

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE

**KIPP: COOPER NORCROSS, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

KIPP: COOPER NORCROSS, INC.

Table of Contents
June 30, 2023

INTRODUCTORY SECTION	<u>Pages</u>
Letter of Transmittal	1 - 4
Organizational Chart	N/A
Roster of Officials	5
Consultants, Independent Auditors and Advisors	6
FINANCIAL SECTION	
Unmodified Opinion on Financial Statements Accompanied by Required Supplementary Information, Supplementary Information and Other Information - Governmental Entity	7 - 7B
Required Supplementary Information – Part I	
Management’s Discussion and Analysis	8 - 13
Basic Financial Statements:	
A. School-wide Financial Statements	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	17
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Funds:	
B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	20
B-6 Statement of Cash Flows	21
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Basic Financial Statements	22 - 54
Required Supplemental Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule General Fund	55 - 56
C-2 Budgetary Comparison Schedule Special Revenue Fund	57
Notes to Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	58

KIPP: COOPER NORCROSS, INC.

Table of Contents
June 30, 2023

Required Supplementary Information - Part III		<u>Pages</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):		
L-1	Schedule of the Renaissance School's Proportionate Share of the Net Pension Liability - PERS	59
L-2	Schedule of Renaissance School Contributions - PERS	60
L-3	Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	N/A
L-4	Schedule of the School District's contribution Teachers' Pension and Annuity Fund (TPAF)	N/A
L-5	Schedule of Contributions TPAF Notes to Required Supplementary Information	N/A
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75):		
M-1	Schedule of Changes in the Renaissance School's Total OPEB Liability and Related Ratios - PERS and TPAF	61
E. Special Revenue Fund:		
E-1	Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	62
E-2	Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:		
F-1	Summary Schedule of Project Expenditures	63
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	64
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, The Whittier High School Project	65
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, The Hatch Middle School Project	66
G. Proprietary Funds:		
Enterprise Fund:		
G-1	Statement of Net Position	67
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position	68
G-3	Statement of Cash Flows	69
Internal Service Fund:		
G-4	Statement of Net Position	N/A
G-5	Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6	Statement of Cash Flows	N/A
Fiduciary Funds:		
H-1	Combining Statement of Fiduciary Net Position	N/A
H-2	Statement of Changes in Fiduciary Net Position	N/A

KIPP: COOPER NORCROSS, INC.

Table of Contents
June 30, 2023

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

KIPP: COOPER NORCROSS, INC.

Table of Contents
June 30, 2023

SINGLE AUDIT SECTION K		<u>Pages</u>
K-1	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 <i>Government Auditing Standards</i>	88 - 89
K-2	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	90 - 92
K-3	3 Schedule of Expenditures of Federal Awards, Schedule A	93
K-4	4 Schedule of Expenditures of State Financial Assistance, Schedule B	94
K-5	5 Notes to the Schedules of Awards and Financial Assistance	95 - 96
K-6	6 Schedule of Findings and Questioned Costs	97 - 101
K-7	7 Summary Schedule of Prior Audit Findings and Questioned Costs	102

N/A = Not Applicable

INTRODUCTORY SECTION

December 4, 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, 2023, 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 2022-2023 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 governmental funds and proprietary funds for the fiscal year ended June 30, 2023:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local revenue - general fund	\$ 40,635,853	62%
State aid - general fund	871,965	1
Federal aid - general fund	114,119	-
Sublease income - general fund	180,000	-
Miscellaneous - general fund	888,324	1
Enterprise fund	2,245,343	3
Federal aid - special revenue	9,513,065	15
State aid - special revenue	280,967	1
Private grants - special revenue	1,207,555	2
Private grants - capital projects fund	5,158,182	8
Interest income - debt service fund	731,419	1
Federal aid - debt service fund	<u>3,757,886</u>	<u>6</u>
	<u>\$ 65,584,678</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, 2023:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current - General Fund	\$ 36,709,336	45%
Special revenue fund	11,171,859	14
Capital projects fund	22,492,659	28
Enterprise fund	1,779,024	2
Debt service fund	<u>8,735,365</u>	<u>11</u>
Total	<u>\$ 80,888,243</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 2022-2023 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's 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, 2023**

<u>Members of Board of Trustees</u>	<u>Term Expires</u>
Rahul Goyal, President, Voting	4/2025
Tim Carden, President, Voting	10/2022
Michael Goodman, Trustee, Voting	2/2026
William Smith, Trustee, Voting	10/2023
Christine Choi, Trustee, Voting	4/2025
Kathleen Nugent Hughes, Trustee, Voting	4/2025
Jordan Metzger, Trustee, Voting	3/2026
Marcus Worlds, Trustee, Voting	10/2023
Sheila Roberts, Trustee, Voting	10/2023
Chris Keating, Trustee, Voting	2/2026
Anthony Welch, Trustee, Voting	10/2026
Lisa Morina, Trustee, Voting	10/2026
LaPree Burgess, Trustee, Voting	10/2026

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. and KCNA Project, LLC:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2023, 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, 2023, 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*.

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.

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, Budgetary Comparison Information and Pension 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, 2023, 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 (pages 1 through 6) and statistical section (pages 71 through 87) 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 December 4, 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
December 4, 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, 2023

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, 2023. 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 2022-2023 fiscal year include the following:

- Net Position of governmental activities ended the fiscal year with \$3,763,140. Net position of business-type activities, which represent food service operations, ended the fiscal year with \$1,536,003.
- General revenues accounted for \$47,009,294 in revenue or 74 percent of total governmental activities revenues of \$63,339,335. Program specific revenues, in the form of charges for services, grants, and contributions, accounted for \$16,330,041 or 26 percent of total governmental activities revenues.
- The Renaissance School had \$79,109,219 in expenses related to governmental activities; \$16,330,041 of these expenses is offset by operating and capital grants and contributions. General governmental revenues (primarily local sources) of \$47,009,294 helped to provide for the balance of these programs.
- The Governmental Fund reported a fund balance at June 30, 2023, of \$35,614,309, and a deficit of \$(15,769,884) 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.

KIPP: COOPER NORCROSS, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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. There was no fiduciary fund activity during fiscal year 2023.

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 2023?" 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 major governmental funds included the General Fund, Special Revenue fund, Capital Projects fund, and Debt Service Fund.

KIPP: COOPER NORCROSS, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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 \$7,742,205 at the close of fiscal year 2023. The following table provides a summary of net position relating to the Renaissance School's governmental and business-type activities:

	2023		
	Governmental Activities	Business- Type Activities	Total
Assets and deferred outflows of resources:			
Current assets	\$ 55,318,554	\$ 1,404,715	\$ 56,723,269
Capital assets, net	128,263,047	451,368	128,714,415
Right-to-use lease assets, net	9,007,437	-	9,007,437
Deferred outflows of resources	<u>17,237,933</u>	<u>-</u>	<u>17,237,933</u>
Total assets and deferred outflows of resources	<u>\$ 209,826,971</u>	<u>\$ 1,856,083</u>	<u>\$ 211,683,054</u>
Liabilities and deferred inflows of resources:			
Current liabilities	\$ 19,704,245	\$ 320,080	\$ 20,024,325
Long-term liabilities	184,010,611	-	184,010,611
Deferred inflows of resources	<u>2,348,975</u>	<u>-</u>	<u>2,348,975</u>
Total liabilities and deferred inflows of resources	<u>\$ 206,063,831</u>	<u>\$ 320,080</u>	<u>\$ 206,383,911</u>
Net position:			
Invested in capital assets, net of related debt	\$ (13,109,802)	\$ 451,368	\$ (12,658,434)
Restricted	7,459,574	-	7,459,574
Unrestricted	<u>9,413,368</u>	<u>1,084,635</u>	<u>10,498,003</u>
Total net position	<u>\$ 3,763,140</u>	<u>\$ 1,536,003</u>	<u>\$ 5,299,143</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, 2023

THE RENAISSANCE SCHOOL AS A WHOLE (Continued)

The total net position of the Renaissance School increased by \$2,121,162 during the current fiscal year ended June 30, 2023. The majority of the increase is attributable to a surplus of \$1,654,843 in the governmental activities. The Renaissance School did have business-type activities during the year ended June 30, 2023, resulting in a surplus of \$466,319.

The table that follows reflects the change in fund balance before other financing sources and reconciliations for fiscal year 2023:

	2023		
	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues:			
Charge for services	\$ -	\$ 66,185	\$ 66,185
Operating grants and contributions	11,171,859	-	11,171,859
Capital grants and contributions	<u>5,158,182</u>	<u>-</u>	<u>5,158,182</u>
Total program revenues	<u>16,330,041</u>	<u>66,185</u>	<u>16,396,226</u>
General revenues:			
Local aid	40,635,853	-	40,635,853
Federal and state aid	4,743,970	2,179,158	6,923,128
Miscellaneous	<u>1,629,471</u>	<u>-</u>	<u>1,629,471</u>
Total general revenues	<u>47,009,294</u>	<u>2,179,158</u>	<u>49,188,452</u>
Total revenues	<u>63,339,335</u>	<u>2,245,343</u>	<u>65,584,678</u>
Expenses:			
Instruction	14,416,033	-	14,416,033
Administrative and support services	32,627,275	-	32,627,275
Capital outlay	21,112,961	-	21,112,961
Financing costs	2,139,294	-	2,139,294
Interest	8,813,656	-	8,813,656
Food service	<u>-</u>	<u>1,779,024</u>	<u>1,779,024</u>
Total expenses	<u>79,109,219</u>	<u>1,779,024</u>	<u>80,888,243</u>
Change in fund balance before transfers and other financing sources (uses)	<u>\$ (15,769,884)</u>	<u>\$ 466,319</u>	<u>\$ 15,303,565</u>

KIPP: COOPER NORCROSS, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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, 2023.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 14,416,033	\$ 12,577,430
Administrative and support services	32,627,275	23,633,950
Capital outlay	21,112,961	15,614,848
Financing costs	2,139,294	2,139,294
Interest	<u>8,813,656</u>	<u>8,813,656</u>
Total expenses	<u>\$ 79,109,219</u>	<u>\$ 62,779,178</u>

BUSINESS-TYPE ACTIVITY

The business-type activity of the Renaissance School consists of the food service operation. This program had revenues of \$2,245,343 and operating expenses of \$1,779,024 for fiscal year 2023. The Renaissance School intended to have food services be self-operating without assistance from the General Fund. During the year ended June 30, 2023, the food service operation earned an operating surplus of \$466,319.

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 \$63,339,335 and expenditures of \$79,109,219. The negative change in fund balance for the year was \$15,769,884, before other net financing sources of \$39,770,464. The fund balance increased by \$24,000,580.

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 year 2023, 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 \$45,198,767, which included a local share of \$40,946,148. Expenditures were budgeted at \$37,812,916. The Renaissance School anticipated a budgeted fund balance increase of \$7,385,851 in its 2022-2023 budget year.

CAPITAL ASSETS

At the end of fiscal year 2023, the Renaissance School had \$128,714,415 invested in capital assets in its governmental and business-type activities.

The Renaissance School's 2023-2022 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, 2023

LONG-TERM DEBT

At June 30, 2023, the Renaissance School had \$168,963,155 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, 2023.

SCHOOL-WIDE FINANCIAL STATEMENTS

KIPP: COOPER NORCROSS, INC.

