

# **Ascend Charter Schools**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2021 and 2020

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Uniform Guidance Schedules  
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<b>TABLE OF CONTENTS</b>	<b>Page</b>
Independent Auditors' Report	
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
 <b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Activities by School	20
Schedule of Functional Expenses – Brooklyn Ascend Charter School	21
Schedule of Functional Expenses – Brownsville Ascend Charter School	22
Schedule of Functional Expenses – Bushwick Ascend Charter School	23
Schedule of Functional Expenses – Canarsie Ascend Charter School	24
Schedule of Functional Expenses – Central Brooklyn Ascend Charter School	25
Schedule of Functional Expenses – Cypress Hills Ascend Charter School	26
Schedule of Functional Expenses – East Brooklyn Ascend Charter School	27
Schedule of Functional Expenses – East Flatbush Ascend Charter School	28
Schedule of Functional Expenses – Lefferts Gardens Ascend Charter School	29
 <b>UNIFORM GUIDANCE SCHEDULES AND REPORTS</b>	
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
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>	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs	36



## Independent Auditors' Report

**Board of Trustees  
Ascend Charter Schools**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Ascend Charter Schools (the "School"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by school, for the year ended June 30, 2021 on pages 21 through 29 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 30 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the 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 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 School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 29, 2021

## Ascend Charter Schools

### Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 20,713,239	\$ 13,010,845
Certificates of deposit	5,001,751	-
Grants and contracts receivable	3,465,648	2,993,848
Due from related party	851,105	162,199
Prepaid expenses	510,686	938,908
Total Current Assets	30,542,429	17,105,800
Property and equipment, net	13,981,838	11,775,583
Security deposits	332,545	332,014
Restricted cash	325,243	325,178
	<b>\$ 45,182,055</b>	<b>\$ 29,538,575</b>
 <b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,902,515	\$ 1,116,986
Accrued payroll and payroll taxes	3,899,174	5,116,070
Refundable advances	34,342	184,742
Loan payable, current portion	128,508	120,742
Deferred rent, current portion	1,517,581	3,290,638
Due to related party	191,028	1,950,095
Total Current Liabilities	7,673,148	11,779,273
Due to related party	947,317	947,317
Loan payable	2,074,541	2,171,855
Deferred rent	26,030,153	19,707,101
Total Liabilities	36,725,159	34,605,546
Net assets (deficit), without donor restrictions	8,456,896	(5,066,971)
	<b>\$ 45,182,055</b>	<b>\$ 29,538,575</b>

See notes to financial statements

## Ascend Charter Schools

### Statements of Activities

	Year Ended June 30,	
	2021	2020
<b>OPERATING REVENUE</b>		
State and local per pupil operating revenue		
General and special education	\$ 107,347,482	\$ 98,233,518
Facilities	13,124,972	12,056,551
Federal grants	6,359,560	5,349,574
Federal E-Rate and IDEA	1,451,072	1,542,729
State and city grants	349,107	465,111
	<u>128,632,193</u>	<u>117,647,483</u>
<b>EXPENSES</b>		
Program Services		
Regular education	76,900,751	76,139,561
Special education	18,256,984	21,969,938
Total Program Services	95,157,735	98,109,499
Supporting Services		
Management and general	21,389,766	22,870,470
	<u>116,547,501</u>	<u>120,979,969</u>
	<u>12,084,692</u>	<u>(3,332,486)</u>
<b>SUPPORT AND OTHER REVENUE</b>		
Contributions	1,258,500	16,109
Rental income	135,000	135,000
Interest and other revenue	45,675	19,660
Total Support and Other Revenue	1,439,175	170,769
Write off of grants and contracts receivable	-	(507,116)
	<u>13,523,867</u>	<u>(3,668,833)</u>
<b>NET ASSETS (DEFICIT)</b>		
Beginning of year	(5,066,971)	(1,398,138)
End of year	<u>\$ 8,456,896</u>	<u>\$ (5,066,971)</u>

See notes to financial statements

**Ascend Charter Schools**

Statement of Functional Expenses  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	84	\$ 4,419,203	\$ 1,100,240	\$ 5,519,443	\$ 4,747,903	\$ 10,267,346
Instructional personnel	551	31,895,130	7,928,067	39,823,197	-	39,823,197
Non-instructional personnel	30	-	-	-	881,136	881,136
Total Personnel Services Costs	<u>665</u>	<u>36,314,333</u>	<u>9,028,307</u>	<u>45,342,640</u>	<u>5,629,039</u>	<u>50,971,679</u>
Employee benefits and payroll taxes		7,801,847	1,951,611	9,753,458	1,205,248	10,958,706
Professional fees		974,422	251,862	1,226,284	500,281	1,726,565
Management fees		5,771,778	805,156	6,576,934	9,464,368	16,041,302
Consultants - education		167,017	21,742	188,759	-	188,759
Legal fees		-	-	-	69,143	69,143
Curriculum and classroom supplies		1,176,469	153,651	1,330,120	-	1,330,120
Office supplies		-	-	-	152,936	152,936
Non-capitalized furniture and equipment		497,617	120,571	618,188	79,912	698,100
Leased equipment, furniture and fixtures		491,679	124,702	616,381	75,170	691,551
Communications		1,233,298	311,760	1,545,058	196,273	1,741,331
Occupancy		18,353,503	4,442,904	22,796,407	3,009,264	25,805,671
Insurance		426,710	104,251	530,961	62,304	593,265
Repairs and maintenance		469,547	128,465	598,012	72,250	670,262
Security		12,259	3,047	15,306	1,812	17,118
Marketing and recruiting		64,132	16,173	80,305	10,084	90,389
Staff development		178,320	46,749	225,069	14,438	239,507
Travel and meals		252,887	52,773	305,660	24,552	330,212
Postage, printing and copying		33,756	7,601	41,357	5,469	46,826
Dues and subscriptions		282,122	69,961	352,083	43,870	395,953
Depreciation and amortization		2,273,908	578,487	2,852,395	358,468	3,210,863
Interest		125,147	37,211	162,358	18,853	181,211
Miscellaneous		-	-	-	396,032	396,032
Total Expenses		<u>\$ 76,900,751</u>	<u>\$ 18,256,984</u>	<u>\$ 95,157,735</u>	<u>\$ 21,389,766</u>	<u>\$ 116,547,501</u>

