

Achievement First Brooklyn Charter Schools

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports**

June 30, 2021

Achievement First Brooklyn Charter Schools

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Independent Auditor's Report

To the Board of Trustees
Achievement First Brooklyn Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Achievement First Brooklyn Charter Schools, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Achievement First Brooklyn Charter Schools as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Achievement First Brooklyn Charter Schools' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental combining schedule of activities by charter and supplemental schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 Achievement First Brooklyn Charter Schools' 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 Achievement First Brooklyn Charter Schools' 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 Achievement First Brooklyn Charter Schools' internal control over financial reporting and compliance.



Hartford, Connecticut
October 29, 2021

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)**

	<u>Assets</u>	
	2021	2020
Current assets		
Cash	\$ 31,047,619	\$ 20,262,532
Restricted cash	350,000	350,000
Grants and other receivables	3,965,494	3,260,597
Receivable from related party - revolving lines of credit	3,020,020	-
Prepaid expenses and other assets	585,132	84,515
Due from related party	1,601,374	-
Due from other school	18,607	-
Due from NYC Department of Education	-	57,786
Total current assets	40,588,246	24,015,430
Non-current assets		
Construction in process	2,121,676	2,299,000
Property and equipment, net	7,226,014	7,654,704
Lease acquisition costs, net	4,318,513	4,544,925
Total non-current assets	13,666,203	14,498,629
Total assets	\$ 54,254,449	\$ 38,514,059

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)**

Liabilities and Net Assets

	2021	2020
Current liabilities		
Accounts payable and accrued expenses	\$ 1,983,947	\$ 1,593,157
Accrued salaries and other payroll related expenses	1,393,725	3,030,353
Due to related party	-	588,700
Due to other schools	4,885	10,336
Due to NYC Department of Education	42,272	166,229
Due to NYS Education Department - current portion	157,768	157,768
Deferred revenue	500	31,015
Loans payable - current portion	253,334	753,334
	3,836,431	6,330,892
Long-term liabilities		
Due to NYS Education Department - net of current portion	157,768	315,536
Loans payable - net of current portion	458,995	749,125
	616,763	1,064,661
Total long-term liabilities	616,763	1,064,661
Total liabilities	4,453,194	7,395,553
Net assets		
Without donor restrictions		
Undesignated	46,300,755	27,738,006
Board-designated reserve	3,500,000	3,380,000
With donor restrictions	500	500
	49,801,255	31,118,506
Total net assets	49,801,255	31,118,506
Total liabilities and net assets	\$ 54,254,449	\$ 38,514,059

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021
(With Comparative Totals for 2020)**

	Without donor restrictions	With donor restrictions	2021	2020
Change in unrestricted net assets				
Operating revenue				
State and local per pupil operating revenue	\$ 142,247,589	\$ -	\$ 142,247,589	\$ 137,211,220
Federal, state and local grants	7,031,428	-	7,031,428	6,511,362
Special education revenue	16,935,865	-	16,935,865	16,276,752
Total operating revenue	<u>166,214,882</u>	<u>-</u>	<u>166,214,882</u>	<u>159,999,334</u>
Expenses				
Program services	131,578,710	-	131,578,710	132,443,931
General and administrative	16,799,559	-	16,799,559	17,440,268
Fundraising	15,000	-	15,000	5,000
Total expenses	<u>148,393,269</u>	<u>-</u>	<u>148,393,269</u>	<u>149,889,199</u>
Surplus on school operations from government funding	<u>17,821,613</u>	<u>-</u>	<u>17,821,613</u>	<u>10,110,135</u>
Support and other revenue				
Contributions	344,866	-	344,866	209,608
In-kind contributions	407,405	-	407,405	432,842
Interest income	963	-	963	20,218
Other revenue	107,902	-	107,902	57,013
Total support and other revenue	<u>861,136</u>	<u>-</u>	<u>861,136</u>	<u>719,681</u>
Change in net assets	18,682,749	-	18,682,749	10,829,816
Net assets, beginning	<u>31,118,006</u>	<u>500</u>	<u>31,118,506</u>	<u>20,288,690</u>
Net assets, end	<u>\$ 49,800,755</u>	<u>\$ 500</u>	<u>\$ 49,801,255</u>	<u>\$ 31,118,506</u>