Statement of Net Position
As of June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 22,310,984	\$ 1,174,209	\$ 23,485,193
Restricted cash	24,384,688	-	24,384,688
Due to (from) funds	151,952	(151,952)	-
Accounts receivables	6,825,913	382,458	7,208,371
Due from related party	1,574,008	-	1,574,008
Prepaid expenses	71,009	-	71,009
Right-to-use assets - land leases, net	9,007,437	-	9,007,437
Capital assets, net	128,263,047	451,368	128,714,415
Total assets	192,589,038	1,856,083	194,445,121
Deferred Outflows of Resources:			
Pension deferred outflows	17,237,933	-	17,237,933
Total assets and deferred outflows of resources	\$ 209,826,971	\$ 1,856,083	\$ 211,683,054
Liabilities:			
Intergovernmental payables - state	\$ 5,787,767	\$ -	\$ 5,787,767
Accounts payable	717,154	320,080	1,037,234
Payroll deductions and withholdings	741,875	-	741,875
Accrued expenses - development	5,801,819	-	5,801,819
Due to related party	76,504	-	76,504
Accrued interest	6,579,126	-	6,579,126
Bonds and notes payable, net of discounts and premium	168,963,155	-	168,963,155
Net pension liability	15,047,456	-	15,047,456
Total liabilities	203,714,856	320,080	204,034,936
Deferred Inflows of Resources:			
Pension deferred inflows	2,348,975	-	2,348,975
Total liabilities and deferred inflows of resources	206,063,831	320,080	206,383,911
Net Position:			
Net invested in capital assets, net of related debt	(13,109,802)	451,368	(12,658,434)
Restricted	7,459,574	-	7,459,574
Unrestricted	9,413,368	1,084,635	10,498,003
Total net position	3,763,140	1,536,003	5,299,143
Total liabilities, deferred inflows of resources and net position	\$ 209,826,971	\$ 1,856,083	\$ 211,683,054
Fund Balance, June 30, 2023 - B-1	\$ 35,614,309		
Right-to-use assets, net of accumulated amortization	9,007,437		
Cost of capital assets, net of accumulated depreciation	128,263,047		
Principal balance of bonds and notes payable, net of discount	(168,963,155)		
Net position before pension adjustments	3,921,638		
Less - pension, net (deficit)	(158,498)		
Total net position, June 30, 2023	\$ 3,763,140		

KIPP: COOPER NORCROSS, INC.

Statement of Activities
For the Year Ended June 30, 2023

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	\$ 14,416,033	\$ -	\$ 1,838,603	\$ -	\$ 12,577,430	\$ -	\$ 12,577,430
Support services:							
General administration	15,988,745	-	-	-	15,988,745	-	15,988,745
Support services	15,800,605	-	8,993,325	-	6,807,280	-	6,807,280
TPAF Social Security (Reimbursed)	837,925	-	-	-	837,925	-	837,925
Capital outlay	21,112,961	-	339,931	5,158,182	15,614,848	-	15,614,848
Financing costs	2,139,294	-	-	-	2,139,294	-	2,139,294
Debt service:							
Interest	8,813,656	-	-	-	8,813,656	-	8,813,656
Total governmental activities	<u>79,109,219</u>	<u>-</u>	<u>11,171,859</u>	<u>5,158,182</u>	<u>62,779,178</u>	<u>-</u>	<u>62,779,178</u>
Business-type Activities:							
Food Service	<u>1,779,024</u>	<u>66,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,712,839</u>	<u>1,712,839</u>
Total business-type activities	<u>1,779,024</u>	<u>66,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,712,839</u>	<u>1,712,839</u>
Total primary government	<u>\$ 80,888,243</u>	<u>\$ 66,185</u>	<u>\$ 11,171,859</u>	<u>\$ 5,158,182</u>	<u>\$ 62,779,178</u>	<u>\$ 1,712,839</u>	<u>\$ 64,492,017</u>
General Revenues:							
Local sources					\$ 40,635,853	\$ -	\$ 40,635,853
State aid					871,965	43,269	915,234
Federal aid					3,872,005	2,135,889	6,007,894
Interest income					731,419	-	731,419
Philanthropic support and other income					898,052	-	898,052
Total general revenues					<u>47,009,294</u>	<u>2,179,158</u>	<u>49,188,452</u>
Excess of expenditures over revenues					(15,769,884)	466,319	(15,303,565)
Other Financing Sources							
Net increase in fund balance					<u>39,770,464</u>	<u>-</u>	<u>39,770,464</u>
Increase in net capital outlay					24,000,580	466,319	24,466,899
Decrease in right-to-use asset					18,649,171	-	18,649,171
Issuance of bonds payable					(150,671)	-	(150,671)
Net payments on notes payable and line of credit					(84,267,434)	-	(84,267,434)
Amortization expense					44,496,970	-	44,496,970
Increase in pension deficit (A-1 Net Position)					(915,275)	-	(915,275)
Changes in net position					<u>(158,498)</u>	<u>-</u>	<u>(158,498)</u>
Net Position - beginning July 1, 2022					<u>2,108,297</u>	<u>1,069,684</u>	<u>3,177,981</u>
Net Position - ending June 30, 2023					<u>\$ 3,763,140</u>	<u>\$ 1,536,003</u>	<u>\$ 5,299,143</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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 22,217,013	\$ 93,971	\$ -	\$ -	\$ 22,310,984
Restricted cash	281,452	-	13,868,752	10,234,484	24,384,688
Due to (from) funds	5,624,067	(5,043,311)	(680,371)	251,567	151,952
Receivables:					
State	998,421	-	-	-	998,421
Federal	-	4,871,195	-	938,178	5,809,373
Other	6,018	12,101	-	-	18,119
Due from related party	559,043	1,014,965	-	-	1,574,008
Prepaid expenses	71,009	-	-	-	71,009
Total assets	<u>\$ 29,757,023</u>	<u>\$ 948,921</u>	<u>\$ 13,188,381</u>	<u>\$ 11,424,229</u>	<u>\$ 55,318,554</u>
Liabilities and Fund Balances:					
Liabilities:					
Intergovernmental payables - state	\$ 5,126,023	\$ 661,744	\$ -	\$ -	\$ 5,787,767
Accounts payable	502,989	214,165	-	-	717,154
Payroll deductions and withholdings	741,875	-	-	-	741,875
Accrued expenses - development	-	-	5,801,819	-	5,801,819
Due to related party	76,504	-	-	-	76,504
Accrued interest	75,304	-	-	6,503,822	6,579,126
Total liabilities	<u>6,522,695</u>	<u>875,909</u>	<u>5,801,819</u>	<u>6,503,822</u>	<u>19,704,245</u>
Fund balances:					
Unassigned	23,163,319	-	-	4,920,407	28,083,726
Nonspendable	71,009	-	-	-	71,009
Restricted:					
Student related programs	-	73,012	-	-	73,012
Capital projects	-	-	7,386,562	-	7,386,562
Total fund balances	<u>23,234,328</u>	<u>73,012</u>	<u>7,386,562</u>	<u>4,920,407</u>	<u>35,614,309</u>
Total liabilities and fund balances	<u>\$ 29,757,023</u>	<u>\$ 948,921</u>	<u>\$ 13,188,381</u>	<u>\$ 11,424,229</u>	<u>\$ 55,318,554</u>

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 \$142,236,009 and the accumulated depreciation is \$13,972,962 (see Note 4).	\$ 128,263,047
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 \$992,563 (see Note 5).	9,007,437
Deferred outflows related to pension contributions subsequent to the net pension liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements (see Note 8).	17,237,933
Deferred inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements (see Note 8).	(2,348,975)
Net pension liability that is not due and payable in the current period and therefore are not reported as liabilities in the fund statements (see Note 8).	(15,047,456)
Long-term liabilities (net of discounts and premium), including bonds and notes payable that are not due and payable in the current period and therefore are not reported as liabilities in the fund statements (see Note 14).	(168,963,155)
Net position of governmental activities	<u>\$ 3,763,140</u>

KIPP: COOPER NORCROSS, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local share	\$ 40,635,853	\$ -	\$ -	\$ -	\$ 40,635,853
Sublease income	180,000	-	-	-	180,000
Philanthropic support	-	1,207,555	5,158,182	-	6,365,737
Interest income	-	-	-	731,419	731,419
Miscellaneous	888,324	-	-	-	888,324
Total - local sources	41,704,177	1,207,555	5,158,182	731,419	48,801,333
Federal sources	114,119	9,513,065	-	3,757,886	13,385,070
State sources	871,965	280,967	-	-	1,152,932
Total revenues	42,690,261	11,001,587	5,158,182	4,489,305	63,339,335
Expenditures:					
Current:					
Instruction	12,577,430	1,838,603	-	-	14,416,033
Administrative	15,988,745	-	-	-	15,988,745
Support services	6,807,280	8,993,325	-	-	15,800,605
TPAF Social Security contributions (reimbursed)	837,925	-	-	-	837,925
Capital outlay	419,665	339,931	20,353,365	-	21,112,961
Financing costs	-	-	2,139,294	-	2,139,294
Debt service:					
Interest expense	78,291	-	-	8,735,365	8,813,656
Total expenditures	36,709,336	11,171,859	22,492,659	8,735,365	79,109,219
Excess (deficiency) of revenues over expenditures	5,980,925	(170,272)	(17,334,477)	(4,246,060)	(15,769,884)
Other Financing Sources (Uses):					
Issuance of bonds payable	6,884,469	-	42,955,498	34,427,467	84,267,434
Repayment of debt	(1,250,000)	-	(17,985,970)	(25,261,000)	(44,496,970)
Total other financing sources (uses)	5,634,469	-	24,969,528	9,166,467	39,770,464
Net change in fund balances	11,615,394	(170,272)	7,635,051	4,920,407	24,000,580
Fund Balance - July 1, 2022	11,618,934	243,284	(248,489)	-	11,613,729
Fund Balance - June 30, 2023	\$ 23,234,328	\$ 73,012	\$ 7,386,562	\$ 4,920,407	\$ 35,614,309

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, 2023

Total net change in fund balances - governmental funds (from B-2) \$ 24,000,580

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	\$ (2,463,790)	
	Capital outlays	<u>21,112,961</u>	18,649,171

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)

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changes during the period.

(158,498)

Net payments on notes payable and line of credit

44,496,970

Proceeds from issuance of bonds payable

(84,267,434)

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

(915,275)

Changes in net position of governmental activities

\$ 1,654,843

PROPRIETARY FUNDS

KIPP: COOPER NORCROSS, INC.

Statement of Net Position
 Proprietary Funds
 As of June 30, 2023

	Business-type Activities - Enterprise Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,174,209
Accounts receivable - Federal Aid	362,258
Accounts receivable - State	7,334
Accounts receivable - Other	<u>12,866</u>
Total current assets	1,556,667
Capital Assets	<u>451,368</u>
Total assets	<u><u>\$ 2,008,035</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 320,080
Due to funds	<u>151,952</u>
Total current liabilities	<u>472,032</u>
Net Position:	
Invested in capital assets	451,368
Unrestricted	<u>1,084,635</u>
Total net position	<u>1,536,003</u>
Total liabilities and net position	<u><u>\$ 2,008,035</u></u>

KIPP: COOPER NORCROSS, INC.

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Fund
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 66,185
Operating Expenses:	
Cost of sales - reimbursable programs	1,742,983
Cost of sales - nonreimbursable programs	36,041
	<u>1,779,024</u>
Total operating expenses	<u>1,779,024</u>
Operating loss	<u>(1,712,839)</u>
Non-operating Revenues:	
State sources:	
State school lunch program	43,269
Federal sources:	
National school lunch program	1,497,062
School breakfast program	606,201
Fresh fruit and vegetable program	32,626
	<u>2,179,158</u>
Total non-operating revenues	<u>2,179,158</u>
Changes in net position	466,319
Total Net Position - beginning	<u>1,069,684</u>
Total Net Position - ending	<u><u>\$ 1,536,003</u></u>

KIPP: COOPER NORCROSS, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 53,319
Payments to suppliers	<u>(1,431,571)</u>
Net cash used in operating activities	(1,378,252)
Cash Flows from Noncapital Financing Activities:	
State and Federal sources	2,152,530
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	<u>(151,952)</u>
Net increase in cash and cash equivalents	622,326
Cash and Cash Equivalents Balance - beginning of year	<u>551,883</u>
Cash and Cash Equivalents Balance - end of year	<u><u>\$ 1,174,209</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (1,712,839)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in accounts payable	195,501
Increase in due to funds	151,952
Increase in accounts receivable - other	<u>(12,866)</u>
Net cash used in operating activities	<u><u>\$ (1,378,252)</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 not-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. 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. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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. There were no fiduciary funds as of June 30, 2023.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e., expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

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. In the accompanying school-wide statement of net position, deferred outflows of resources consist of deferred amounts on net pension liability.