See notes to financial statements

## Ascend Charter Schools

### Statement of Functional Expenses Year Ended June 30, 2020

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	142	\$ 6,461,308	\$ 1,896,989	\$ 8,358,297	\$ 6,093,863	\$ 14,452,160
Instructional personnel	540	31,746,175	8,987,259	40,733,434	-	40,733,434
Non-instructional personnel	43	-	-	-	1,452,053	1,452,053
Total Personnel Services Costs	<u>725</u>	<u>38,207,483</u>	<u>10,884,248</u>	<u>49,091,731</u>	<u>7,545,916</u>	<u>56,637,647</u>
Employee benefits and payroll taxes		7,786,266	2,235,199	10,021,465	1,535,909	11,557,374
Professional fees		1,053,614	234,430	1,288,044	640,895	1,928,939
Management fees		5,125,727	839,542	5,965,269	8,584,172	14,549,441
Consultants - education		54,012	253,732	307,744	-	307,744
Legal fees		-	-	-	45,795	45,795
Curriculum and classroom supplies		2,051,120	336,500	2,387,620	-	2,387,620
Office supplies		-	-	-	309,355	309,355
Non-capitalized furniture and equipment		137,418	44,573	181,991	29,591	211,582
Leased equipment, furniture and fixtures		676,997	195,222	872,219	132,518	1,004,737
Communications		923,133	298,704	1,221,837	185,230	1,407,067
Occupancy		14,987,948	5,421,567	20,409,515	3,104,432	23,513,947
Insurance		350,170	97,607	447,777	64,573	512,350
Repairs and maintenance		692,616	157,550	850,166	144,298	994,464
Security		13,002	3,211	16,213	2,628	18,841
Marketing and recruiting		145,503	45,061	190,564	28,494	219,058
Staff development		601,777	147,382	749,159	61,500	810,659
Travel and meals		1,524,933	272,280	1,797,213	38,209	1,835,422
Postage, printing and copying		79,712	23,836	103,548	15,375	118,923
Dues and subscriptions		256,326	74,561	330,887	50,372	381,259
Depreciation and amortization		1,454,966	401,826	1,856,792	294,672	2,151,464
Interest		16,838	2,907	19,745	3,616	23,361
Miscellaneous		-	-	-	52,920	52,920
<b>Total Expenses</b>		<u>\$ 76,139,561</u>	<u>\$ 21,969,938</u>	<u>\$ 98,109,499</u>	<u>\$ 22,870,470</u>	<u>\$ 120,979,969</u>

See notes to financial statements

## Ascend Charter Schools

### Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 13,523,867	\$ (3,668,833)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	3,210,863	2,151,464
Deferred rent	4,549,995	4,707,415
Write off of grants and contracts receivable	-	507,116
Changes in operating assets and liabilities		
Grants and contracts receivable	(471,800)	(2,257,986)
Due from related party	(660,077)	-
Prepaid expenses	428,222	(676,754)
Security deposits	(531)	(5,709)
Accounts payable and accrued expenses	785,529	(965,501)
Accrued payroll and payroll taxes	(1,216,896)	1,859,633
Refundable advances	(150,400)	91,042
Due to related party	(1,787,896)	1,111,156
Net Cash from Operating Activities	18,210,876	2,853,043
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,417,118)	(4,595,117)
Purchase of certificates of deposit	(5,001,751)	-
Net Cash from Investing Activities	(10,418,869)	(4,595,117)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments of loan payable	(89,548)	-
Proceeds from loan payable	-	2,292,597
Net Cash from Financing Activities	(89,548)	2,292,597
 Net Change in Cash and Restricted Cash	7,702,459	550,523
 <b>CASH AND RESTRICTED CASH</b>		
Beginning of year	13,336,023	12,785,500
End of year	\$ 21,038,482	\$ 13,336,023
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 181,211	\$ 23,361

See notes to financial statements

## **Ascend Charter Schools**

Notes to Financial Statements  
June 30, 2021 and 2020

### **1. Organization and Tax Status**

Ascend Charter Schools (collectively the “School”) is a New York State, not-for-profit educational corporation that was incorporated to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School’s mission is to equip their students with the knowledge, confidence and character to succeed in college and beyond.

The accompanying financial statements include the following charter schools collectively forming the School:

Brooklyn Ascend Charter School (“Brooklyn Ascend”) – Brooklyn Ascend was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Brooklyn Ascend obtained a renewal to its charter expiring on June 30, 2023.

Brownsville Ascend Charter School (“Brownsville Ascend”) – Brownsville Ascend was granted a provisional charter on January 13, 2009 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Brownsville Ascend obtained a renewal to its charter expiring on June 30, 2022.

Bushwick Ascend Charter School (“Bushwick Ascend”) – Bushwick Ascend was granted a provisional charter on February 9, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Bushwick Ascend obtained a renewal to its charter expiring on June 30, 2023.

Canarsie Ascend Charter School (“Canarsie Ascend”) – Canarsie Ascend was granted a provisional charter on September 13, 2011 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Canarsie Ascend obtained a renewal to its charter expiring on July 31, 2023.

Central Brooklyn Ascend Charter School (“Central Brooklyn Ascend”) – Central Brooklyn Ascend was granted a provisional charter on January 1, 2013 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Central Brooklyn Ascend obtained a renewal to its charter expiring on July 31, 2024.

Cypress Hills Ascend Charter School (“Cypress Hills Ascend”) – Cypress Hills Ascend was granted a provisional charter on July 19, 2017 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on July 31, 2023

East Brooklyn Ascend Charter School (“East Brooklyn Ascend”) – East Brooklyn Ascend was granted a provisional charter on July 19, 2017 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on July 31, 2023.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 1. Organization and Tax Status (*continued*)

East Flatbush Ascend Charter School (“East Flatbush Ascend”) – East Flatbush Ascend was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on October 31, 2024.

Lefferts Gardens Ascend Charter School (“Lefferts Gardens Ascend”) – Lefferts Gardens Ascend was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on October 31, 2024.

On March 8, 2019, the School was granted a provisional charter to operate Brooklyn Ascend Charter School 6, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School is in discussion with its Authorizer to extend the provisional charter by one year.

The School provided education to approximately 5,980 students in kindergarten through twelfth grades during the 2020-2021 academic year.

The School used outside vendors to serve breakfast and lunch to its students and files for reimbursement of expenses through the New York State and Federal school food program. The School covers the cost of breakfast and lunch for families who experience hardship and who do not qualify for free or reduced meals. The Office of Pupil Transportation provides free transportation to some of the students.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Accordingly actual results could differ from those estimates.

#### ***Net Assets Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* - consist of resources available for the general support of the School’s operations. Net assets without donor restrictions may be used at the discretion of the School’s management and/or the Board of Trustees.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### **Net Assets Presentation (continued)**

*Net assets with donor restrictions* – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2021 and 2020.

#### **Cash Equivalents**

The School considers all cash-on-hand, cash in banks, and other short-term securities with maturities of three months or less to be cash and cash equivalents.

#### **Restricted Cash**

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows as of June 30:

	2021	2020
Cash and cash equivalents	\$ 20,713,239	\$ 13,010,845
Restricted cash	<u>325,243</u>	<u>325,178</u>
	<u>\$ 21,038,482</u>	<u>\$ 13,336,023</u>

#### **Certificate of Deposit**

Certificate of deposit are carried at cost plus accrued interest.