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

**Statement of Functional Expenses
Year Ended June 30, 2021
(With Comparative Totals for 2020)**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 11,839,382	\$ -	\$ 11,839,382	\$ 11,960,620
Instructional personnel	74,304,718	9,851,994	84,156,712	-	-	84,156,712	79,551,593
Total personnel services costs	74,304,718	9,851,994	84,156,712	11,839,382	-	95,996,094	91,512,213
Fringe benefits and payroll taxes	12,164,845	1,610,259	13,775,104	1,936,881	-	15,711,985	15,606,305
Retirement	1,053,225	138,316	1,191,541	167,470	-	1,359,011	1,204,758
Management company fees	15,989,526	1,747,217	17,736,743	934,303	15,000	18,686,046	18,393,253
Accounting/audit services	-	-	-	160,800	-	160,800	156,000
Other purchased/professional/consulting services	51,146	422,473	473,619	116,014	-	589,633	655,413
Repairs and maintenance	497,365	67,774	565,139	83,881	-	649,020	1,176,630
Insurance	422,701	56,514	479,215	68,163	-	547,378	512,596
Utilities	941,265	128,725	1,069,990	152,908	-	1,222,898	1,363,725
Supplies/materials	1,540,269	205,493	1,745,762	-	-	1,745,762	2,954,492
Equipment/furnishings	374,463	49,502	423,965	59,480	-	483,445	861,003
Staff development	345,394	46,634	392,028	16,801	-	408,829	1,406,233
Marketing/recruitment	16,128	2,229	18,357	-	-	18,357	53,148
Technology	3,756,992	498,323	4,255,315	127,153	-	4,382,468	4,196,808
Food service	525,309	71,517	596,826	-	-	596,826	1,751,205
Student services	456,638	62,746	519,384	-	-	519,384	1,838,751
Office expense	1,766,113	233,168	1,999,281	605,015	-	2,604,296	3,186,306
Depreciation and amortization	1,404,255	188,732	1,592,987	398,246	-	1,991,233	2,138,730
Other	431,622	57,037	488,659	116,733	-	605,392	650,249
Parental activities	86,378	11,705	98,083	-	-	98,083	203,718
Interest expense	-	-	-	16,329	-	16,329	67,661
Total expenses	<u>\$ 116,128,352</u>	<u>\$ 15,450,358</u>	<u>\$ 131,578,710</u>	<u>\$ 16,799,559</u>	<u>\$ 15,000</u>	<u>\$ 148,393,269</u>	<u>\$ 149,889,197</u>

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Cash Flows Year Ended June 30, 2021 (With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 18,682,749	\$ 10,829,816
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,991,233	2,138,730
Accrued interest	19,130	(28,538)
Changes in operating assets and liabilities		
Grants and other receivables	(704,897)	(1,020,681)
Prepaid expenses and other assets	(500,617)	928,566
Due from related party	(1,601,374)	1,411,160
Due from other school	(18,607)	18,456
Due from NYC Department of Education	57,786	(5,887)
Accounts payable and accrued expenses	632,816	(2,087,782)
Accrued salaries and other payroll related expenses	(1,636,628)	1,360,965
Due to related party	(588,700)	588,700
Due to other schools	(5,451)	10,336
Due to NYC Department of Education	(123,957)	(188,454)
Due to NYS Education Department	(157,768)	(157,768)
Deferred revenue	(30,515)	24,917
	16,015,200	13,822,536
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(1,400,833)	(2,542,134)
Cash paid out on revolving lines of credit	(3,020,020)	-
	(4,420,853)	(2,542,134)
Net cash used in investing activities		
Cash flows from financing activities		
Payments of long-term debt	(809,260)	(948,332)
	(809,260)	(948,332)
Net increase in cash and restricted cash	10,785,087	10,332,070
Cash and restricted cash, beginning	20,612,532	10,280,462
Cash and restricted cash, end	\$ 31,397,619	\$ 20,612,532
Cash paid during the year for interest	\$ 38,111	\$ 50,041
Supplemental disclosure of noncash investing and financing transactions		
Transfer of construction in process to fixed assets	\$ 1,371,124	\$ 2,051,325
Purchase of construction in process with accounts payable	\$ 110,160	\$ 352,186