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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 one type which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance

School-Wide Statements

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

- Net Invested in Capital Assets, 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.
- 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 \$73,012 at June 30, 2023, all of which were program restricted. Net position restricted for capital projects has a temporary surplus of \$7,386,562 at June 30, 2023.
- 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, 2023.

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, 2023. 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, 2023, the Renaissance School's carrying amounts of deposits and investments are as follows:

	School-Wide Financial Statements
Cash balance	\$ 23,485,193
Restricted cash	<u>24,384,688</u>
Total cash and restricted cash	<u>\$ 47,869,881</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

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, 2023, the Renaissance School's bank balance was \$47,765,676.

Pursuant to various debt agreements (see Note 14), the Renaissance School is required to maintain debt service and various restricted cash accounts (the Restricted Accounts). Certain Restricted Accounts are held by the Trustees, as defined in the respective agreements, and are only to be used to fund development costs, make required debt service payments, purchase, or redeem bonds, or payment of arbitrage, as defined in the agreements. The accounts held by the Trustees include the interest and debt service reserves, project fund and cost of issuance fund.

Of the bank balance, \$250,000 of the Renaissance School's cash deposits on June 30, 2023, were secured by Federal deposit insurance and \$47,515,676 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	\$ 47,515,676
Plus - Federally insured amount	250,000
Plus - Deposits-in-transit and other	679,435
Less - Outstanding checks	<u>(575,230)</u>
Total cash per school-wide financial statements	<u>\$ 47,869,881</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, 2023**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, 2023, 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, 2023:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2022</u>	<u>Additions</u>	<u>(Transfers)</u>	<u>Ending Balance June 30, 2023</u>
Capital assets, not being depreciated:				
Construction in progress - other	\$ 322,937	\$ 572,388	\$ (895,325)	\$ -
Construction in progress - The Hatch Middle School Project	3,526,628	17,178,514	-	20,705,142
Construction in progress - The Whittier High School Project	<u>20,507,247</u>	<u>3,326,803</u>	<u>-</u>	<u>23,834,050</u>
Total construction in progress	<u>24,356,812</u>	<u>21,077,705</u>	<u>(895,325)</u>	<u>44,539,192</u>
Capital assets, being depreciated:				
Building and improvements	96,282,502	187,208	895,325	97,365,035
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>97,065,652</u>	<u>187,208</u>	<u>895,325</u>	<u>98,148,185</u>
Less - accumulated depreciated:				
Building and improvements	11,352,232	2,416,552	-	13,768,784
Land improvements	92,476	31,076	-	123,552
Equipment	<u>64,464</u>	<u>16,162</u>	<u>-</u>	<u>80,626</u>
Total accumulated depreciation	<u>11,509,172</u>	<u>2,463,790</u>	<u>-</u>	<u>13,972,962</u>
Total capital assets, net	<u>\$ 109,913,292</u>	<u>\$ 18,801,123</u>	<u>\$ -</u>	<u>\$ 128,714,415</u>

Depreciation expense of \$2,463,790 was charged to an unallocated function.

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

4. CAPITAL ASSETS (Continued)

Total capital outlays were \$21,112,961 for governmental funds and \$151,952 of proprietary fund capital additions for the year ended June 30, 2023.

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

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 right-to-use assets - land leases and amortized over the life of the lease.

The total land value for the Lanning Project (see Note 14) 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, 2023.

The total land value for the Whittier Project (see Note 14) 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, 2023.

The total land value for the Sumner Project (see Note 14) 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, 2023.

Amortization expense of ground subleases was \$150,671 for the year ended June 30, 2023, 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, 2023:

Right-to-use assets	\$ 10,000,000
Less - accumulated amortization	<u>(992,563)</u>
Right-to-use assets, net	<u>\$ 9,007,437</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 \$4,876,302 to the Renaissance School for the year ended June 30, 2023. 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 \$5,820,892 in grants awarded from KTAF during the year ended June 30, 2023.

Due from related party of \$1,524,008 consists of \$757,237 of grants receivable and \$815,771 of operating advances from KTAF as of June 30, 2023. Due to related party consists of operating costs of \$76,504 as of June 30, 2023. In addition, accrued interest of \$75,304 (see Note 14) due to KTAF is included in accrued interest as of June 30, 2023.

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, 2023 (see Note 14). 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

Description of Plans - Substantially all of the employees of the Renaissance School are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (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.

7. **PENSION PLANS** (Continued)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after twenty-five years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving twenty-five years of service credit or they may elect deferred retirement after achieving eight to ten years of service, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provide for specified medical benefits for member who retire after achieving twenty-five years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need thirty years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended thirty-year period and paid in level dollars. Beginning with the July 1, 2019, actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed thirty-year period until the remaining period reaches twenty, when the amortization period will revert to an open-ended twenty-year period.

Cost-of-Living Adjustment Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

7. PENSION PLANS (Continued)

Contribution Requirements

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. Under current statute, the Renaissance School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and charter schools).

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27, for TPAF, which is a cost-sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost-sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Renaissance School.

PERS employer contributions are made annually by the Board of Trustees to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Renaissance School's contribution to PERS for the year ended June 30, 2023, was \$1,257,378.

In accordance with N.J.S.A 18A:66-66, the State reimbursed the Renaissance School \$837,925 for the year ended June 30, 2023, for the employer's share of Social Security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the school-wide financial statements and the fund financial statements as revenues and expenditures in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions*.

8. PENSION PLANS – GASB 68

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TPAF and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. PENSION PLANS – GASB 68 (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The employer contributions for the Renaissance School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Renaissance School (the Employer) is considered to be in a special funding situation as defined by GASB Statement No. 68, and the State is treated as a non-employer contributing entity. Since the Employer does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Renaissance School. The State did not report a portion of the net pension liability that was associated with the Renaissance School, as measured on June 30, 2022.

For the year ended June 30, 2023, there is no pension expense or revenue for support provided by the State. The measurement period for the pension expense and revenue reported in the Renaissance School's financial statements (A-2) at June 30, 2023, is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

Although the Renaissance School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Renaissance School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 4,885,289,911
Collective deferred inflows of resources	\$ 19,563,805,393
Collective net pension liability (Non-employer - State of New Jersey)	\$ 51,594,415,806
State's portion of the net pension liability that was associated with the Renaissance School	\$ -
State's portion of the net pension liability that was associated with the Renaissance School as a percentage of the collective net pension liability	0%

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases: Through 2026	2.75% - 5.65% based on years of service
Investment Rate of Return:	7%

8. PENSION PLANS – GASB 68 (Continued)**Teachers' Pension and Annuity Fund (TPAF) (Continued)****Actuarial Assumptions (Continued)**

Pre-retirement, mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial valuation as of July 1, 2021, is the most recent report available for valuation of the total pension liability.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022, are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

8. PENSION PLANS – GASB 68 (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the state. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Sensitivity of the Renaissance School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the Renaissance School has no proportionate share of the net pension liability because of the special funding situation, the Renaissance School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at:

<https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf21.pdf>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS, and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. PENSION PLANS – GASB 68 (Continued)**Public Employees' Retirement System (PERS) (Continued)*****Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

At June 30, 2023, the Renaissance School reported a liability of \$15,047,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Renaissance School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2022. At June 30, 2022, the Renaissance School's proportion was .099709%.

For the year ended June 30, 2023, the Renaissance School recognized pension expense of \$2,769,576. At June 30, 2023, the Renaissance School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 108,606	\$ 95,775
Changes of assumptions	46,622	2,253,200
Net difference between projected and actual earnings on pension plan investments	622,801	-
Changes in proportion and differences between Renaissance School contributions and proportionate share of contributions	15,202,526	-
Renaissance School contributions subsequent to the measurement date	<u>1,257,378</u>	<u>-</u>
Total	<u>\$ 17,237,933</u>	<u>\$ 2,348,975</u>

The \$1,257,378 reported as deferred outflows of resources related to pensions resulting from the Renaissance School's contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2023, the plan measurement date was June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (1,290,756)
2023	(657,597)
2024	(320,697)
2025	699,640
2026	<u>(1,537)</u>
Total	<u>\$ (1,570,947)</u>

KIPP: COOPER NORCROSS, INC.Notes to the Basic Financial Statements
June 30, 2023**8. PENSION PLANS – GASB 68 (Continued)****Public Employees' Retirement System (PERS) (Continued)*****Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension*** (Continued)

	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 1,660,772,008
Collective deferred inflows of resources	\$ 3,236,303,935
Collective net pension liability (Non-State - Local Group)	\$ 15,219,184,920
Renaissance School's proportion of net pension liability	\$ 15,047,456
Renaissance School's proportion percentage	.099709%

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.75% - 6.25% based on years of service
Thereafter	2.75% - 6.25% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

8. PENSION PLANS – GASB 68 (Continued)

Public Employees’ Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate is assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the state employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Renaissance School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Renaissance School’s proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what the Renaissance School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2022		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Charter School’s proportionate share of the net pension liability	<u>\$ 19,495,292</u>	<u>\$ 15,047,456</u>	<u>\$ 11,498,059</u>

8. PENSION PLANS – GASB 68 (Continued)

Public Employees' Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/gasb-notice.shtml>.

9. POST-RETIREMENT BENEFITS

Other Postemployment Benefit Plan (OPEB)

P.L. 1987, c. 384 and P.L. 1990, c.6 required the TPAF and the PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating twenty-five years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer-paid health benefits to members of PERS, and the Alternate Benefit Program who retired from a Board of Education or county college with twenty-five years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

Plan Description and Benefits Provided

The Renaissance School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Renaissance School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefits Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefit Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Plan Description and Benefits Provided (Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a Board of Education or county college with twenty-five years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than twenty years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with twenty-five years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Renaissance School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Renaissance School did not recognize any portion of the collective net OPEB liability in the statement of net position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the Renaissance School. Note that actual numbers will be published in the NJ State's ACFR. (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

9. **POST-RETIREMENT BENEFITS** (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (Continued)

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation:	2.50%	TPAF	PERS	PFRS
Salary increases: Through 2026	2.75% to 4.25% based on service years	2.75% to 6.55% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service years
Salary increases: Thereafter	2.75% to 4.25% based on service years	2.75% to 6.55% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projection from the current year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026, and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026, and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability Reported by the State of New Jersey

	Renaissance School's Proportionate Share of the OPEB Liability	Total OPEB Liability
Balance at June 30, 2021, measurement date	\$ -	\$ 60,007,650,970
Changes recognized for the fiscal year:		
Service cost	-	2,770,618,025
Interest on total OPEB liability	176,389	1,342,187,139
Changes of benefit terms	-	-
Effect of differences between expected and actual experience	8,434,165	1,399,200,736
Effect of changes of assumptions	(1,785,512)	(13,586,368,097)
Contributions from the members	5,605	42,650,252
Contributions from the employer	<u>(174,719)</u>	<u>(1,329,476,059)</u>
Net changes	<u>6,655,928</u>	<u>(9,361,188,004)</u>
Balance at June 30, 2022, measurement date	<u>\$ 6,655,928</u>	<u>\$ 50,646,462,966</u>

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	2022		
	1% Decrease (2.54%)	At Discount Rate (3.54%)	1% Increase (4.54%)
Renaissance School's proportionate share of the net OPEB liability	<u>\$ 7,823,343</u>	<u>\$ 6,655,928</u>	<u>\$ 5,720,303</u>
Total OPEB liability	<u>\$ 59,529,589,697</u>	<u>\$ 50,646,462,966</u>	<u>\$ 43,527,080,995</u>

9. POST-RETIREMENT BENEFITS (Continued)**Other Postemployment Benefit Plan (OPEB) (Continued)*****Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate:***

The following presents the total nonemployer OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	2022		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Renaissance School's proportionate share of the net OPEB liability	\$ 5,501,531	\$ 6,655,928	\$ 8,172,298
Total OPEB liability	<u>\$ 41,862,397,291</u>	<u>\$ 50,646,462,966</u>	<u>\$ 62,184,866,635</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the Renaissance School recognized OPEB expense and related revenue of \$10,681,237 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

The State of New Jersey's total OPEB liability is \$50,646,462,966. Of this amount, the total OPEB liability attributable to the Renaissance School was \$6,655,928. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Renaissance School of 0.0131%.