#### **Property and Equipment**

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$5,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and technology	3 years
Equipment	3 and 5 years
Furniture and fixtures	5 and 7 years
Software	3 years
Website development	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2021 and 2020.

#### ***Refundable Advances***

The School records certain government grants and contracts as refundable advances until the related services are performed, at which time it is recognized as revenue.

#### ***Deferred Rent***

The School records its rent in accordance with U.S. GAAP whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statements of financial position.

#### ***Revenue and Support***

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

#### ***Marketing and Recruiting***

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Accordingly, all costs in marketing and recruitment are allocated to program and management and general expenditures and expensed as incurred. Marketing and recruiting expense for the years ended June 30, 2021 and 2020 was \$90,389 and \$219,058.

## **Ascend Charter Schools**

Notes to Financial Statements  
June 30, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Measure of Operations***

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental and other sources that include contributions revenue, rental income, return on investments and other activities considered to be of a non-recurring nature.

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2018.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 29, 2021.

### **3. Grants and Contracts Receivable**

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

### **4. Related Party Transactions (not disclosed elsewhere)**

The School is an affiliate of Ascend Learning, Inc. ("Ascend"), a New York State not-for-profit corporation, by common management. The School entered into a one year agreement with Ascend on July 1, 2020 which calls for Ascend to design, select and implement the School's educational program as well as the professional development activities for all the School personnel; recruit, supervise and evaluate the School's director; propose employment policies and practices relating to School personnel; and manage the School's business administration.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 4. Related Party Transaction (not disclosed elsewhere) (continued)

For the years ended June 30, 2021 and 2020, each charter school paid Ascend an annual fee of 13.25% of the School's per pupil operating revenue, per pupil facilities revenue and federal Individuals with Disabilities Education Act revenue. The management fee for the years ended June 30, 2021 and 2020 amounted to \$16,041,302 and \$14,549,441.

The School entered into a sublease agreement with Ascend on July 1, 2011. There are two amendments to the agreement. The terms of the agreement permit Ascend to use the 6th floor of one of the buildings that the School occupies. Ascend increased use of the floor over the term of the lease, and rent increased accordingly. Rental income amounted to \$135,000 for the years ended June 30, 2021 and 2020.

The School is an affiliate of Friends of Ascend Charter Schools, Inc. ("FOA"), a New York State not-for-profit corporation, by common management. FOA's purpose is to support the operation of the School by managing the School's real estate and facilities-related needs, and by raising funds and resources that will enable FOA to provide support to the School and to enhance the experience of the School's students. The School entered into sublease agreements with FOA for classroom facilities (Note 10).

For operational efficiency and purchasing power, the School shares certain operating expenses with Ascend and FOA. The net balance due from/(to) the related parties consisted of the following at June 30:

	2021	2020
Ascend	\$ (1,138,345)	\$ (2,897,412)
FOA	851,105	162,199
	\$ (287,240)	\$ (2,735,213)

### 5. Property and Equipment

Property and equipment consist of the following as of June 30:

	2021	2020
Computers and technology	\$ 8,151,578	\$ 3,823,582
Equipment	1,193,963	1,114,493
Furniture and fixtures	4,660,284	4,086,623
Software	118,365	82,607
Website development	143,277	143,277
Leasehold improvements	12,989,802	12,490,686
Construction in progress	-	98,883
	27,257,269	21,840,151
Accumulated depreciation and amortization	(13,275,431)	(10,064,568)
	\$ 13,981,838	\$ 11,775,583

Construction-in-progress at June 30, 2020 is comprised of costs related to the Pitkin Avenue facility (See Note 10).

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 20,713,239	\$ 13,010,845
Grants and contracts receivable	3,465,648	2,993,848
Due from related party	<u>851,105</u>	<u>162,199</u>
	<u>\$ 25,029,992</u>	<u>\$ 16,166,892</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in savings accounts and other liquid instruments until it is required for operational use. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (See Note 9).

### 7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School will match employee contributions ranging from 1% to 5% of annual compensation. Total employer match for the years ended June 30, 2021 and 2020 was \$625,116 and \$499,391.

### 8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash, cash equivalents, and certificates of deposit on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2021 and 2020, approximately \$25,715,000 and \$13,100,000 of cash was maintained with an institution in excess of FDIC limits.

### 9. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2021 and 2020, the School received approximately 93% and 94% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 10. Commitments

#### School Facilities

##### Brooklyn Ascend

On March 19, 2008, Brooklyn Ascend entered into an agreement to lease property at 205 Rockaway Parkway, Brooklyn, New York for a period of 15 years. The landlord has renovated the facility to conform to the School's specifications in phases. As of June 30, 2021, Brooklyn Ascend has reimbursed the landlord a total of \$3,213,350 for these renovations which are classified as leasehold improvements under property and equipment in the statements of financial position. Pursuant to the fourth lease amendment, annual fixed rent will be reduced for years 8 through 15 due to deletion of certain projects. On July 28, 2016, Brooklyn Ascend signed a fifth amendment to renew the lease for 10 years. The renewal period commences on September 1, 2023.

On January 19, 2011, Brooklyn Ascend entered into an agreement to lease property at 123 East 98<sup>th</sup> Street, Brooklyn, New York for a period of 20 years. This location became the home of Brooklyn Ascend Middle School starting with the 2012-2013 academic year.

On July 2, 2012, Brooklyn Ascend entered into an agreement as a co-lessee with Brownsville Ascend to become a future tenant located at 1501 Pitkin Avenue, Brooklyn, New York. The occupancy period for the School is 17 years of the 20 year lease agreement. The facility became the home of Brooklyn Ascend High School, which began with the 2015-2016 academic year. The space is shared with Brownsville Ascend.

Pursuant to each facility lease agreement, the School will also reimburse the landlords for the proportionate share of the real estate taxes and any other costs associated with the leasing of the premises.

##### Brownsville Ascend

On June 22, 2010, Brownsville Ascend entered into an agreement to lease property at 1501 Pitkin Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 20 years, renewable for up to 20 additional years. There are seven amendments to the agreement as well as an additional letter agreement related to roof play space. Effective as of the fourth amendment, Brooklyn Ascend entered into the agreement as a co-lessee, and effective as of the 2015-2016 academic year, Brooklyn Ascend High School became a co-tenant of the building. Both schools will reimburse the landlord for their share of real estate taxes. Brownsville Ascend moved into the new permanent lease facility on August 20, 2012.

