

KIPP: COOPER NORCROSS, INC.

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2023**

KIPP: COOPER NORCROSS, INC.

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June 30, 2023

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of KIPP: Cooper Norcross, Inc., in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023.

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

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

AAFCPAs, Inc.

Westborough, Massachusetts
December 4, 2023

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

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

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

Official Bonds

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

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

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination and Payment of Claims

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

Payroll Account

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

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

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

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2023, for proper classification of orders for accounts payable. No discrepancies were noted.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Classification of Expenditures

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

Board and Board Secretary's Records

Finding 2023-01:

Pursuant to N.J.S.A. 18A:17-10, all school districts, charter schools, and renaissance school projects must submit the Annual Report to the board and the executive county superintendent by August 1. The annual report was submitted after the deadline.

Recommendation:

The Renaissance School should submit the required reports timely.

Management Response:

Efforts will be made to submit required reports timely.

SCHOOL PURCHASING PROGRAMS

Student Body Activities

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

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Our audit procedures included test of information reported on the October 15, 2022, and the last day of school for on-roll, special education, English Language Learners (ELL), and low-income. We also performed a review of the Renaissance School's procedures related to its completion. The Renaissance School maintained adequate written procedures for the recording of student enrollment data. The results of our procedures are presented in the Schedule of Audit Enrollments.

Finding 2023-02

During our testing of on-roll, special education, English Language Learners, and low income, we noted that the number of students and classification per the Renaissance Enrollment Report and the Renaissance School's internal tracking report did not agree to supporting documentation due to system limitations. However, final figures reported were accurate and variances were explained.

Recommendation:

Management should ensure all supporting documentation is updated to agree to final enrollment.

Management Response:

Efforts will be made to review and maintain the information to support numbers in the Renaissance Enrollment Report.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020, for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures. Governor Murphy's emergency declaration ended on June 4, 2021; however, the United States Department of Agriculture's Federal waiver continued through June 30, 2023. Food Service Agencies operated under this Federal waiver.

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

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

The Renaissance School food service program was selected as a major Federal program. Accordingly, we inquired of the Renaissance School's management, or appropriate Charter School food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

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

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

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the Food Service Management Company (FSMC) received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

The financial transactions and statistical records of the Renaissance School's food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The Renaissance School utilizes a FSMC and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC's Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract were reviewed and audited.

The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the Renaissance School food service.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

School Food Service (Continued)

Public Health Emergency (Continued)

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO program requirements.

Net cash resources did exceed three months' average expenditures (see page 11).

Timesheets were reviewed and labor costs verified. Payroll records were maintained on all Renaissance School food service employees authorized by the Board of Trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

We note that due to the state of emergency declared due to COVID-19, all students under 18 were eligible to participate in the SSO program in fiscal year 2023. The Renaissance School continued to collect applications for free and reduced price meals as best practice. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

There was not a USDA Food Distribution Program.

Exhibits reflecting Child Nutrition Operations are included in Section G of the ACFR.

Teachers' Pension and Annuity Fund Reimbursement

Our audit procedures included a test of reimbursement forms filed with the Department of Education for charter school employees who are members of the Teachers' Pension and Annuity Fund. No exceptions noted.

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

The amount of the expenditure charged to the current year's Final Reports for all Federal awards for the school district (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from Federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and/or state that no exceptions were noted.

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

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

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

Other Special Federal and/or State Projects

The Renaissance School's Special Projects were approved as listed on Schedule A (K-3), Schedule B (K-4), and Exhibit E-1 located in the ACFR.