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

Note 1 - Nature of operations

Achievement First Brooklyn Charter Schools (the "School") focus on strengthening the academic and character skills needed for all students to excel in top-tier colleges, to achieve success in a competitive world, and to serve as the next generation of leaders in their communities. The Board of Regents of the State University of New York ("SUNY") originally granted individual charters to the schools (Achievement First Apollo Charter School, Achievement First Aspire Charter School, Achievement First Brownsville Charter School, Achievement First Bushwick Charter School, Achievement First Crown Heights Charter School, Achievement First East New York Charter School and Achievement First Endeavor Charter School). These charters were valid for a term of five years and renewable upon expiration. Additional charters were subsequently granted to Achievement First Linden Charter School, Achievement First North Brooklyn Charter School and Achievement First Voyager Charter School. The supplemental schedules to the financial statements provide additional operating activity by charter. As of April 1, 2016, the schools were merged under one legal entity. The financial statements reflect the activities of the ten charter schools for the fiscal year ended June 30, 2021.

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and under the corresponding provisions of the New York State tax laws. The School's primary source of income is government funding. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). Today, the School serves students primarily from low income households in Brooklyn, New York.

During the year ended June 30, 2021, the School operated classes for students in K-12. Charters that share space with New York City Department of Education ("NYCDOE") schools are not responsible for rent, utilities, custodial services, or maintenance. Charters that share space with other charter schools or do not share space are responsible for operating occupancy costs.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Board-designated net assets represent net assets established by the Board of Trustees, which represents funds without donor restrictions set aside for future needs of the School. The School aspires to have a reserve of 2.5% of its annual budget at any time. Cash basis operating surpluses, if they exist at year-end, may be used to accumulate the board-designated reserve. Utilization of the reserve may be approved by the Board of Trustees and used for emergency funds in case of an unexpected financial crises, start-up costs for growth needs, facility capital requirements, principal-in-residence salaries and one-time projects which have significant future potential. The reserve balance will be generated from the schools' budgeted per-pupil operating revenue, excluding state and federal non-operating grants.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

Net assets with donor restrictions are subject to donor- (or certain grantor-) imposed restrictions which are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Statement of cash flows

For purposes of reporting cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021.

Cash and cash equivalents

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amount shown in the statement of cash flows:

	2021	2020
Cash	\$ 31,047,619	\$ 20,262,532
Restricted cash	350,000	350,000
Total	<u>\$ 31,397,619</u>	<u>\$ 20,612,532</u>

Restricted cash

The School has designated \$350,000 to be set aside for contingency purposes as required by the Board of Trustees of the State University of New York.

Grants and other receivables

Grants receivable represent amounts owed to the School for federal or state funding. Grants receivable that are expected to be collected within one year, and recorded at net realizable value, are \$3,965,494 at June 30, 2021. The School has determined that no allowance for uncollectible accounts for receivables is necessary as of June 30, 2021. Such estimate is based on management's assessments of the creditworthiness of its donors, the aging of its receivables as well as current economic conditions and historical information.

Revenue recognition

The School reports unconditional promises to give as revenue when the promise is received. Conditional promises to give are recognized as revenue when the condition is met. Grants and contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose conditions and restrictions are met in the same reporting period have been reported as support increasing net assets without donor restrictions in the statement of activities.

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement. The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

Donated goods and services

The School occasionally receives contributed goods and services. Such goods and services are only recorded as in-kind contributions at their fair value, provided they meet the criteria for recognition. Such criteria includes contributions of services that (i) create or enhance non-financial assets or those that require specialized skills, (ii) are provided by individuals possessing those skills, and (iii) would typically need to be purchased, if not provided by donation, and are recorded at their fair value in the period received.

Contributed services received from Board Members and volunteers are not recorded in the financial statements since these services do not meet the criteria for recognition as contributed services.

The School does not record any in-kind contributions and related costs with respect to dedicated and shared space provided to it by the NYCDOE as the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice.