##### Bushwick Ascend

On July 29, 2011, the School entered into an agreement to lease property at 741-757 Knickerbocker Avenue, Brooklyn, New York for a period of 20 years, with a renewal option for an additional ten years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses. As part of the agreement, the School has the right to mortgage its interest in the lease under a leasehold mortgage and assign the lease as collateral security for such leasehold mortgage.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 10. Commitments (*continued*)

#### School Facilities (*continued*)

##### Bushwick Ascend (*continued*)

The facility is currently tax exempt, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

On March 30, 2015, the School entered into an agreement to lease property at 2 Aberdeen Street, Brooklyn, New York. As per the terms of the agreement, the lease is for a period of 30 years, commencing on June 1, 2015 and ending on June 30, 2045. This location became the home of Bushwick Ascend Middle School starting with the 2015-2016 academic year. The facility is currently tax exempt, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

On May 18, 2018, the two Bushwick Ascend leases were transferred to FOA and a new sublease agreement between FOA (sublandlord) and the School (subtenant) was entered into for a period of 28 years ending on June 30, 2045.

##### Canarsie Ascend

On April 1, 2013, Canarsie Ascend entered into an agreement to lease property at 9719 Flatlands Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 20 years, renewable for up to 10 additional years. The facility is currently tax exempt, but Canarsie Ascend will be responsible for any real estate taxes arising out of the School's occupancy.

On August 30, 2017, Canarsie Ascend entered into an agreement to lease property at 744 East 87<sup>th</sup> Street and 751 East 86<sup>th</sup> Street in Brooklyn, New York for a period of 30 years, commencing on June 15, 2017 and ending June 30, 2047.

The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. On September 12, 2017, the lease agreement was transferred to FOA and a new sublease agreement between FOA (sublandlord) and the School (subtenant) was executed for a period of 30 years ending on June 30, 2047.

##### Central Brooklyn Ascend

On November 3, 2014, the School entered into an agreement to lease property at 465 East 29<sup>th</sup> Street, Brooklyn, New York. As per the terms of the agreement, the lease is for 30 years, commencing on June 1, 2015 and ending on June 30, 2045. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. On September 12, 2017, the lease agreement was transferred to FOA and a new sublease agreement between FOA (sublandlord) and the School (subtenant) was executed for a period of 28 years ending on June 30, 2045.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 10. Commitments (*continued*)

#### School Facilities (*continued*)

##### Central Brooklyn Ascend (*continued*)

On September 12, 2017, the School entered into an agreement with FOA to sublease property at 1886 Nostrand Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 28 years, commencing on August 15, 2017 and ending on June 30, 2045. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

##### Cypress Hills Ascend

On February 22, 2018, the School entered into an agreement with FOA to sublease property at 396 Grant Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 30 years, commencing on February 1, 2018 and ending on June 30, 2048. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

##### East Brooklyn Ascend

On December 4, 2018, the School entered into an agreement with FOA to sublease property at 260 Shepherd Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 29 years, commencing on July 1, 2019 and ending on June 30, 2048. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

##### East Flatbush Ascend

On March 11, 2019, the School entered into an agreement with FOA to sublease property at 870 Albany Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 29 years, commencing on July 1, 2019 and ending on June 30, 2048. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

##### Lefferts Gardens Ascend

On April 1, 2020, the School entered into an agreement with FOA to sublease property at 123 Linden Boulevard, Brooklyn, New York. As per the terms of the agreement, the lease is for 19 years, commencing on July 1, 2020 and ending on June 30, 2039. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 10. Commitments *(continued)*

#### School Facilities *(continued)*

Future minimum lease payments under the facility leases (including the subleases with FOA) are as follows for the years ending June 30:

2022	\$ 21,243,289
2023	22,201,821
2024	22,726,540
2025	22,999,942
2026	23,226,495
Thereafter	<u>391,745,444</u>
	<u>\$ 504,143,531</u>

Rent expense is recognized on the straight-line basis over the term of the lease. The difference between cash payments under the lease agreements and the straight-line rent has been recognized as deferred rent in the accompanying statements of financial position from inception of the lease. The difference between rent cash payments and straight-line rent included in occupancy expense in the accompanying statements of functional expenses amounted to \$4,549,995 and \$4,707,415 for the years ended June 30, 2021 and 2020.

Occupancy expense for the years ended June 30, 2021 and 2020 was \$25,805,671 and \$23,513,947.

#### Leased Equipment

The School entered into an equipment lease agreement expiring during the year ending June 30, 2022. Future minimum rental payments under the equipment leases for the year ending June 30, 2022 total \$270,392.

Equipment lease expense for the years ended June 30, 2021 and 2020 was \$691,551 and \$1,004,737.

### 11. Loan Payable

On October 17, 2019, the School entered into a \$2,500,000 loan agreement with Nonprofit Finance Fund (“NFF”) for the purpose of financing the cost of renovations and improvements to the building leased by the School at 1501 Pitkin Avenue, Brooklyn, NY. The loan matures on November 1, 2026, at which time the School can either pay the outstanding balance on the loan in full or refinance. The loan is payable on a monthly basis in the amount of \$21,872 commencing on July 1, 2020 and the loan bears interest at 6.25% per annum. The loan is guaranteed by the School and secured on the leasehold interests of the School in the building. In addition, the School has granted a security interest in all of its other assets to secure the loan. Loan payments will be due on the first day of each succeeding month thereafter, until all amounts due under the loans are paid in full. The loan is a commitment that cannot be assigned without prior written approval from NFF.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2021 and 2020

### 11. Loan Payable (*continued*)

The School must maintain five financial performance covenant all of which were assessed starting with the fiscal year ended June 30, 2020. For the years ended June 30, 2021 and 2020, the School is in compliance with all financial covenants.

Future minimum principal payments on the loan are as follows for years ended June 30:

2022	\$	128,508
2023		136,774
2024		145,572
2025		154,934
2026		164,901
Thereafter		<u>1,472,360</u>
	\$	<u>2,203,049</u>

### 12. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

### 13. Risks and Uncertainties

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

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# **Ascend Charter Schools**