In accordance with GASB Statement 75, as the Renaissance School does not recognize a liability for the proportionate share of the OPEB liability; there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2022, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,042,402,619	\$ (15,462,950,679)
Changes of assumptions	8,765,620,577	(17,237,289,230)
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Renaissance School contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	TBD	N/A
Total	<u>\$ 17,808,023,196</u>	<u>\$ (32,700,239,909)</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
Total	<u>\$ (14,892,216,713)</u>

10. ECONOMIC DEPENDENCY

The Renaissance School received approximately 78% of its support from Federal and state governments for the year ended June 30, 2023. 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.

11. 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, 2023, 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 14).

12. 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.

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

13. RECEIVABLES

Receivables as of June 30, 2023, 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>Debt Service</u>	<u>Total</u>
Receivables:					
Accounts	<u>\$ 1,004,439</u>	<u>\$ 4,883,296</u>	<u>\$ 382,458</u>	<u>\$ 938,178</u>	<u>\$ 7,208,371</u>

There was no allowance for doubtful accounts deemed necessary as of June 30, 2023.

As of June 30, 2023, approximately 82% of the Renaissance School's school-wide receivables were due from the State of New Jersey. The Renaissance School received 78% of its total general revenues through contracts from New Jersey.

14. 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 51). 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%.

Camden Count Improvement Authority (CIAA) issues Series 2022 Charter School Revenue Bonds (collectively, 2022 Bonds), on behalf of the Renaissance School, at various purchase prices (see page 51). The par amounts of the Bonds mature at various dates through June 30, 2062, and bear an interest rate of 6%. The premium on the 2022 bonds is amortized on a straight-lined basis over the term of forty years, which approximates the effective interest rate method.

Bonds payable consist of the following at June 30, 2023:

6.00% 2022 bonds payable to CCIA on the Hatch Facility and Whittier Facility. Interest payments are made annually through maturity of the bonds (June 2062). Principal payments will be made annually beginning in June 2033 through June 2035, and will resume in June 2037, maturing at various dates through June 2062. This bond is secured by a shared first priority interest in the Hatch Facility and the Whittier Facility.	\$ 84,130,000
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KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

14. BONDS AND NOTES PAYABLE (Continued)

Bonds Payable (Continued)

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	189,471,634
Less - unamortized bond discounts and premium	<u>24,717,107</u>
Total bonds payable, net of discounts	164,754,527
Notes payable (see page 53)	<u>4,208,628</u>
Bonds and notes payable, net of discounts and premium	<u>\$ 168,963,155</u>

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

Bond Issued	Par Value	Original Bond Discount (Premium)	June 30, 2023	
			Accumulated Bond Discount (Premium) Amortization	Net Discount (Premium)
2014 QSCB	\$ 60,000,000	\$ 22,000,000	\$ 5,323,004	\$ 16,676,996
2017 QSCB	29,833,634	8,833,634	659,525	8,174,109
2017 QZAB	15,508,000	-	-	-
2022 Bonds:				
2042 Term Bond	3,175,000	-	-	-
2047 Term Bond	13,105,000	-	-	-
2052 Term Bond	16,185,000	-	-	-
2062 Term Bond	<u>51,665,000</u>	<u>(137,434)</u>	<u>(3,436)</u>	<u>(133,998)</u>
	<u>\$ 189,471,634</u>	<u>\$ 30,696,200</u>	<u>\$ 5,979,093</u>	<u>\$ 24,717,107</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

14. BONDS AND NOTES PAYABLE (Continued)

Bonds Payable (Continued)

Given the premium on the 2022 Bonds is immaterial to the financial statements as a whole, the Renaissance School did not allocate a portion to each bond within the collective group of 2022 Bonds. Net amortization of the bond discounts (premium) was \$915,275 for the fiscal year ended June 30, 2023. Amortization expense over the next five years is expected to be as follows:

2024	\$ 989,349
2025	\$ 1,069,412
2026	\$ 1,155,948
2027	\$ 1,249,481
2028	\$ 1,350,578

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 and QZAB bonds. For the year ended June 30, 2023, the Renaissance School incurred total interest costs, excluding bond discount amortization, of \$4,232,210. The Renaissance School has incurred \$1,057,993 of accrued interest as of June 30, 2023, in conjunction with these bonds. The Renaissance School recognized \$3,757,886 in interest rate subsidies for the year ended June 30, 2023.

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. 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, 2023:

7.00% note payable to CLRSF to finance the Lanning Project (see Notes 4 and 5). Interest-only payments are due through maturity, February 1, 2044 (maturity). This note is secured by a shared first priority interest in the Lanning Project. There was a principal payment of \$13,957,000 during fiscal year 2023 using proceeds from the 2022 Bonds. Accrued interest on this note is \$4,381,735 as of June 30, 2023.	\$ 3,043,000
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KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

14. BONDS AND NOTES PAYABLE (Continued)

Notes Payable (Continued)

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. There was a principal payment of \$7,109,000 during fiscal year 2023 using proceeds from the 2022 Bonds. Accrued interest on this note is \$652,511 as of June 30, 2023.	360,628
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 a principal payment of \$4,195,000 during fiscal year 2023 using proceeds from the 2022 Bonds. Accrued interest on this note is \$411,583 as of June 30, 2023.	305,000
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 \$75,304 as of June 30, 2023. There was a payment of \$500,000 on this note payable during fiscal year 2023 using proceeds from the 2022 Bonds.	500,000
2.00% unsecured note payable to KTAF with a maximum capacity of \$1,250,000. The note matured on November 30, 2022, at which time principal of \$750,000 and accrued interest of \$165,000 were paid in full.	-
Total notes payable	<u>\$ 4,208,628</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, 2023.

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>
2024	\$ 500,000	\$ 9,546,140	\$ 10,046,140
2025	\$ -	\$ 9,541,140	\$ 9,541,140
2026	\$ -	\$ 9,541,140	\$ 9,541,140
2027	\$ -	\$ 9,541,140	\$ 9,541,140
2028	\$ -	\$ 9,541,140	\$ 9,541,140
2029 - 2033	\$ 95,000	\$ 47,705,699	\$ 47,800,699
2034 - 2038	\$ 61,040,000	\$ 42,548,799	\$ 103,588,799
2039 - 2043	\$ 2,740,000	\$ 33,971,099	\$ 36,711,099
2044 - 2048	\$ 19,058,000	\$ 31,030,514	\$ 50,088,514
2049 - 2053	\$ 61,922,262	\$ 19,275,777	\$ 81,198,039
2054 - 2058	\$ 19,925,000	\$ 12,246,000	\$ 32,171,000
2059 - 2062	\$ 28,400,000	\$ 5,042,700	\$ 33,442,700

KIPP: COOPER NORCROSS, INC.

Notes to the Basic Financial Statements
June 30, 2023

15. LINE OF CREDIT

On June 16, 2022, the LLC entered into a revolving line of credit agreement with a bank. The agreement allowed 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 expired on December 16, 2022. Prior to the expiration, the outstanding principal balance of \$17,985,870 and accrued interest was paid off in November 2022 using proceeds from the 2022 Bonds. Interest was payable at the one-month Bloomberg Short-Term Bank Yield Index Rate (BSBY) plus 1.75% (3.35% at June 30, 2023). Interest expense totaled approximately \$251,000 for the year ended June 30, 2023. The loan was subject to certain guarantees and security interests on assets of the Renaissance School. There were no financial or nonfinancial covenants with which the Renaissance School must comply.

16. SUBSEQUENT EVENTS

The Renaissance School has evaluated all subsequent events occurring through the date of the Independent Auditor's Report of December 4, 2023, which is the date the financial statements were available to be issued. No events that met the criteria for disclosure within the financial statements.

17. 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, 2023	\$ 35,614,309
Cost of capital assets, net of accumulated depreciation	128,263,047
Right-to-use assets, net of accumulated amortization	9,007,437
Principal balance of bonds and notes payable, net of discount	(168,963,155)
Pension deferred outflows	17,237,933
Pension deferred inflows	(2,348,975)
Deferred pension liability as of June 30, 2022	<u>(15,047,456)</u>
Net position (per A-1) as of June 30, 2023	<u>\$ 3,763,140</u>

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

KIPP: COOPER NORCROSS, INC.

Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2023

	<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	\$ 44,046,148	\$ (3,100,000)	\$ 40,946,148	\$ 40,635,853	\$ 310,295
Sublease income	180,000	-	180,000	180,000	-
Miscellaneous	186,712	56,416	243,128	888,324	(645,196)
Total - Local Sources	<u>44,412,860</u>	<u>(3,043,584)</u>	<u>41,369,276</u>	<u>41,704,177</u>	<u>(334,901)</u>
Federal Sources:					
SEMI	-	-	-	114,119	(114,119)
State Sources:					
Special Education Aid	-	20,000	20,000	34,040	(14,040)
TPAF Social Security (Reimbursed)	837,925	-	837,925	837,925	-
TPAF FICA Reimbursement	<u>2,971,566</u>	-	<u>2,971,566</u>	-	<u>(2,971,566)</u>
Total State Sources	<u>3,809,491</u>	<u>20,000</u>	<u>3,829,491</u>	<u>871,965</u>	<u>(2,985,606)</u>
Total Revenues	<u>48,222,351</u>	<u>(3,023,584)</u>	<u>45,198,767</u>	<u>42,690,261</u>	<u>2,508,506</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Teachers salaries	11,109,655	(392,149)	10,717,506	10,349,000	368,506
Other salaries	427,500	23,564	451,064	14,320	436,744
General education supplies	917,994	273,424	1,191,418	1,251,231	(59,813)
Textbooks	93,500	60,513	154,013	75,429	78,584
Miscellaneous expenses	<u>1,246,872</u>	<u>(443,044)</u>	<u>803,828</u>	<u>887,450</u>	<u>(83,622)</u>
Total Regular Programs - Instruction	<u>13,795,521</u>	<u>(477,692)</u>	<u>13,317,829</u>	<u>12,577,430</u>	<u>740,399</u>
Administrative:					
Salaries	3,382,820	(162,047)	3,220,773	3,365,709	(144,936)
Cost of benefits	10,612,215	(4,373,434)	6,238,781	5,295,990	942,791
Purchased professional technical services	6,465,951	(361,226)	6,104,725	5,636,241	468,484
Communications and telephones	140,850	-	140,850	122,730	18,120
Supplies and materials	830,644	118,034	948,678	1,061,332	(112,654)
Miscellaneous expenses	<u>2,375,634</u>	<u>(1,743,628)</u>	<u>632,006</u>	<u>506,743</u>	<u>125,263</u>
Total Administrative	<u>23,808,114</u>	<u>(6,522,301)</u>	<u>17,285,813</u>	<u>15,988,745</u>	<u>1,297,068</u>

KIPP: COOPER NORCROSS, INC.

Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2023

	<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	3,502,439	(1,770,002)	1,732,437	2,258,874	(526,437)
Purchased professional technical services	1,357,290	231,277	1,588,567	1,279,087	309,480
Other purchased services	326,042	280,556	606,598	611,056	(4,458)
Insurance	421,617	-	421,617	398,174	23,443
Supplies and materials	56,000	79,789	135,789	127,813	7,976
Energy and utilities	770,538	161,000	931,538	807,391	124,147
Miscellaneous expenses	42,703	67,695	110,398	113,238	(2,840)
Transportation other than to/from school	1,203,560	97,000	1,300,560	1,211,647	88,913
Total Support Services	<u>7,680,189</u>	<u>(852,685)</u>	<u>6,827,504</u>	<u>6,807,280</u>	<u>20,224</u>
Total Current Expenditures	45,283,824	(7,852,678)	37,431,146	35,373,455	2,057,691
Capital Outlay:					
Building improvements	184,400	199,326	383,726	419,665	(35,939)
Interest	-	-	-	78,291	(78,291)
TPAF Social Security Contributions (Reimbursed)	-	-	-	837,925	(837,925)
Total Expenditures - General Fund	<u>45,468,224</u>	<u>(7,653,352)</u>	<u>37,814,872</u>	<u>36,709,336</u>	<u>1,183,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,754,127</u>	<u>4,629,768</u>	<u>7,383,895</u>	<u>5,980,925</u>	<u>1,324,679</u>
Other Financing Sources (Uses):					
Issuance of bonds payable	-	-	-	6,884,469	(6,884,469)
Payments of notes payable	-	-	-	(1,250,000)	1,250,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,634,469</u>	<u>(5,634,469)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,754,127	4,629,768	7,383,895	11,615,394	(4,309,790)
Fund Balance, July 1	<u>5,527,743</u>	<u>(10,303,312)</u>	<u>11,618,934</u>	<u>11,618,934</u>	<u>11,618,934</u>
Fund Balance, June 30	<u>\$ 8,281,870</u>	<u>\$ (5,673,544)</u>	<u>\$ 19,002,829</u>	<u>\$ 23,234,328</u>	<u>\$ 7,309,144</u>

KIPP: COOPER NORCROSS, INC.

Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources	\$ 8,602,942	\$ 198,311	\$ 8,801,253	\$ 9,513,065	\$ (711,812)
State sources	-	-	-	280,967	(280,967)
Philanthropic support	2,246,715	1,091,837	3,338,552	1,207,555	2,130,997
Total Revenues	10,849,657	1,290,148	12,139,805	11,001,587	1,138,218
Expenditures:					
Instruction:					
Salaries of teachers	669,190	311,271	980,461	959,640	20,821
Purchased professional and technical services	1,000	107,543	108,543	73,256	35,287
General supplies	536,156	193,001	729,157	139,916	589,241
Textbooks	-	187,950	187,950	141,304	46,646
Miscellaneous	180,500	(23,407)	157,093	67,606	89,487
Instructional equipment	-	-	-	456,881	(456,881)
Total Instruction	1,386,846	776,358	2,163,204	1,838,603	324,601
Support Services:					
Support service salaries	7,009,604	(272,620)	6,736,984	6,613,211	123,773
Employee benefits	-	1,425,419	1,425,419	892,196	533,223
Purchased professional and technical services	668,914	200,359	869,273	788,672	80,601
Supplies	64,920	3,311	68,231	123,111	(54,880)
Miscellaneous	473,289	221,700	694,989	576,135	118,854
Total Support Services	8,216,727	1,578,169	9,794,896	8,993,325	801,571
Capital Outlay:					
Noninstructional Equipment	540,091	300,967	841,058	339,931	501,127
Total Expenditures	10,143,664	2,655,494	12,799,158	11,171,859	1,627,299
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	705,993	(1,365,346)	(659,353)	(170,272)	(489,081)
Fund Balance, July 1	234,284	-	234,284	243,284	-
Fund Balance, June 30	\$ 940,277	\$ (1,365,346)	\$ (425,069)	\$ 73,012	\$ (489,081)
Restricted:					
Curriculum and enrollment				\$ 36,462	
Community engagement				36,550	
Total Fund Balance				\$ 73,012	

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, 2023

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

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

REQUIRED SUPPLEMENTARY INFORMATION PART III

KIPP: COOPER NORCROSS, INC.Schedule of the Renaissance School's Proportionate Share of the Net Pension Liability - PERS
For the Years Ended June 30*

	<u>2023</u>
Renaissance School Proportion of the Net Position Liability (Asset)	0.099709%
Renaissance School Proportionate Share of the Net Position Liability (Asset)	\$ 15,047,456
Renaissance School Covered-Employee Payroll	\$ 12,020,784
Renaissance School Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	125.18%
Plan Fiduciary Net Position as a percentage of the total pension liability	79.89%

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

KIPP: COOPER NORCROSS, INC.Schedule of Renaissance School Contributions - PERS
For the Years Ended June 30*

	<u>2023</u>
Contractually required contribution	\$ 1,257,378
Contributions in relation to the contractually required contributions	<u>(1,257,378)</u>
Contribution deficit (excess)	<u>\$ -</u>
Renaissance School covered-employee payroll	\$ 12,020,784
Contributions as a percentage of covered-employee payroll	10.46%

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

KIPP: COOPER NORCROSS, INC.

Schedule of Changes in the Renaissance School's Total OPEB Liability and
 Related Ratios - PERS and TPAF
 For the Fiscal Years Ended June 30*

	<u>2023</u>
Changes for the Year:	
Service cost	\$ -
Interest cost	176,389
Changes between expected and actual expenditures	8,434,165
Changes of assumptions	(1,785,512)
Member contributions	5,605
Gross benefit payments	<u>(174,719)</u>
Net change in total OPEB liability	6,655,928
Total OPEB Liability - beginning of year	<u>-</u>
Total OPEB Liability - end of year	<u><u>\$ 6,655,928</u></u>
Covered-employee payroll - PERS and TPAF	17,925,426
Total OPEB liability as a percentage of covered-employee payroll	37%
State's proportionate share of the net OPEB liability (asset) associated with the Renaissance School	0.01314%
Renaissance School's contributions	<u><u>\$ -</u></u>

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

** Information not available

Notes to Schedule:

Changes of Benefits Terms - None

Changes of Assumptions - The discount rate changed from 3.87% to 3.5%.

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, 2023

	Total	CEF Advocacy Grant	CEF All Learners Grant	KF Opportunity Fund for Mental Health	KTAF Rebranding Grant	Walton Sumner	KIPP Foundation Overgrad	NJ SIG	KTAF Tenacre	United Way	Emergent and Capital Maintenance	Title I	Title III	IDEA Part B-Basic Reg. Prog.	Promise Neighborhood	SEED Grant	ARP Homeless Children and Youth II Grant	CRRSA Act Mental Health Grant	CRRSA Act ESSER II	CRRSA Act Learning Acceleration Grant	ARP ESSER III
Revenues:																					
Intergovernmental:																					
Federal	\$ 9,513,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,045,680	\$ 21,842	\$ 499,687	\$ 691,243	\$ -	\$ 50,374	\$ 45,000	\$ 2,356,738	\$ 205,729	\$ 3,596,772
State	280,967	-	-	-	-	-	-	-	-	-	280,967	-	-	-	-	-	-	-	-	-	-
Other Sources:																					
Philanthropic support	1,207,555	100,000	95,900	-	-	300,000	5,311	8,012	627,082	71,250	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	11,001,587	100,000	95,900	-	-	300,000	5,311	8,012	627,082	71,250	280,967	2,045,680	21,842	499,687	691,243	-	50,374	45,000	2,356,738	205,729	3,596,772
Expenditures																					
Instruction:																					
Salaries of teachers	959,640	-	82,510	-	-	256,913	-	-	-	-	-	303,222	6,000	-	516	-	-	-	57,997	11,960	240,522
Purchased professional and technical services	73,256	-	-	-	-	-	-	-	11,345	-	-	-	-	-	61,911	-	-	-	-	-	-
General supplies	139,916	-	-	-	-	-	-	-	-	-	-	47,127	7,574	-	85,215	-	-	-	-	-	-
Textbooks	141,304	-	61,204	-	-	-	-	-	-	71,250	-	-	3,529	-	-	-	-	5,321	-	-	-
Miscellaneous	67,606	-	-	-	-	-	-	-	43,813	-	-	-	-	-	23,793	-	-	-	-	-	-
Instructional equipment	456,881	-	-	24,950	-	-	-	-	-	-	-	-	-	-	22,177	-	-	-	-	-	409,754
Total Instruction	1,838,603	-	143,714	24,950	-	256,913	-	-	55,158	71,250	-	350,349	17,103	-	193,612	-	-	5,321	57,997	11,960	650,276
Support Services:																					
Salaries of supervisors of instruction	6,613,211	78,000	54,730	-	-	43,087	-	-	58,350	-	-	1,319,449	-	465,163	464,471	-	46,794	26,327	1,431,577	67,019	2,558,244
Employee benefits	892,196	-	-	-	-	-	-	-	-	-	-	344,813	-	34,524	-	-	3,580	13,352	179,583	-	316,344
Other purchased services	788,672	-	4,458	-	3,000	-	-	-	390	-	-	31,069	-	-	31,721	-	-	687,581	4,689	25,764	
Supplies and materials	123,111	-	-	-	-	-	5,311	-	1,436	-	-	-	-	-	-	-	-	-	-	70,220	46,144
Miscellaneous	576,135	-	5,628	740	-	-	-	-	511,748	-	-	-	4,739	-	1,439	-	-	-	-	51,841	-
Total Support Services	8,993,325	78,000	64,816	740	3,000	43,087	5,311	-	571,924	-	-	1,695,331	4,739	499,687	497,631	-	50,374	39,679	2,298,741	193,769	2,946,496
Facilities Acquisition and Construction Services:																					
Capital Outlay	339,931	-	-	50,952	-	-	-	8,012	-	-	280,967	-	-	-	-	-	-	-	-	-	-
Total Expenditures	11,171,859	78,000	208,530	76,642	3,000	300,000	5,311	8,012	627,082	71,250	280,967	2,045,680	21,842	499,687	691,243	-	50,374	45,000	2,356,738	205,729	3,596,772
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(170,272)	22,000	(112,630)	(76,642)	(3,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	243,284	14,550	148,440	76,642	3,652	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ 73,012	\$ 36,550	\$ 35,810	\$ -	\$ 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, 2023

<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, 2023</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>\$ 20,341,971</u>	<u>\$ 3,326,803</u>	<u>\$ 2,331,226</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>\$ 3,518,102</u>	<u>\$ 17,026,562</u>	<u>\$ 5,055,336</u>

KIPP: COOPER NORCROSS, INC.