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

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

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

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

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

FOLLOW-UP ON PRIOR YEAR FINDINGS

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

ACKNOWLEDGEMENT

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

KIPP: COOPER NORCROSS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2022

| Grades | Submission to DOE reported On Roll | Sample | | | | | | | | | | | | |
|--------------|--|---------------------------|---------------------------------------|----------|-----------------------------|----------|--------------------------|---------------------------|----------|-------------------------------------|----------|---------------|---------------------------|----------|
| | | Reported on workpapers | Verified signed registration forms | Errors | Verified # days enrolled | Errors | Special Ed/ Bilingual | Verified documentation | Errors | Verified # days Service Provided | Errors | Low Income | Verified documentation | Errors |
| Kindergarten | 156 | 78 | 78 | - | 78 | - | 4 | 4 | - | 4 | - | 153 | 153 | - |
| One | 157 | 79 | 79 | - | 79 | - | 14 | 14 | - | 14 | - | 143 | 143 | - |
| Two | 160 | 80 | 80 | - | 80 | - | 9 | 9 | - | 9 | - | 149 | 149 | - |
| Three | 179 | 90 | 90 | - | 90 | - | 16 | 16 | - | 16 | - | 168 | 168 | - |
| Four | 205 | 103 | 103 | - | 103 | - | 20 | 20 | - | 20 | - | 188 | 188 | - |
| Five | 214 | 107 | 107 | - | 107 | - | 34 | 34 | - | 34 | - | 193 | 193 | - |
| Six | 213 | 107 | 107 | - | 107 | - | 38 | 38 | - | 38 | - | 203 | 203 | - |
| Seven | 215 | 108 | 108 | - | 108 | - | 41 | 41 | - | 41 | - | 201 | 201 | - |
| Eight | 312 | 156 | 156 | - | 156 | - | 49 | 49 | - | 49 | - | 297 | 297 | - |
| Nine | 173 | 87 | 87 | - | 87 | - | 38 | 38 | - | 38 | - | 153 | 153 | - |
| Ten | 188 | 94 | 94 | - | 94 | - | 54 | 54 | - | 54 | - | 166 | 166 | - |
| Eleven | 175 | 88 | 88 | - | 88 | - | 39 | 39 | - | 39 | - | 158 | 158 | - |
| Total | 2347 | 1,177 | 1,177 | - | 1,177 | - | 356 | 356 | - | 356 | - | 2,172 | 2,172 | - |
| Percentage | | | | 0% | | 0% | | | 0% | | 0% | | | 0% |

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

| Grades | Submission to DOE reported On Roll | Sample | | | | | | | | | | | | |
|--------------|--|---------------------------|---------------------------------------|----------|-----------------------------|----------|--------------------------|---------------------------|----------|-------------------------------------|----------|---------------|---------------------------|----------|
| | | Reported on workpapers | Verified signed registration forms | Errors | Verified # days enrolled | Errors | Special Ed/ Bilingual | Verified documentation | Errors | Verified # days Service Provided | Errors | Low Income | Verified documentation | Errors |
| Kindergarten | 159 | 80 | 80 | - | 80 | - | 11 | 11 | - | 11 | - | 145 | 145 | - |
| One | 151 | 76 | 76 | - | 76 | - | 20 | 20 | - | 20 | - | 134 | 134 | - |
| Two | 151 | 76 | 76 | - | 76 | - | 15 | 15 | - | 15 | - | 140 | 140 | - |
| Three | 175 | 88 | 88 | - | 88 | - | 25 | 25 | - | 25 | - | 155 | 155 | - |
| Four | 194 | 97 | 97 | - | 97 | - | 26 | 26 | - | 26 | - | 172 | 172 | - |
| Five | 201 | 101 | 101 | - | 101 | - | 33 | 33 | - | 33 | - | 176 | 176 | - |
| Six | 204 | 102 | 102 | - | 102 | - | 40 | 40 | - | 40 | - | 193 | 193 | - |
| Seven | 208 | 104 | 104 | - | 104 | - | 42 | 42 | - | 42 | - | 188 | 188 | - |
| Eight | 236 | 118 | 118 | - | 118 | - | 41 | 41 | - | 41 | - | 220 | 220 | - |
| Nine | 122 | 61 | 61 | - | 61 | - | 30 | 30 | - | 30 | - | 109 | 109 | - |
| Ten | 156 | 78 | 78 | - | 78 | - | 46 | 46 | - | 46 | - | 145 | 145 | - |
| Eleven | 258 | 129 | 129 | - | 129 | - | 36 | 36 | - | 36 | - | 141 | 141 | - |
| Total | 2215 | 1,110 | 1,110 | - | 1,110 | - | 365 | 365 | - | 365 | - | 1,918 | 1,918 | - |
| Percentage | | | | 0% | | 0% | | | 0% | | 0% | | | 0% |