Supplementary Information

June 30, 2021

**Ascend Charter Schools**

Schedule of Activities by School  
Year Ended June 30, 2021

	Brooklyn Ascend	Brownsville Ascend	Bushwick Ascend	Canarsie Ascend	Central Brooklyn Ascend	Cypress Hills Ascend	East Brooklyn Ascend	East Flatbush Ascend	Lefferts Gardens Ascend	Total
<b>OPERATING REVENUE</b>										
State and local per pupil operating revenue										
General and special education	\$ 29,524,249	\$ 19,040,783	\$ 16,080,968	\$ 19,071,572	\$ 13,255,526	\$ 5,051,203	\$ 854,333	\$ 2,476,546	\$ 1,992,302	\$ 107,347,482
Facilities	2,632,998	1,351,271	1,225,517	2,691,212	2,598,918	1,178,072	213,206	677,553	556,225	13,124,972
Federal grants	1,494,414	997,372	851,480	1,154,608	909,338	412,186	90,890	164,731	284,541	6,359,560
Federal E-Rate and IDEA	338,091	200,712	264,123	203,975	224,895	71,764	41,233	75,852	30,427	1,451,072
State and city grants	126,908	42,806	45,917	71,314	35,611	15,725	747	6,207	3,872	349,107
Total Operating Revenue	<u>34,116,660</u>	<u>21,632,944</u>	<u>18,468,005</u>	<u>23,192,681</u>	<u>17,024,288</u>	<u>6,728,950</u>	<u>1,200,409</u>	<u>3,400,889</u>	<u>2,867,367</u>	<u>128,632,193</u>
<b>EXPENSES</b>										
Program Services										
Regular education	19,418,009	11,932,596	11,106,610	12,300,475	10,093,007	4,793,917	1,304,164	2,355,840	3,596,133	76,900,751
Special education	4,431,391	3,581,931	2,501,775	2,599,148	2,833,791	875,585	473,400	769,329	190,634	18,256,984
Total Program Services	23,849,400	15,514,527	13,608,385	14,899,623	12,926,798	5,669,502	1,777,564	3,125,169	3,786,767	95,157,735
Supporting Services										
Management and general	5,335,418	3,387,868	2,851,408	3,742,628	2,623,180	1,171,019	458,023	861,380	958,842	21,389,766
Total Expenses	<u>29,184,818</u>	<u>18,902,395</u>	<u>16,459,793</u>	<u>18,642,251</u>	<u>15,549,978</u>	<u>6,840,521</u>	<u>2,235,587</u>	<u>3,986,549</u>	<u>4,745,609</u>	<u>116,547,501</u>
Surplus (Deficit) from Operations	<u>4,931,842</u>	<u>2,730,549</u>	<u>2,008,212</u>	<u>4,550,430</u>	<u>1,474,310</u>	<u>(111,571)</u>	<u>(1,035,178)</u>	<u>(585,660)</u>	<u>(1,878,242)</u>	<u>12,084,692</u>
<b>SUPPORT AND OTHER REVENUE</b>										
Contributions	344,441	221,205	188,260	220,421	141,836	63,965	20,965	29,381	28,026	1,258,500
Rental income	135,000	-	-	-	-	-	-	-	-	135,000
Interest and other revenue	5,047	3,241	2,835	3,210	29,330	929	189	453	441	45,675
Total Support and Other Revenue	<u>484,488</u>	<u>224,446</u>	<u>191,095</u>	<u>223,631</u>	<u>171,166</u>	<u>64,894</u>	<u>21,154</u>	<u>29,834</u>	<u>28,467</u>	<u>1,439,175</u>
Change in Net Assets	5,416,330	2,954,995	2,199,307	4,774,061	1,645,476	(46,677)	(1,014,024)	(555,826)	(1,849,775)	13,523,867
<b>NET ASSETS (DEFICIT)</b>										
Beginning of year	<u>(2,444,125)</u>	<u>3,887,778</u>	<u>1,118,342</u>	<u>(875,272)</u>	<u>(693,092)</u>	<u>(1,847,821)</u>	<u>(2,063,617)</u>	<u>(1,067,861)</u>	<u>(1,081,303)</u>	<u>(5,066,971)</u>
End of year	<u>\$ 2,972,205</u>	<u>\$ 6,842,773</u>	<u>\$ 3,317,649</u>	<u>\$ 3,898,789</u>	<u>\$ 952,384</u>	<u>\$ (1,894,498)</u>	<u>\$ (3,077,641)</u>	<u>\$ (1,623,687)</u>	<u>\$ (2,931,078)</u>	<u>\$ 8,456,896</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Brooklyn Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	22	\$ 1,400,239	\$ 346,778	\$ 1,747,017	\$ 1,217,028	\$ 2,964,045
Instructional personnel	141	8,398,852	2,080,028	10,478,880	-	10,478,880
Non-instructional personnel	<u>2</u>	-	-	-	233,951	233,951
Total Personnel Services Costs	<u>165</u>	<u>9,799,091</u>	<u>2,426,806</u>	<u>12,225,897</u>	<u>1,450,979</u>	<u>13,676,876</u>
Employee benefits and payroll taxes		2,107,186	521,858	2,629,044	312,019	2,941,063
Professional fees		454,566	112,576	567,142	155,311	722,453
Management fees		1,641,773	114,307	1,756,080	2,527,041	4,283,121
Consultants - education		25,057	1,744	26,801	-	26,801
Legal fees		-	-	-	16,594	16,594
Curriculum and classroom supplies		434,961	30,285	465,246	-	465,246
Office supplies		-	-	-	33,452	33,452
Non-capitalized furniture and equipment		147,541	36,540	184,081	21,847	205,928
Leased equipment, furniture and fixtures		147,586	36,551	184,137	21,855	205,992
Communications		279,410	69,198	348,608	41,374	389,982
Occupancy		3,231,549	800,313	4,031,862	478,506	4,510,368
Insurance		118,147	28,051	146,198	16,488	162,686
Repairs and maintenance		177,669	44,002	221,671	26,306	247,977
Security		12,007	2,973	14,980	1,778	16,758
Marketing and recruiting		18,456	4,546	23,002	2,712	25,714
Staff development		53,857	12,522	66,379	3,252	69,631
Travel and meals		37,694	7,970	45,664	4,979	50,643
Postage, printing and copying		3,619	895	4,514	535	5,049
Dues and subscriptions		78,623	19,472	98,095	11,641	109,736
Depreciation and amortization		624,630	154,693	779,323	92,492	871,815
Interest		24,587	6,089	30,676	3,641	34,317
Miscellaneous		-	-	-	112,616	112,616
Total Expenses		<u>\$ 19,418,009</u>	<u>\$ 4,431,391</u>	<u>\$ 23,849,400</u>	<u>\$ 5,335,418</u>	<u>\$ 29,184,818</u>