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
 For the Year Ended June 30, 2023

Revenues:

Local sources:	
Capital grants	<u>\$ 5,158,182</u>

Expenditures:

Capital outlay	20,353,365
Financing costs	<u>2,139,294</u>
 Total expenditures	 <u>22,492,659</u>

Other Financing Sources (Uses):

Issuance of bonds payable	42,955,498
Payments of notes payable	<u>(17,985,970)</u>

Total other financing sources (uses)	<u>24,969,528</u>
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Net change in fund balance	7,635,051
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Fund Balance, July 1, 2022	<u>(248,489)</u>
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Fund balance, June 30, 2023	<u><u>\$ 7,386,562</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, 2023

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
Revenues and Other Financing Sources:			
Bond proceeds	\$ -	\$ 16,785,851	\$ 16,785,851
Line of credit proceeds	14,976,154	-	14,976,154
Capital grant	5,125,614	5,158,182	10,283,796
	<u>20,101,768</u>	<u>21,944,033</u>	<u>42,045,801</u>
Expenditures and Other Financing Uses:			
Payments on line of credit	-	14,976,154	14,976,154
Financing costs	-	1,069,647	1,069,647
Construction services	20,341,971	3,326,803	23,668,774
	<u>20,341,971</u>	<u>19,372,604</u>	<u>39,714,575</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (240,203)</u>	<u>\$ 2,571,429</u>	<u>\$ 2,331,226</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, 2023

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
Revenues and Other Financing Sources:			
Bond proceeds	\$ -	\$ 26,169,647	\$ 26,169,647
Line of credit proceeds	3,009,816	-	3,009,816
Capital grant	500,000	-	500,000
	<u>3,509,816</u>	<u>26,169,647</u>	<u>29,679,463</u>
Expenditures and Other Financing Uses:			
Payments on line of credit	-	3,009,816	3,009,816
Financing costs	-	1,069,647	1,069,647
Construction services	3,518,102	17,026,562	20,544,664
	<u>3,518,102</u>	<u>21,106,025</u>	<u>24,624,127</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (8,286)</u>	<u>\$ 5,063,622</u>	<u>\$ 5,055,336</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, 2023

	<u>Business-type Activities - Enterprise Fund Food Service</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,174,209
Accounts receivable:	
Federal aid	362,258
State aid	7,334
Other	<u>12,866</u>
Total current assets	1,556,667
Capital Assets	<u>451,368</u>
Total assets	<u><u>\$ 2,008,035</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 320,080
Due to funds	<u>151,952</u>
Total current liabilities	<u>472,032</u>
Net Position:	
Invested in capital assets	451,368
Unrestricted	<u>1,084,635</u>
Total net position	<u>1,536,003</u>
Total liabilities and net position	<u><u>\$ 2,008,035</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, 2023

	Business-type Activities - Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 66,185
Total operating revenues	<u>66,185</u>
Operating Expenses:	
Cost of sales - reimbursable programs	1,742,983
Cost of sales - nonreimbursable programs	<u>36,041</u>
Total operating expenses	<u>1,779,024</u>
Operating loss	<u>(1,712,839)</u>
Non-operating Revenues:	
State sources:	
State school lunch program	43,269
Federal sources:	
National school lunch program	1,497,062
School breakfast program	606,201
Fresh fruit and vegetable program	<u>32,626</u>
Total non-operating revenues	<u>2,179,158</u>
Change in net position	466,319
Total Net Position - beginning of year	<u>1,069,684</u>
Total Net Position - ending of year	<u><u>\$ 1,536,003</u></u>

KIPP: COOPER NORCROSS, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from customers	\$ 53,319
Payments to suppliers	<u>(1,431,571)</u>
Net cash used in operating activities	(1,378,252)
Cash Flows from Noncapital Financing Activities:	
State and Federal sources	2,152,530
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	<u>(151,952)</u>
Net increase in cash and cash equivalents	622,326
Cash and Cash Equivalents, beginning of year	<u>551,883</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,174,209</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (1,712,839)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in accounts payable	195,501
Increase in due to funds	151,952
Increase in accounts receivable - other	<u>(12,866)</u>
Net cash used in operating activities	<u><u>\$ (1,378,252)</u></u>

LONG-TERM DEBT

KIPP: COOPER NORCROSS, INC.

Debt Service Fund
 Budgetary Comparison Schedule
 Fiscal Year Ended June 30, 2023

	<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	\$ 3,752,602	\$ -	\$ 3,752,602	\$ 3,757,886	\$ (5,284)
Interest income	160,000	-	160,000	731,419	(571,419)
Total revenues	<u>3,912,602</u>	<u>-</u>	<u>3,912,602</u>	<u>4,489,305</u>	<u>(576,703)</u>
Expenditures:					
Regular debt service:					
Interest expense	3,979,430	-	3,979,430	8,735,365	(4,755,935)
Total expenditures	<u>3,979,430</u>	<u>-</u>	<u>3,979,430</u>	<u>8,735,365</u>	<u>(4,755,935)</u>
Other Financing Sources (Uses):					
Issuance of bonds payable	-	-	-	34,427,467	(34,427,467)
Payments of notes payable	-	-	-	(25,261,000)	25,261,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,166,467</u>	<u>(9,166,467)</u>
Excess (deficiency) of revenues over (under) expenditures	(66,828)	-	(66,828)	4,920,407	(4,987,235)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (66,828)</u>	<u>\$ -</u>	<u>\$ (66,828)</u>	<u>\$ 4,920,407</u>	<u>\$ (4,987,235)</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)

	2023	2022	2021	2020	2019	2018 (As Restated)	2017	2016	2015
Governmental Activities:									
Invested in capital assets, net of related debt	\$ (13,109,802)	\$ (11,253,527)	\$ (7,325,614)	\$ (9,997,295)	\$ (6,661,949)	\$ (3,280,955)	\$ (14,140,267)	\$ -	\$ -
Restricted	7,459,574	(5,205)	3,025,010	-	-	-	-	-	-
Unrestricted	<u>9,413,368</u>	<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>\$ 3,763,140</u>	<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	\$ 451,368	\$ 299,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>1,084,635</u>	<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>\$ 1,536,003</u>	<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	\$ (12,658,434)	\$ (10,954,111)	\$ (7,325,614)	\$ (9,997,295)	\$ (6,661,949)	\$ (3,280,955)	\$ (14,140,267)	\$ -	\$ -
Restricted	7,459,574	(5,205)	3,025,010	-	-	-	-	-	-
Unrestricted	<u>10,498,003</u>	<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>\$ 5,299,143</u>	<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>2023</u>	<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	\$ 14,416,033	\$ 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	15,988,745	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	15,800,605	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)	837,925	1,721,264	332,475	984,971	-	-	-	-	-
Capital outlay	21,112,961	22,232,584	5,844,497	16,142,298	2,539,843	-	-	-	-
Land lease	-	-	-	2,500,000	-	-	-	-	-
Interest	8,813,656	6,640,416	6,564,522	6,381,513	6,213,665	*	*	*	*
Financing costs	2,139,294	-	-	-	-	-	-	-	-
Unallocated depreciation	2,463,790	2,453,077	2,275,271	1,926,227	1,835,697	1,275,910	1,257,219	-	3,377,918
Total governmental activities expenses	<u>81,573,009</u>	<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>6,755,836</u>
Business-type activities:									
Food service	1,779,024	1,688,693	1,050,602	1,269,115	1,265,729	1,038,504	-	-	-
Total business-type activities expense	<u>1,779,024</u>	<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>\$ 83,352,033</u>	<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>\$ 6,755,836</u>
Program Revenues:									
Governmental activities:									
Operating grants and contributions	\$ 11,171,859	\$ 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	5,158,182	625,614	-	-	500,000	-	-	-	-
Total governmental activities program revenues	<u>16,330,041</u>	<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	66,185	30,000	-	75,790	112,321	57,484	-	-	-
Operating grants and contributions	-	-	-	-	-	1,035,100	-	-	-
Total business type activities program revenues	<u>66,185</u>	<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>\$ 16,396,226</u>	<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>2023</u>	<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	\$ (65,242,968)	\$ (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>(1,712,839)</u>	<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>\$ (66,955,807)</u>	<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	\$ 40,635,853	\$ 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	871,965	1,758,177	366,042	1,072,799	45,036	-	-	-	-
Federal aid	3,872,005	3,870,980	3,816,801	3,822,525	3,732,818	-	13,667,907	251,471	46,400
Philanthropic support and other income	1,470,973	631,183	5,656,187	481,191	672,776	846,736	424,858	2,689,481	1,482,238
Increase in net capital outlay	21,112,961	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)	(150,671)	(130,908)	(107,373)	-	-	-	-
Amortization expense	<u>(915,275)</u>	<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>66,897,811</u>	<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	43,269	31,369	32,312	11,356	12,185	-	-	-	-
Federal aid	2,135,889	2,196,981	1,213,289	1,259,748	1,294,122	-	-	-	-
Other income	<u>-</u>	<u>-</u>	<u>20,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>2,179,158</u>	<u>2,228,350</u>	<u>1,265,871</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>\$ 69,076,969</u>	<u>\$ 64,905,544</u>	<u>\$ 51,158,202</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	\$ 1,654,843	\$ 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>466,319</u>	<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>\$ 2,121,162</u>	<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, 2023

	Governmental Activities	Business-type Activities	Total GASB	GASB to FASB Reconciliation	Total FASB
Assets:					
Cash and cash equivalents	\$ 22,310,984	\$ 1,174,209	\$ 23,485,193	\$ -	\$ 23,485,193
Restricted cash	24,384,688	-	24,384,688	-	24,384,688
Due to (from) funds	151,952	(151,952)	-	-	-
Accounts receivable	6,825,913	382,458	7,208,371	-	7,208,371
Due from related parties	1,574,008	-	1,574,008	-	1,574,008
Prepaid expenses	71,009	-	71,009	-	71,009
Right-to-use assets - land leases, net	9,007,437	-	9,007,437	-	9,007,437
Capital assets, net	128,263,047	451,368	128,714,415	2,482,126 (1)	131,196,541
Total assets	192,589,038	1,856,083	194,445,121	2,482,126	196,927,247
Deferred Outflows of Resources:					
Pension deferred outflows	17,237,933	-	17,237,933	-	17,237,933
Total assets and deferred outflows of resources	<u>\$ 209,826,971</u>	<u>\$ 1,856,083</u>	<u>\$ 211,683,054</u>	<u>\$ 2,482,126</u>	<u>\$ 214,165,180</u>
Liabilities:					
Intergovernmental payables - state	\$ 5,787,767	\$ -	\$ 5,787,767	\$ -	\$ 5,787,767
Accounts payable	717,154	320,080	1,037,234	-	1,037,234
Payroll deductions and withholdings	741,875	-	741,875	-	741,875
Accrued expenses - development	5,801,819	-	5,801,819	-	5,801,819
Due to related parties	76,504	-	76,504	-	76,504
Accrued interest	6,579,126	-	6,579,126	-	6,579,126
Bonds and notes payable, net	168,963,155	-	168,963,155	(5,142,609) (2)	163,820,546
Net pension liability	15,047,456	-	15,047,456	-	15,047,456
Total liabilities	203,714,856	320,080	204,034,936	(5,142,609)	198,892,327
Deferred Inflows of Resources:					
Pension deferred inflows	2,348,975	-	2,348,975	-	2,348,975
Total liabilities and deferred inflows of resources	<u>206,063,831</u>	<u>320,080</u>	<u>206,383,911</u>	<u>(5,142,609)</u>	<u>201,241,302</u>
Net Position:					
Invested in capital assets, net of related debt	(13,109,802)	451,368	(12,658,434)	-	(12,658,434)
Restricted for capital projects	7,459,574	-	7,459,574	-	7,459,574
Unrestricted	9,413,368	1,084,635	10,498,003	7,624,735 (3)	18,122,738
Total net position	<u>3,763,140</u>	<u>1,536,003</u>	<u>5,299,143</u>	<u>7,624,735</u>	<u>12,923,878</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 209,826,971</u>	<u>\$ 1,856,083</u>	<u>\$ 211,683,054</u>	<u>\$ 2,482,126</u>	<u>\$ 214,165,180</u>
Fund Balance, June 30, 2023 - B-1	\$ 35,614,309				\$ 44,616,549
Right-to-use assets, net of accumulated amortization	9,007,437				9,007,437
Cost of capital assets, net of accumulated depreciation	128,263,047				128,263,047
Net change in pension (fund to school-wide reconciliation)	-				158,498
Principal balance of bonds and notes payable, net of discount	(168,963,155)				(168,963,155)
Net position before pension adjustments	3,921,638				13,082,376
Less - pension, net (deficit)	(158,498)				(158,498)
Total net position, June 30, 2023	<u>\$ 3,763,140</u>				<u>\$ 12,923,878</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, 2023