KIPP: COOPER NORCROSS, INC.
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL/STATE
 ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| PROGRAM | MEAL CATEGORY | MEALS CLAIMED | MEALS TESTED | MEALS VERIFIED | DIFFERENCE | RATE (a) | | | (OVER) UNDER CLAIM (b) |
|--------------------------------------|----------------------|---------------|--------------|----------------|------------|----------|-------|-------|------------------------|
| | | | | | | Federal | State | Total | |
| National School Lunch (Regular Rate) | Paid | - | - | - | - | 0.79 | 0.06 | 0.85 | - |
| National School Lunch (Regular Rate) | Reduced | - | - | - | - | 3.95 | 0.07 | 4.02 | - |
| National School Lunch (Regular Rate) | Free | 291,955 | 291,955 | 291,955 | - | 4.35 | 0.07 | 4.42 | - |
| | TOTAL | - | - | - | | | | | - |
| School Breakfast (Regular Rate) | Paid | - | - | - | - | 0.50 | 0.00 | 0.50 | - |
| | Reduced | - | - | - | - | 2.37 | 0.00 | 2.37 | - |
| | Free | 222,447 | 222,447 | 222,447 | - | 2.67 | 0.00 | 2.67 | - |
| | TOTAL | 222,447 | 222,447 | 222,447 | | | | | - |
| After School Snacks | Paid | - | - | - | - | | 0.09 | | - |
| | Reduced | - | - | - | - | | 0.54 | | - |
| | Free (Area Eligible) | 171,659 | 171,659 | 171,659 | - | | 1.08 | | - |
| | TOTAL | 171,659 | 171,659 | 171,659 | | | | | - |
| Total Net Overclaim | | | | | | | | | - |

NET CASH RESOURCE SCHEDULE

**Net Cash Resources did/did not exceed Three Months of Expenditures
Proprietary Funds - Food Service
Fiscal Year Ended June 30, 2023**

| <u>Net Cash Resources:</u> | | | <u>Food Service B - 4/5</u> | |
|----------------------------|---|----------------------------|-------------------------------------|------------|
| ACFR | * | Current Assets | | |
| B-4 | | Cash and Cash Equivalents | \$ 1,174,209 | |
| B-4 | | Accounts Receivable | 382,458 | |
| ACFR | | Current Liabilities | | |
| B-4 | | Less Accounts Payable | (320,080) | |
| B-4 | | Less Due to Other Funds | <u>(151,952)</u> | |
| | | Net Cash Resources | <u><u>\$ 1,084,635</u></u> | (A) |

Net Adj. Total Operating Expense:

| | | | | |
|-----|--|----------------------|----------------------------|------------|
| B-5 | | Tot. Operating Exp. | <u>\$ 1,779,024</u> | |
| | | Adj. Tot. Oper. Exp. | <u><u>\$ 1,779,024</u></u> | (B) |

Average Monthly Operating Expense:

| | | | | |
|--|--|--------|--------------------------|------------|
| | | B / 10 | <u><u>\$ 177,902</u></u> | (C) |
|--|--|--------|--------------------------|------------|

Three times monthly Average:

| | | | | |
|--|--|-------|--------------------------|------------|
| | | 3 X C | <u><u>\$ 533,707</u></u> | (D) |
|--|--|-------|--------------------------|------------|

| | | |
|---------------------|----|----------------|
| TOTAL IN BOX A | \$ | 1,084,635 |
| LESS TOTAL IN BOX D | \$ | (533,707) |
| NET | \$ | 550,928 |

From above:

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

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

SOURCE - USDA resource management comprehensive review form

AUDIT RECOMMENDATIONS

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Recommendation:

2023-01 - Management should ensure required reporting is submitted on time.

2023-02 - Management should ensure all supporting documentation is updated to agree to final enrollment.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

Not applicable

6. Application for State and School Aid

None

7. Pupil Transportation

Not applicable

8. Facilities and Capital Assets

Not applicable

9. Miscellaneous

Not applicable

10. Status of Prior Year's Findings and Recommendations

Not applicable