See independent auditors' report

**Ascend Charter Schools**

Schedule of Functional Expenses  
Brownsville Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	13	\$ 591,985	\$ 183,215	\$ 775,200	\$ 705,843	\$ 1,481,043
Instructional personnel	94	5,535,200	1,713,107	7,248,307	-	7,248,307
Non-instructional personnel	6	-	-	-	237,867	237,867
Total Personnel Services Costs	<u>113</u>	<u>6,127,185</u>	<u>1,896,322</u>	<u>8,023,507</u>	<u>943,710</u>	<u>8,967,217</u>
Employee benefits and payroll taxes		1,419,651	439,372	1,859,023	214,753	2,073,776
Professional fees		296,039	91,622	387,661	103,389	491,050
Management fees		925,873	189,831	1,115,704	1,605,526	2,721,230
Consultants - education		19,232	3,943	23,175	-	23,175
Legal fees		-	-	-	160	160
Curriculum and classroom supplies		123,786	25,380	149,166	-	149,166
Office supplies		-	-	-	26,243	26,243
Non-capitalized furniture and equipment		68,865	21,313	90,178	10,417	100,595
Leased equipment, furniture and fixtures		91,712	28,384	120,096	13,873	133,969
Communications		151,655	46,936	198,591	22,941	221,532
Occupancy		1,679,731	519,865	2,199,596	254,096	2,453,692
Insurance		72,321	21,977	94,298	10,353	104,651
Repairs and maintenance		216,477	66,998	283,475	32,747	316,222
Marketing and recruiting		2,772	858	3,630	419	4,049
Staff development		23,622	8,272	31,894	6,511	38,405
Travel and meals		25,881	7,989	33,870	3,885	37,755
Postage, printing and copying		7,078	2,191	9,269	1,071	10,340
Dues and subscriptions		43,224	13,378	56,602	6,539	63,141
Depreciation and amortization		536,938	166,179	703,117	81,224	784,341
Interest		100,554	31,121	131,675	15,211	146,886
Miscellaneous		-	-	-	34,800	34,800
Total Expenses		<u>\$ 11,932,596</u>	<u>\$ 3,581,931</u>	<u>\$ 15,514,527</u>	<u>\$ 3,387,868</u>	<u>\$ 18,902,395</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
 Bushwick Ascend Charter School  
 Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	12	\$ 626,683	\$ 142,185	\$ 768,868	\$ 733,937	\$ 1,502,805
Instructional personnel	92	5,335,409	1,210,527	6,545,936	-	6,545,936
Non-instructional personnel	4	-	-	-	87,903	87,903
Total Personnel Services Costs	<u>108</u>	<u>5,962,092</u>	<u>1,352,712</u>	<u>7,314,804</u>	<u>821,840</u>	<u>8,136,644</u>
Employee benefits and payroll taxes		1,271,817	288,557	1,560,374	175,312	1,735,686
Professional fees		9,041	1,868	10,909	62,676	73,585
Management fees		785,832	161,279	947,111	1,362,916	2,310,027
Consultants - education		9,207	1,890	11,097	-	11,097
Legal fees		-	-	-	490	490
Curriculum and classroom supplies		122,296	25,099	147,395	-	147,395
Office supplies		-	-	-	20,357	20,357
Non-capitalized furniture and equipment		55,998	12,705	68,703	7,719	76,422
Leased equipment, furniture and fixtures		81,451	18,480	99,931	11,227	111,158
Communications		199,685	45,306	244,991	27,525	272,516
Occupancy		2,185,216	495,794	2,681,010	301,219	2,982,229
Insurance		66,551	15,028	81,579	8,716	90,295
Repairs and maintenance		8,900	2,019	10,919	1,227	12,146
Marketing and recruiting		9,683	2,197	11,880	1,335	13,215
Staff development		24,998	7,853	32,851	977	33,828
Travel and meals		29,104	6,385	35,489	2,622	38,111
Postage, printing and copying		7,200	1,634	8,834	992	9,826
Dues and subscriptions		37,914	8,602	46,516	5,226	51,742
Depreciation and amortization		239,625	54,367	293,992	33,031	327,023
Miscellaneous		-	-	-	6,001	6,001
Total Expenses		<u>\$ 11,106,610</u>	<u>\$ 2,501,775</u>	<u>\$ 13,608,385</u>	<u>\$ 2,851,408</u>	<u>\$ 16,459,793</u>

See independent auditors' report

**Ascend Charter Schools**

Schedule of Functional Expenses  
Canarsie Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	13	\$ 522,522	\$ 117,098	\$ 639,620	\$ 750,210	\$ 1,389,830
Instructional personnel	90	4,896,815	1,097,381	5,994,196	-	5,994,196
Non-instructional personnel	9	-	-	-	183,345	183,345
Total Personnel Services Costs	<u>112</u>	<u>5,419,337</u>	<u>1,214,479</u>	<u>6,633,816</u>	<u>933,555</u>	<u>7,567,371</u>
Employee benefits and payroll taxes		1,118,751	250,713	1,369,464	192,720	1,562,184
Professional fees		194,323	41,965	236,288	87,065	323,353
Management fees		1,072,456	113,041	1,185,497	1,705,960	2,891,457
Consultants - education		56,678	5,974	62,652	-	62,652
Legal fees		-	-	-	14,707	14,707
Curriculum and classroom supplies		137,298	14,472	151,770	-	151,770
Office supplies		-	-	-	17,396	17,396
Non-capitalized furniture and equipment		71,925	16,119	88,044	12,390	100,434
Leased equipment, furniture and fixtures		72,280	16,198	88,478	12,451	100,929
Communications		199,510	44,710	244,220	34,368	278,588
Occupancy		3,332,458	746,807	4,079,265	574,062	4,653,327
Insurance		75,809	16,483	92,292	12,325	104,617
Repairs and maintenance		51,248	11,485	62,733	8,828	71,561
Marketing and recruiting		8,953	2,006	10,959	1,542	12,501
Staff development		38,498	7,889	46,387	2,093	48,480
Travel and meals		65,755	10,484	76,239	5,157	81,396
Postage, printing and copying		7,164	1,606	8,770	1,234	10,004
Dues and subscriptions		55,004	12,326	67,330	9,475	76,805
Depreciation and amortization		323,022	72,390	395,412	55,645	451,057
Interest		6	1	7	1	8
Miscellaneous		-	-	-	61,654	61,654
Total Expenses		<u>\$ 12,300,475</u>	<u>\$ 2,599,148</u>	<u>\$ 14,899,623</u>	<u>\$ 3,742,628</u>	<u>\$ 18,642,251</u>