	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	\$ 40,635,853	\$ -	\$ -	\$ -	\$ 40,635,853	\$ -	\$ 40,635,853	\$ -	\$ 40,635,853
Sublease income	180,000	-	-	-	180,000	-	180,000	-	180,000
Philanthropic support	-	1,207,555	5,158,182	-	6,365,737	-	6,365,737	-	6,365,737
Interest income	-	-	-	731,419	731,419	-	731,419	-	731,419
Miscellaneous	888,324	-	-	-	888,324	66,185	954,509	-	954,509
Total - local sources	41,704,177	1,207,555	5,158,182	731,419	48,801,333	66,185	48,867,518	-	48,867,518
Federal sources	114,119	9,513,065	-	3,757,886	13,385,070	2,135,889	15,520,959	-	15,520,959
State sources	871,965	280,967	-	-	1,152,932	43,269	1,196,201	-	1,196,201
Total revenues	42,690,261	11,001,587	5,158,182	4,489,305	63,339,335	2,245,343	65,584,678	-	65,584,678
Expenditures:									
Current:									
Instruction	12,577,430	1,838,603	-	-	14,416,033	-	14,416,033	-	14,416,033
Administrative	15,988,745	-	-	-	15,988,745	-	15,988,745	-	15,988,745
Support services	6,807,280	8,993,325	-	-	15,800,605	1,779,024	17,579,629	-	17,579,629
TPAF Social Security contributions (reimbursed)	837,925	-	-	-	837,925	-	837,925	-	837,925
Capital outlay	419,665	339,931	20,353,365	-	21,112,961	-	21,112,961	(21,112,961) (2)	-
Financing costs	-	-	2,139,294	-	2,139,294	-	2,139,294	(2,139,294) (10)	-
Depreciation expense	-	-	-	-	-	-	-	2,463,790 (3)	2,463,790
Amortization expense - right-to-use assets	-	-	-	-	-	-	-	150,671 (8)	150,671
Amortization expense - bond discounts	-	-	-	-	-	-	-	915,275 (4)	915,275
Amortization expense - debt issuance costs	-	-	-	-	-	-	-	171,051 (7)	171,051
Debt service:									
Interest	78,291	-	-	8,735,365	8,813,656	-	8,813,656	(1,629,758) (11)	7,183,898
Total expenditures	36,709,336	11,171,859	22,492,659	8,735,365	79,109,219	1,779,024	80,888,243	(21,181,226)	59,707,017
Excess (deficit) of revenues over expenditures	5,980,925	(170,272)	(17,334,477)	(4,246,060)	(15,769,884)	466,319	(15,303,565)	21,181,226	5,877,661
Other Financing Sources (Uses):									
Net change in pension (fund to school-wide reconciliation)	(158,498) (9)	-	-	-	(158,498)	-	(158,498)	-	(158,498)
Repayment of debt	(1,250,000)	-	(17,985,970)	(25,261,000)	(44,496,970)	-	(44,496,970)	44,496,970 (5)	-
Issuance of bonds payable	6,884,469	-	42,955,498	34,427,467	84,267,434	-	84,267,434	(84,267,434) (6)	-
Total other financing sources (uses)	5,475,971	-	24,969,528	9,166,467	39,611,966	-	39,611,966	(39,770,464)	(158,498)
Net change in fund balances	11,456,896	(170,272)	7,635,051	4,920,407	23,842,082	466,319	24,308,401	(18,589,238)	5,719,163
Fund Balance - July 1, 2022	11,618,934	243,284	(248,489)	-	11,613,729	1,069,684	12,683,413	4,026,734 (1)	16,710,147
Net change in capital assets (fund to school-wide reconciliation)	-	-	-	-	-	-	-	(18,649,171) (2)(3)	(18,649,171)
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)	-	-	-	-	-	-	-	40,685,739 (4)(5)(6)	40,685,739
Fund Balance - June 30, 2023	\$ 23,075,830	\$ 73,012	\$ 7,386,562	\$ 4,920,407	\$ 35,455,811	\$ 1,536,003	\$ 36,991,814	\$ 7,624,735	\$ 44,616,549

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 bond 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.
- (9) FASB reconciliation to include net change in pension.
- (10) FASB reconciliation to remove debt issuance costs expensed under GASB to be capitalized under FASB.
- (11) FASB reconciliation to remove interest expensed during construction under GASB to be capitalized under FASB.

KIPP: COOPER NORCROSS, INC.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Cash Flows from Operating Activities:

Changes in fund balances	\$ 5,719,163
Adjustment to reconcile changes in fund balances to net cash provided by operating activities:	
Pension deferred outflows	(17,237,933)
Pension deferred inflows	2,348,975
Depreciation	2,463,790
Amortization of right-to-use assets - land lease	150,671
Amortization of bonds payable discount	915,275
Amortization of debt issuance costs	171,051
Changes in operating assets and liabilities:	
Accounts receivable	1,938,721
Due from related parties	(753,639)
Prepaid expenses	546,293
Intergovernmental payables - state	(805,201)
Accounts payable	(143,619)
Payroll deductions and withholdings	(26,313)
Due to related party	(516,988)
Accrued interest	368,023
Net pension liability	<u>15,047,456</u>
Net cash provided by operating activities	<u>10,185,725</u>

Cash Flows from Investing Activities:

Purchases of capital assets (including capitalized interest)	<u>(20,130,812)</u>
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Cash Flows from Financing Activities:

Debt issuance costs	(2,139,294)
Payments on bonds and notes payable	(44,496,970)
Proceeds from notes payable	<u>84,267,434</u>

Net cash provided by financing activities	<u>37,631,170</u>
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Net Change in Cash and Restricted Cash

27,686,083

Cash and Restricted Cash:

Beginning of year	<u>20,183,798</u>
End of year	<u>\$ 47,869,881</u>

Reconciliations of Cash and Restricted Cash:

Cash	\$ 23,485,193
Restricted cash	<u>24,384,688</u>

Total cash and restricted cash	<u>\$ 47,869,881</u>
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KIPP: COOPER NORCROSS, INC.

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

	<u>2023</u>	<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	\$ 28,154,735	\$ 11,618,934	\$ 7,854,220	\$ 10,400,670	\$ 6,242,326	\$ 4,318,770	\$ 3,066,516	\$ 1,652,939	\$ 697,303
Reserved	-	-	-	-	-	-	-	-	100,000
Total General Fund	<u>\$ 28,154,735</u>	<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	\$ 73,012	\$ 243,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	-	-	-	-	-	-	-	-	-
Capital projects fund	<u>7,386,562</u>	<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>741,298</u>	<u>(392,981)</u>
Total all other governmental funds	<u>\$ 7,459,574</u>	<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>2023</u>	<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	\$ 47,913,009	\$ 37,041,988	\$ 38,385,091	\$ 28,126,405	\$ 26,039,022	\$ 19,918,599	\$ 2,282,605	\$ -	\$ 64,948
Miscellaneous	888,324	205,200	476,092	87,040	62,152	846,736	424,858	2,990,494	1,969,830
State sources	1,152,932	1,758,177	366,042	1,072,799	45,036	-	13,411,112	8,895,231	1,925,469
Federal sources	13,385,070	11,556,305	6,313,226	6,838,748	6,189,804	1,182,235	994,681	277,801	112,622
Financing sources	<u>84,267,434</u>	<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>147,606,769</u>	<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 and Financing Uses:									
Instruction:									
Regular instruction	14,416,033	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	15,988,745	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	15,800,605	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	837,925	1,721,264	332,475	984,971	-	-	-	-	-
Capital outlay	21,112,961	22,232,584	5,844,497	18,642,298	2,539,843	12,809,599	13,129,763	-	-
Debt service:									
Interest	8,813,656	6,640,416	6,564,522	6,381,513	6,213,665	*	*	*	*
Financing uses:									
Principal payments	44,496,970	250,000	1,750,000	-	290,373	*	*	*	*
Financing fees	<u>2,139,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>123,606,189</u>	<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>24,000,580</u>	<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>\$ 24,000,580</u>	<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	52%	15%	21%	18%	20.76%	*	*	*	*

* 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
2023	180,000	888,324	-	1,068,324

Source: School Financial Statements

DEBT CAPACITY

KIPP: COOPER NORCROSS, INC.

Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2023

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	\$ 79,571,818	\$ -	\$ -	\$ 48,705,598	\$ -	\$ 128,277,416	\$ 49,267,295	\$ 61,287
2023	\$ 164,754,527	\$ -	\$ -	\$ 4,208,628	\$ -	\$ 168,963,155	*	*

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, 2023

<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	524,907	31,751,272	60,489	6.8%
2023	*	*	*	4.0%

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

<u>Function/Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction:									
Regular	127	105	87	90	86	85	64	61	13
Special Education	26	24	21	22	19	10	7	5	-
Vocational	3	3	1	-	-	-	-	-	-
Other Instruction	12	11	5	3	3	4	2	-	-
Support Services:									
Student and Instruction Related Services	53	49	48	51	41	35	24	3	1
General Administration	65	62	41	31	30	19	14	-	5
School Administrative Services	1	1	-	1	4	1	-	5	-
Administrative Information Technology	3	3	2	2	1	1	1	-	-
Total	<u>290</u>	<u>258</u>	<u>205</u>	<u>200</u>	<u>184</u>	<u>155</u>	<u>112</u>	<u>74</u>	<u>19</u>

Source: School Personnel Records

KIPP: COOPER NORCROSS, INC.

Operating Statistics
For the Fiscal Years Ended June 30

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	105	\$ 4,431,861	\$ 42,208	0.00%	39	1:12	1:12	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%
2023	1,973	50,961,626	25,830	43.86%	168	1:12	1:13	1:15	1,973	1,658	81.50%

Sources: School records

KIPP: COOPER NORCROSS, INC.

School Building Information
For the Fiscal Years Ended June 30

District Building	2023	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	124,563
Capacity (students)	3,956	3,956	3,956	3,956	3,956	3,956	3,956	3,956	3,956
Enrollment	1,053	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	71,815	N/A	N/A
Capacity (students)	2,601	2,601	2,601	2,601	2,601	2,601	2,601	N/A	N/A
Enrollment	513	428	426	425	329	331	197	N/A	N/A
KIPP: Camden High School (HS #1)									
Square Feet	70,758	70,758	70,758	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	890	890	890	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	407	381	237	N/A	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2023

Elementary = 1

Middle School = 2

High School = 1

Source: School Office

KIPP: COOPER NORCROSS, INC.

Insurance Schedule
June 30, 2023

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property and General Liability:		
Commercial Property	\$ 137,913,700	\$ 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>2023</u>	<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	\$ 23,485,193	\$ 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	33,238,076	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>137,721,852</u>	<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>	<u>-</u>
Total Assets	<u>194,445,121</u>	<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	20,024,325	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>169,121,653</u>	<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>	<u>-</u>
Total Liabilities	<u>189,145,978</u>	<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>\$ 5,299,143</u>	<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	\$ 65,584,678	\$ 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>(63,463,516)</u>	<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>\$ 2,121,162</u>	<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	\$ 2,463,790	\$ 2,453,077	\$ 2,275,271	\$ 1,926,227	\$ 1,835,697	\$ 1,275,910	\$ 1,257,219	\$ 505,222	\$ -
Final average daily enrollment	1,973	1,824	1,769	1,482	1,355	1,114	848	496	105
March 30th budgeted enrollment	1,982	1,895	1,739	1,493	1,487	1,092	850	490	100
Near Term Indicators									
Current Ratios	2.83	1.67	1.84	1.58	3.81	3.53	4.64	1.41	1.66
Unrestricted days in cash	135.07	136.63	181.95	136.04	68.27	44.71	95.30	65.55	42.97
Enrollment variance	100%	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	N/A

KIPP: COOPER NORCROSS, INC.