Property and equipment

Property and equipment are stated at cost. The School has established a threshold for review of expenditures equal to or greater than \$3,000 for potential capitalization as a fixed asset. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives or lease terms as follows:

<u>Asset</u>	<u>Estimated lives</u>
Leasehold improvements	5 - 20 years
Furniture and fixtures	5 - 8 years
Computers and hardware	3 - 7 years
Musical instruments	4 - 5 years
Equipment	3 - 7 years
Software	3 - 5 years

Long-lived assets

The School recognizes an impairment loss when the carrying amount of a long-lived asset exceeds its fair value. In the event that facts and circumstance indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. The evaluation process consists of comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down is required. If the review indicates that the asset will not be recoverable, the carrying value of the asset would be reduced to its estimated realizable value. There was no impairment loss recognized for the year ended June 30, 2021.

Functional allocation of expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's assessment. Health and retirement benefits and payroll taxes are allocated to programs based on the percentage of salary expense of the program to total salary expense.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

Income taxes

The School is classified by the Internal Revenue Service (IRS) as exempt from income tax under Section 501(a) of the IRC as a public education academy described in Section 501(c)(3).

The School has no unrecognized tax benefits at June 30, 2021. The School's federal tax returns prior to fiscal year 2018 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the School would recognize interest and penalties associated with tax matters as part of general and administrative expenses in the statement of activities and changes in net assets and include accrued interest and penalties in accrued expenses in the statement of financial position. The School did not recognize any interest or penalties associated with tax matters for the year ended June 30, 2021.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements of Achievement First Brooklyn Charter Schools for the year ended June 30, 2020, from which the summarized information was derived.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of credit risk

The School maintains cash and cash equivalent balances in one financial institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. From time to time, the School's balances may exceed these limits. As of June 30, 2021, the School had uninsured bank balances of \$32,268,047. The School limits its credit risk by selecting financial institutions considered to be highly creditworthy.

Subsequent events

Management has reviewed subsequent events through October 29, 2021, which is the date the financial statements were approved and available for issuance.

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2021**

Note 3 - Liquidity

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2021, the School has financial assets available to meet annual operating needs for the 2022 fiscal year as follows:

Cash	\$	31,047,619
Grants and other receivables		3,965,494
Receivable from related party - revolving lines of credit		3,020,020
Due from related party		1,601,374
Due from other school		18,607
Total financial assets		39,653,114
Less		
Receivable from related party - revolving lines of credit		(3,020,020)
Board-designated reserve		(3,500,000)
Financial assets available to meet cash needs for general expenditures within one year	\$	33,133,094

These financial assets are not subject to any grantor or contractual restrictions. The School supports its general operations primarily with Federal and State grants, which are recognized as purpose restrictions are met. The balances due to the NYC Department of Education and NYS Education Department represent advances received that are due back to the State based on the fiscal year reconciliation and do not represent operating expenses.

Note 4 - Receivable from related party - unsecured revolving line of credit

The School has entered into unsecured revolving lines of credit established with entities that are wholly owned by Achievement First, Inc. ("AF"). See Note 9 for the relationship between the School and AF. AF lines bear interest at a fixed rate of 2.6%. Funds are available upon written request. The School may demand repayment of principal and/or accrued interest in part or in full at any time and such repayments shall be due forty-five business days thereafter. Balances on the lines are as follows as of June 30, 2021:

	Credit limit	Amount drawn
AF Brooklyn HS4, LLC	\$ 5,000,000	\$ 1,939,327
AF Queens ES1, LLC	4,000,000	1,080,693
AF Glenmore Avenue, LLC	2,000,000	-
	\$ 11,000,000	\$ 3,020,020

Note 5 - Concentrations

The School received approximately 86% of its operating revenue, which is subject to specific requirements, from per pupil funding from the NYCDOE during the year ended June 30, 2021.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

The School's grants and other receivables consist of approximately 84% of per pupil funding from the State of New York and 15% from the Federal and State Departments of Education at June 30, 2021.