See independent auditors' report

**Ascend Charter Schools**

Schedule of Functional Expenses  
Central Brooklyn Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	11	\$ 611,139	\$ 178,885	\$ 790,024	\$ 584,146	\$ 1,374,170
Instructional personnel	70	3,729,003	1,091,507	4,820,510	-	4,820,510
Non-instructional personnel	2	-	-	-	3,168	3,168
Total Personnel Services Costs	<u>83</u>	<u>4,340,142</u>	<u>1,270,392</u>	<u>5,610,534</u>	<u>587,314</u>	<u>6,197,848</u>
Employee benefits and payroll taxes		921,113	269,617	1,190,730	124,646	1,315,376
Professional fees		7,476	1,349	8,825	39,694	48,519
Management fees		743,337	121,742	865,079	1,244,870	2,109,949
Consultants - education		25,400	4,160	29,560	-	29,560
Legal fees		-	-	-	37,078	37,078
Curriculum and classroom supplies		155,744	25,507	181,251	-	181,251
Office supplies		-	-	-	14,347	14,347
Non-capitalized furniture and equipment		60,602	17,739	78,341	8,201	86,542
Leased equipment, furniture and fixtures		59,857	17,520	77,377	8,100	85,477
Communications		192,106	56,231	248,337	25,996	274,333
Occupancy		3,234,019	946,621	4,180,640	437,632	4,618,272
Insurance		48,697	13,915	62,612	6,234	68,846
Repairs and maintenance		3,516	1,029	4,545	476	5,021
Security		252	74	326	34	360
Marketing and recruiting		8,427	2,329	10,756	996	11,752
Staff development		15,787	4,838	20,625	131	20,756
Travel and meals		31,253	8,933	40,186	4,003	44,189
Postage, printing and copying		2,437	713	3,150	330	3,480
Dues and subscriptions		33,443	9,789	43,232	4,526	47,758
Depreciation and amortization		209,399	61,293	270,692	28,336	299,028
Miscellaneous		-	-	-	50,236	50,236
Total Expenses		<u>\$ 10,093,007</u>	<u>\$ 2,833,791</u>	<u>\$ 12,926,798</u>	<u>\$ 2,623,180</u>	<u>\$ 15,549,978</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Cypress Hills Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	3	\$ 271,074	\$ 49,216	\$ 320,290	\$ 289,038	\$ 609,328
Instructional personnel	32	1,994,694	362,152	2,356,846	-	2,356,846
Non-instructional personnel	1	-	-	-	34,765	34,765
<b>Total Personnel Services Costs</b>	<b>36</b>	<b>2,265,768</b>	<b>411,368</b>	<b>2,677,136</b>	<b>323,803</b>	<b>3,000,939</b>
Employee benefits and payroll taxes		453,209	82,283	535,492	64,768	600,260
Professional fees		12,815	2,474	15,289	20,963	36,252
Management fees		284,562	54,976	339,538	488,603	828,141
Legal fees		-	-	-	49	49
Curriculum and classroom supplies		51,054	9,863	60,917	-	60,917
Office supplies		-	-	-	13,323	13,323
Non-capitalized furniture and equipment		20,007	3,632	23,639	2,859	26,498
Leased equipment, furniture and fixtures		16,838	3,057	19,895	2,406	22,301
Communications		77,209	14,018	91,227	11,034	102,261
Occupancy		1,396,024	253,459	1,649,483	199,507	1,848,990
Insurance		22,310	4,063	26,373	3,033	29,406
Repairs and maintenance		741	135	876	106	982
Marketing and recruiting		5,701	1,035	6,736	815	7,551
Staff development		2,796	1,367	4,163	15	4,178
Travel and meals		35,591	6,750	42,341	1,550	43,891
Postage, printing and copying		182	33	215	26	241
Dues and subscriptions		16,115	2,926	19,041	2,303	21,344
Depreciation and amortization		132,995	24,146	157,141	19,006	176,147
Miscellaneous		-	-	-	16,850	16,850
<b>Total Expenses</b>		<b>\$ 4,793,917</b>	<b>\$ 875,585</b>	<b>\$ 5,669,502</b>	<b>\$ 1,171,019</b>	<b>\$ 6,840,521</b>

See independent auditors' report

**Ascend Charter Schools**

Schedule of Functional Expenses  
East Brooklyn Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	3	\$ 10,414	\$ 3,818	\$ 14,232	\$ 41,510	\$ 55,742
Instructional personnel	4	200,076	73,350	273,426	-	273,426
Non-instructional personnel	1	-	-	-	7,907	7,907
<b>Total Personnel Services Costs</b>	<b>8</b>	<b>210,490</b>	<b>77,168</b>	<b>287,658</b>	<b>49,417</b>	<b>337,075</b>
Employee benefits and payroll taxes		48,638	17,831	66,469	11,419	77,888
Professional fees		-	-	-	8,875	8,875
Management fees		45,078	13,227	58,305	83,902	142,207
Legal fees		-	-	-	11	11
Curriculum and classroom supplies		20,056	5,885	25,941	-	25,941
Office supplies		-	-	-	10,207	10,207
Non-capitalized furniture and equipment		14,057	5,153	19,210	3,300	22,510
Leased equipment, furniture and fixtures		2,305	845	3,150	541	3,691
Communications		33,330	12,219	45,549	7,825	53,374
Occupancy		854,155	313,142	1,167,297	200,530	1,367,827
Insurance		3,626	1,315	4,941	806	5,747
Repairs and maintenance		5,290	1,939	7,229	1,242	8,471
Marketing and recruiting		6,804	2,442	9,246	1,430	10,676
Staff development		1,283	585	1,868	230	2,098
Travel and meals		1,536	563	2,099	361	2,460
Postage, printing and copying		531	195	726	125	851
Dues and subscriptions		2,974	1,090	4,064	698	4,762
Depreciation and amortization		54,011	19,801	73,812	12,680	86,492
Miscellaneous		-	-	-	64,424	64,424
<b>Total Expenses</b>		<b>\$ 1,304,164</b>	<b>\$ 473,400</b>	<b>\$ 1,777,564</b>	<b>\$ 458,023</b>	<b>\$ 2,235,587</b>

**Ascend Charter Schools**

Schedule of Functional Expenses  
East Flatbush Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	5	\$ 203,626	\$ 70,302	\$ 273,928	\$ 214,788	\$ 488,716
Instructional personnel	13	717,204	247,616	964,820	-	964,820
Non-instructional personnel	2	-	-	-	42,953	42,953
<b>Total Personnel Services Costs</b>	<b>20</b>	<b>920,830</b>	<b>317,918</b>	<b>1,238,748</b>	<b>257,741</b>	<b>1,496,489</b>
Employee benefits and payroll taxes		199,106	68,742	267,848	55,730	323,578
Professional fees		-	-	-	11,197	11,197
Management fees		148,840	22,020	170,860	245,871	416,731
Consultants - education		10,155	1,502	11,657	-	11,657
Legal fees		-	-	-	27	27
Curriculum and classroom supplies		53,739	7,950	61,689	-	61,689
Office supplies		-	-	-	6,966	6,966
Non-capitalized furniture and equipment		15,305	5,284	20,589	4,284	24,873
Leased equipment, furniture and fixtures		9,155	3,161	12,316	2,562	14,878
Communications		61,622	21,275	82,897	17,248	100,145
Occupancy		839,352	289,788	1,129,140	234,935	1,364,075
Insurance		8,608	2,871	11,479	2,267	13,746
Repairs and maintenance		1,965	678	2,643	550	3,193
Marketing and recruiting		2,020	697	2,717	565	3,282
Staff development		7,624	2,051	9,675	782	10,457
Travel and meals		10,314	2,189	12,503	941	13,444
Postage, printing and copying		225	78	303	63	366
Dues and subscriptions		5,602	1,934	7,536	1,568	9,104
Depreciation and amortization		61,378	21,191	82,569	17,180	99,749
Miscellaneous		-	-	-	903	903
<b>Total Expenses</b>		<b>\$ 2,355,840</b>	<b>\$ 769,329</b>	<b>\$ 3,125,169</b>	<b>\$ 861,380</b>	<b>\$ 3,986,549</b>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Lefferts Gardens Ascend Charter School  
Year Ended June 30, 2021