Near Term Indicators
For the Fiscal Years Ended June 30

	<u>2023</u>	<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	\$ 23,485,193	\$ 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	33,238,076	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>137,721,852</u>	<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>194,445,121</u>	<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	20,024,325	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>169,121,653</u>	<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>189,145,978</u>	<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>\$ 5,299,143</u>	<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	\$ 65,584,678	\$ 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>(63,463,516)</u>	<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>\$ 2,121,162</u>	<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	\$ 2,463,790	\$ 2,453,077	\$ 2,275,271	\$ 1,926,227	\$ 1,835,697	\$ 1,275,910	\$ 1,257,219	\$ 505,222	\$ -
Final average daily enrollment	1,973	1,824	1,769	1,482	1,355	1,114	848	496	105
March 30th budgeted enrollment	1,982	1,895	1,739	1,493	1,487	1,092	850	490	100
Sustainability Indicators									
Total Margin	3.2%	4.4%	17.1%	-4.5%	-3.4%	-12.6%	12.8%	7.7%	-8.6%
Debt to Asset	0.97	0.98	0.99	1.06	1.05	1.01	0.97	1.00	0.60
Operating Cash Flow	4,591,260	(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	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. and KCNA Project, LLC:

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, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 4, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 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 responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Renaissance School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
December 4, 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. and KCNA Project, LLC:

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, 2023. 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, 2023.

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 on the previous page 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 on the previous page 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.

AAFCPA, Inc.

Westborough, Massachusetts
December 4, 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, 2023

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, 2022	Cash Received	Total Budgetary Expenditures	Balance at
				From	To				June 30, 2023
									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	\$ 2,045,680	7/1/22	9/30/23	\$ 287,263	\$ 1,056,714	\$ 2,045,680	\$ 1,276,229
English Language Acquisition State Grants	84.365	S365A180030	70,249	7/1/22	6/30/23	12,915	34,757	21,842	-
COVID-19 - Education Stabilization Fund	84.425D	S425D210027	4,801,399	7/1/22	9/30/24	3,288,633	4,910,916	2,607,467	985,184
COVID-19 - Education Stabilization Fund	84.425U	S425U210027	10,396,741	7/1/22	9/30/24	1,590,466	3,186,956	3,647,146	2,050,656
Total AL No. 84.425			15,198,140			4,879,099	8,097,872	6,254,613	3,035,840
Special Education Cluster (IDEA):									
Special Education Grants to States	84.027	H027A180100	487,265	7/1/22	6/30/23	34,071	385,906	487,265	135,430
COVID-19 - Special Education Grants to States	84.027	H027A180100	110,471	7/1/22	6/30/22	107,318	107,318	-	-
Total AL No. 84.027			597,736			141,389	493,224	487,265	135,430
Special Education Preschool Grants	84.173	H173A180114	12,422	7/1/22	6/30/23	-	9,317	12,422	3,105
Total Special Education Cluster (IDEA)						141,389	502,541	499,687	138,535
Total passed-through New Jersey Department of Education						5,320,666	9,691,884	8,821,822	4,450,604
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	691,243	7/1/22	6/30/23	297,257	567,909	691,243	420,591
Total U.S. Department of Education and Special Revenue Fund						5,617,923	10,259,793	9,513,065	4,871,195
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	32,626	7/1/22	6/30/23	8,145	34,177	32,626	6,594
National School Lunch Program	10.555	20NJ304N1099	1,497,062	7/1/22	6/30/23	238,853	1,482,050	1,497,062	253,865
School Breakfast Program	10.553	20NJ304N1099	606,201	7/1/22	6/30/23	91,071	595,473	606,201	101,799
Total Child Nutrition Cluster						338,069	2,111,700	2,135,889	362,258
Total U.S. Department of Agriculture and Enterprise Fund						338,069	2,111,700	2,135,889	362,258
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	114,119	7/1/22	6/30/23	-	114,119	114,119	-
Total U.S. Department of Health and Human Services and General Fund						-	114,119	114,119	-
Total Federal Financial Awards						<u>\$ 5,955,992</u>	<u>\$ 12,485,612</u>	<u>\$ 11,763,073</u>	<u>\$ 5,233,453</u>

KIPP: COOPER NORCROSS, INC.

Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2022	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2023
			From	To				
State Department of Education:								
General Fund:								
Equalization Aid - Local	21-495-034-5120-078	\$ 40,635,853	7/1/22	6/30/23	\$ -	\$ 40,635,853	\$ 40,635,853	\$ -
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	41,554	7/1/14	6/30/15	41,554	25,997	-	15,557
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	168,352	7/1/15	6/30/16	168,352	113,953	-	54,399
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	307,000	7/1/16	6/30/17	307,000	203,891	-	103,109
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	258,315	7/1/17	6/30/18	258,315	127,996	-	130,319
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	492,498	7/1/18	6/30/19	492,498	272,726	-	219,772
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	557,417	7/1/19	6/30/20	557,417	116,192	-	441,225
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	493,063	7/1/20	6/30/21	493,063	493,063	-	-
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	699,921	7/1/21	6/30/22	699,921	699,921	-	-
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	837,925	7/1/22	6/30/23	-	-	837,925	-
Extraordinary Aid	23-495-034-5120-044	34,040	7/1/22	6/30/23	24,347	-	34,040	34,040
Total General Fund					3,042,467	42,689,592	41,507,818	998,421
Special Revenue Fund:								
Charter School Project Emergent and Capital Maintenance Funds	Not Available	\$ 404,490	7/1/22	6/30/23	-	280,967	280,967	-
Enterprise Fund:								
State School Lunch	23-100-010-3350-023	\$ 43,269	7/1/22	6/30/23	4,895	40,830	43,269	7,334
Total State Financial Assistance					\$ 3,047,362	\$ 43,011,389	\$ 41,832,054	\$ 1,005,755

KIPP: COOPER NORCROSS, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Year Ended June 30, 2023

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	\$ 114,119	\$ 41,507,818	\$ 41,621,937
Special Revenue Fund	9,513,065	280,967	9,794,032
Food Service Fund	<u>2,135,889</u>	<u>43,269</u>	<u>2,179,158</u>
Total Awards and Financial Assistance	<u>\$ 11,763,073</u>	<u>\$ 41,832,054</u>	<u>\$ 53,595,127</u>

KIPP: COOPER NORCROSS, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Year Ended June 30, 2023

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 \$837,925 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, 2023.

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

Not applicable for the year ended June 30, 2023.

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? X Yes 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 Numbers</u>
COVID-19 - Education Stabilization Fund	84.425
Child Nutrition Cluster	10.555/10.553/10.582

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)	\$1,294,962	
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

Material Weakness

Finding 2023-001: Capital Assets

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 Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: The supporting schedule provided for capital outlay additions did not agree back to the trial balance capital outlay accounts and ultimately impacted capital assets at the school-side level by a material amount.

Context: Material weakness over financial reporting of capital assets.

Cause: The Renaissance School is not consistently reconciling its capital asset accounts to supporting schedules in a timely manner during their monthly closing process.

Effect: Additional analysis was needed in order to properly reconcile capital assets. Additionally, the late audit adjustments provided caused significant inefficiencies during the audit process.

Was the finding a repeat of a finding in the immediately prior year?: No

Recommendation: Management should assess the accounting department's resources and capabilities to produce accurate and timely financial statements and ensure that the capital outlay additions are properly reconciled to the trial balance and supporting schedules in order to properly reflect capital assets at the school-wide level as of June 30, 2023. These improvements should help ensure completeness of the general ledger and the production of accurate internal financial statements and financial information.

Management Response: The capital asset and bond transactions that occurred during fiscal year 2023 were complex in nature and typically not recorded on entities which are required to report simultaneously under FASB as well as GASB Fund Accounting Standards. Similar organizations often seek to segregate this type of complex financing activity to FASB special purpose entities due to the arcane nature of the accounting required under GASB.

Additionally, AAFCPAs' proposed adjustments of approximately \$299k to capital assets for the Renaissance School's food program (business-type activities). This transaction is unique in that management intended to utilize excess cash accumulated in the business fund in order to cover eligible expenses. The intention was to move the excess cash from the business fund into the capital project fund, similar to transactions that occurred in the prior year. GASB standards require the cost, accumulated depreciation, and depreciation expense to be recorded within the fund trial balance. Management will record the expense in the food program (business-type activities) fund, and with that the associated depreciation.

Management has completed implementation of new, more robust accounting software during the course of fiscal year 2023 and intends to implement and begin using a Capital Assets module within the fiscal year 2024, in order to address these findings. This finding was elevated from a significant deficiency to a material weakness because of five specific adjusting journal entries proposed by AAFCPAs to reclassify activities in between funds. The net P&L impact of these entries is below threshold but the absolute value of these reclassifications exceeds the AAFCPS threshold for material weaknesses.

KIPP: COOPER NORCROSS, INC.

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

2. FINANCIAL STATEMENT FINDINGS (Continued)**Material Weakness*****Finding 2023-002: Accounting for Long-term Debt***

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 Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: Long-term debt balances including the long-term liabilities, proceeds from issuance of bonds payable, debt issuance costs, interest expense, and accrued interest were misstated by a material amount.

Context: Material weakness over financial reporting of long-term debt and related balances.

Cause: The Renaissance School is not properly recording its long-term debt activity.

Effect: Additional analysis was needed in order to properly reconcile long-term debt activity. Additionally, the late audit adjustments provided caused significant inefficiencies during the audit process.

Was the finding a repeat of a finding in the immediately prior year?: No

Recommendation: Management should assess the accounting department's resources and capabilities to produce accurate and timely financial statements ensuring that the long-term debt activity is properly recorded.

Management Response: The Renaissance School holds various bonds and notes payable and also closed on a significant bond transaction during fiscal year 2023, which was complex in nature. AAFCPAs proposed journal entries Nos. 4, 5, and 12 which represent a reclassification between construction services and debt issuance expense, as well as a debit to issuance of note payable of approximately \$245K. While the consolidation of these entries does not represent a material misstatement to our financial statements, the absolute value of these entries exceeds the AAFCPAs threshold for a material weakness.

In order to properly account for bond transactions of this magnitude, management will implement a capital asset tracking system and also consult with AAFCPAs on complex transactions prior to year-end audit procedures.

KIPP: COOPER NORCROSS, INC.

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

2. FINANCIAL STATEMENT FINDINGS (Continued)

Significant Deficiency

Finding 2023-003: 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 Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: There were audit adjustments required to properly tie-out and reconcile account balances and individual funds as of and for the year ended June 30, 2023.

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.

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

Was the finding a repeat of a finding in the immediately prior year?: Yes, 2022-001

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: 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 reports. This requires the ongoing adjusting and reclassification of entries in our general ledger system. Transactions that were reclassified in the prior year caused the beginning fund balance to no longer tie to the GASB presentation of financial reports. Management implemented a new general ledger system effective July 1, 2023.

The unadjusted trial balance required various adjusting and reclassification entries at fiscal year-end in order to properly classify certain account balances in accordance with Generally Accepted Accounting Policies (GAAP) under the Governmental Accounting Standards Board (GASB), and the New Jersey Audit Program for Charter Schools. These classification issues, although in some cases are not material to the overall financial statements as a whole, caused inefficiencies in the audit process and resulted in the unadjusted trial balance not conforming with the Renaissance School's reporting requirements. While our routine external reporting requirements throughout the year are in accordance with Financial Accounting Standards Board (FASB) standards, and with engage AAFCPAs annually in Agreed Upon Procedures to accurately represent FASB financials to all stakeholders, the Annual Comprehensive Financial Report (ACRF) needs to reflect GASB accounting.

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

None

KIPP: COOPER NORCROSS, INC.

New Jersey Schedule of Prior Year Findings and Questioned Costs
As Prepared by Management
For the Fiscal Year Ended June 30, 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. The following prior year finding is still in process:

Significant Deficiency

Finding 2022-001: Fund Financial Statement Reporting and Timely Closing Procedures

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.

Status: This finding is in process. See Finding 2023-003 relating to fund financial statement reporting and timely closing procedures.