the state has not reimbursed the Renaissance School for Social Security and pension related costs for TPAF employees. Therefore, this is not applicable for fiscal year 2022.

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

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

Other Special Federal and/or State Projects

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

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

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

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

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

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

FOLLOW-UP ON PRIOR YEAR FINDINGS

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

ACKNOWLEDGEMENT

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

KIPP: COOPER NORCROSS, INC.

Audit Synopsis Recommendations
June 30, 2022

It is recommended that:

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

KIPP: COOPER NORCROSS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2021

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	135	68	68	0	68	0	21	21	0	21	0	127	127	0
One	128	64	64	0	64	0	12	12	0	12	0	120	120	0
Two	147	74	74	0	74	0	20	20	0	20	0	140	140	0
Three	179	90	90	0	90	0	22	22	0	22	0	170	170	0
Four	182	91	91	0	91	0	31	31	0	31	0	174	174	0
Five	181	91	91	0	91	0	44	44	0	44	0	174	174	0
Six	215	108	108	0	108	0	52	52	0	52	0	200	200	0
Seven	247	124	124	0	124	0	58	58	0	58	0	237	237	0
Eight	257	129	129	0	129	0	61	61	0	61	0	240	240	0
Nine	258	129	129	0	129	0	73	73	0	73	0	217	217	0
Ten	222	111	111	0	111	0	66	66	0	66	0	202	202	0
Total	2151	1079	1079	0	1079	0	460	460	0	460	0	2001	2001	0
Percentage				0%		0%			0%		0%			0%

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

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	133	67	67	0	67	0	21	21	0	21	0	122	122	0
One	132	66	66	0	66	0	12	12	0	12	0	120	120	0
Two	150	75	75	0	75	0	21	21	0	21	0	136	136	0
Three	178	89	89	0	89	0	22	22	0	22	0	168	168	0
Four	191	96	96	0	96	0	34	34	0	34	0	176	176	0
Five	188	94	94	0	94	0	43	43	0	43	0	173	173	0
Six	219	110	110	0	110	0	47	47	0	47	0	201	201	0
Seven	248	124	124	0	124	0	54	54	0	54	0	232	232	0
Eight	265	133	133	0	133	0	56	56	0	56	0	239	239	0
Nine	263	132	132	0	132	0	66	66	0	66	0	217	217	0
Ten	241	121	121	0	121	0	67	67	0	67	0	216	216	0
Total	2208	1107	1107	0	1107	0	443	443	0	443	0	2000	2000	0
Percentage				0%		0%			0%		0%			0%

NET CASH RESOURCE SCHEDULE

**Net Cash Resources did/did not exceed Three Months of Expenditures
Proprietary Funds - Food Service
Fiscal Year Ended June 30, 2022**

<u>Net Cash Resources:</u>			<u>Food Service B - 4/5</u>	
ACFR	*	Current Assets		
B-4		Cash and Cash Equiv.	\$ 551,883	
B-4		Accounts Receivable	342,964	
ACFR		Current Liabilities		
B-4		Less Accounts Payable	<u>(124,579)</u>	
		Net Cash Resources	<u><u>\$ 770,268</u></u>	(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	<u>\$ 1,688,693</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 1,688,693</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>\$ 168,869</u></u>	(C)
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Three times monthly Average:

3 X C	<u><u>\$ 506,608</u></u>	(D)
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TOTAL IN BOX A	\$	770,268
LESS TOTAL IN BOX D	\$	(506,608)
NET	\$	263,660

From above:

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

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

SOURCE - USDA resource management comprehensive review form