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	2	\$ 181,521	\$ 8,743	\$ 190,264	\$ 211,403	\$ 401,667
Instructional personnel	15	1,087,877	52,399	1,140,276	-	1,140,276
Non-instructional personnel	3	-	-	-	49,277	49,277
<b>Total Personnel Services Costs</b>	<b>20</b>	<b>1,269,398</b>	<b>61,142</b>	<b>1,330,540</b>	<b>260,680</b>	<b>1,591,220</b>
Employee benefits and payroll taxes		262,376	12,638	275,014	53,881	328,895
Professional fees		162	8	170	11,111	11,281
Management fees		124,027	14,733	138,760	199,679	338,439
Consultants - education		21,288	2,529	23,817	-	23,817
Legal fees		-	-	-	27	27
Curriculum and classroom supplies		77,535	9,210	86,745	-	86,745
Office supplies		-	-	-	10,645	10,645
Non-capitalized furniture and equipment		43,317	2,086	45,403	8,895	54,298
Leased equipment, furniture and fixtures		10,495	506	11,001	2,155	13,156
Communications		38,771	1,867	40,638	7,962	48,600
Occupancy		1,600,999	77,115	1,678,114	328,777	2,006,891
Insurance		10,641	548	11,189	2,082	13,271
Repairs and maintenance		3,741	180	3,921	768	4,689
Security		-	-	-	-	-
Marketing and recruiting		1,316	63	1,379	270	1,649
Staff development		9,855	1,372	11,227	447	11,674
Travel and meals		15,759	1,510	17,269	1,054	18,323
Postage, printing and copying		5,320	256	5,576	1,093	6,669
Dues and subscriptions		9,223	444	9,667	1,894	11,561
Depreciation and amortization		91,910	4,427	96,337	18,874	115,211
Miscellaneous		-	-	-	48,548	48,548
<b>Total Expenses</b>		<b>\$ 3,596,133</b>	<b>\$ 190,634</b>	<b>\$ 3,786,767</b>	<b>\$ 958,842</b>	<b>\$ 4,745,609</b>

See independent auditors' report

# **Ascend Charter Schools**

Uniform Guidance  
Schedules and Reports

June 30, 2021

**Ascend Charter Schools**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Education</b>				
Direct Program:				
Ascend Learning: Expansion and Replication of High-Quality Charter Schools in Brooklyn, NY	84.282M	Not available	\$ -	\$ 1,952,627
Pass-through the New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021-21-4395	-	573,488
Title I Grants to Local Educational Agencies	84.010	0021-21-4585	-	394,969
Title I Grants to Local Educational Agencies	84.010	0021-21-4780	-	345,550
Title I Grants to Local Educational Agencies	84.010	0021-21-4965	-	300,322
Title I Grants to Local Educational Agencies	84.010	0021-21-5170	-	217,125
Title I Grants to Local Educational Agencies	84.010	0021-21-5430	-	90,726
Title I Grants to Local Educational Agencies	84.010	0021-21-5565	-	43,668
Title I Grants to Local Educational Agencies	84.010	0021-21-5555	-	57,229
Title I Grants to Local Educational Agencies	84.010	0021-21-5570	-	31,717
			-	2,054,794
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-4395	-	69,209
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-4585	-	42,739
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-4780	-	37,320
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-4965	-	29,151
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-5170	-	23,473
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-5430	-	10,843
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-5565	-	7,483
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-5555	-	8,887
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-21-5570	-	2,489
			-	231,594
Higher Education Institutional Aid	84.031	0293-21-4780	-	21,056
Student Support and Academic Enrichment Program	84.424	0204-21-4395	-	42,428
Student Support and Academic Enrichment Program	84.424	0204-21-4585	-	29,204
Student Support and Academic Enrichment Program	84.424	0204-21-4780	-	26,815
Student Support and Academic Enrichment Program	84.424	0204-21-4965	-	24,609
Student Support and Academic Enrichment Program	84.424	0204-21-5170	-	16,849
Student Support and Academic Enrichment Program	84.424	0204-21-5430	-	10,000
Student Support and Academic Enrichment Program	84.424	0204-21-5555	-	10,000
Student Support and Academic Enrichment Program	84.424	0204-21-5570	-	10,000
			-	169,905
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-4395	-	511,809
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-4585	-	352,293
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-4780	-	323,470
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-4965	-	296,856
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-5170	-	203,251
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-5430	-	83,979
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-5555	-	30,822
Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-5570	-	32,620
			-	1,835,100
Total U.S. Department of Education			-	6,265,076
<b>U.S. Department of Agriculture</b>				
Pass-through the New York State Education Department:				
Child Nutrition Cluster				
School Breakfast Program	10.553	Not available	-	32,271
National School Lunch Program (Lunch)	10.555	Not available	-	62,213
Total U.S. Department of Agriculture			-	94,484
Total Expenditures of Federal Awards			\$ -	\$ 6,359,560

## **Ascend Charter Schools**

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

#### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Ascend Charter Schools (the "School") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule 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"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass through entity identifying numbers are presented when available.

#### **3. Indirect Cost Rate**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 Auditors' Report**

**Board of Trustees  
Ascend Charter Schools**

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, the financial statements of Ascend Charter Schools (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing the 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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 determination of financial statement. 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*.

***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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 29, 2021



## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### **Independent Auditors' Report**

**Board of Trustees  
Ascend Charter Schools**

#### **Report on Compliance for Each Major Federal Program**

We have audited Ascend Charter Schools' (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the 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 programs for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

## Ascend Charter Schools

### Schedule of Findings and Questioned Costs Year Ended June 30, 2021

#### **Section I - Summary of Auditors' Results**

##### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes  X  none reported

Noncompliance material to the 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 auditors' report issued on compliance for major federal programs:

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 programs:

##### CFDA Number(s)

84.010

84.425

##### Name of Federal Program or Cluster

Title I Grants to Local Educational Agencies

Education Stabilization Fund/Elementary

and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X  yes \_\_\_ no

#### **Section II – Financial Statement Findings**

During our audit, we noted no material findings for the year ended June 30, 2021.

#### **Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instances of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.

#### **Section IV – Prior Year Findings**

There were no prior year audit findings.

**Board of Trustees**  
**Ascend Charter Schools**

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of Ascend Charter Schools (the "School") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting ("internal control") as a 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the audit committee, the Board of Trustees, the Charter Schools Institute of the State University of New York, the State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 29, 2021