Note 6 - Agreement for School facilities

The School has entered into verbal agreements with the NYCDOE for dedicated and shared space at a cost of \$1 per year or less. In accordance with industry standards, the fair value of the rent has not been recorded. The School will be responsible for any overtime-related cost for services provided beyond the regular opening hours. For the year ended June 30, 2021, the School incurred no overtime and incurred no permit fees. The School also entered into an Administrative Cost Management Agreement that requires the School to pay Uncommon Crown Heights, LLC for its share of the building costs for the facilities located at 1485 Pacific Street, Brooklyn, New York. The fair value of the rent has not been included in the accompanying financial statements as the agreement is non-binding, the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice.

Note 7 - Property and equipment

The following is a summary of property and equipment at June 30, 2021:

Leasehold improvements	\$ 13,985,288
Furniture and fixtures	1,671,126
Computers and other hardware	354,660
Equipment	2,374,510
Software	32,498
Student computers and software	3,897
Musical instruments	<u>23,320</u>
	18,445,299
Less accumulated depreciation	<u>(11,219,285)</u>
	<u>\$ 7,226,014</u>

Depreciation expense was \$1,764,821 for the year ended June 30, 2021.

Note 8 - Lease acquisition costs

The NYCDOE, through the New York State Construction Authority ("NYSCA"), agreed to help finance the development and construction of 510 Waverly Avenue, Brooklyn, New York provided that Civic Builders (the "construction manager") and Achievement First Endeavor Charter School collectively contributed 20% of the costs of the construction.

In December 2012, NYSCA, the landlord, entered into an agreement to lease the building to Civic Builders for a 30-year term. Civic Builders entered into an agreement to sublease the building to AF Waverly LLC. AF is the sole member, which in turn leases the building to the School under the same terms at an annual lease of \$1 plus operating costs. The lease acquisition costs of \$6,792,379 include the costs incurred by Achievement First Endeavor Charter School in meeting their obligation to NYCDOE to fund 20% of the costs of construction; these costs are amortized over the 30-year lease term. Amortization expense for the year ended June 30, 2021 was \$226,412

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

and accumulated amortization at June 30, 2021 was \$2,473,866. Amortization expense for each of the next five years is \$226,413.

Note 9 - Related party transactions

The School entered into an Academic and Business Services Agreement (the "Agreement") with AF, a not-for-profit organization dedicated to helping start and run charter schools. This Agreement provides management and other administrative support services to the School.

Pursuant to the terms of the Agreement, the School pays a service fee equivalent to 10% of public revenues received by the School during or for that school year. Public revenues include all sources of revenue from a public source, but specifically exclude in-kind contributions such as student transportation, start-up funding, funding for student meals, and funding from competitive public grants. The Agreement automatically renews to coincide with the charter renewals for each school. The Agreement covers services including bookkeeping, facilities acquisition and management, special education delivery support, data analysis management support, and tutoring program support. The School is to pay AF an ancillary services fee that is mutually negotiated by the School and AF. For the year ended June 30, 2021, the School incurred management and ancillary services fees of \$18,686,046, which is included in the accompanying statement of functional expenses. AF is also the recipient of grant funds that are passed through AF to the School. The amount due from AF at June 30, 2021 was \$1,601,374.

The School received a \$52,254 grant from AF for Charter School funding.

Note 10 - Due from/to other schools

The following amounts were due from/to related schools and consist of the following at June 30, 2021:

Achievement First Providence Charter School	\$	12,208
Achievement First Bridgeport Academy		6,399
Achievement First Elm City Charter School		<u>(4,885)</u>
	\$	<u>13,722</u>

Note 11 - Loans payable

Loans payable to Charter School Growth Fund bear interest at 1% and 3%. The 1% loans are start-up loans and no payments of principal or interest are required until maturity. The 3% loans are improvement loans and require annual payments of principal and interest. Loans mature through June 30, 2024. The outstanding balance due to Charter School Growth Fund at June 30, 2021 was \$646,464 including accrued interest of \$19,130. Interest expense of \$19,130 is included in interest expense on the statement of functional expenses.

Loan payable to Peak Demand Energy is a non-interest bearing loan. The loan was established to pay for lighting costs related to school renovations. The loan is paid through monthly payments equal to the cost savings, quantified by the reduction in energy usage each month, which is approximately \$2,000 per month until the loan is paid in full in July 2024. The outstanding balance due to Peak Demand Energy at June 30, 2021 was \$65,865.

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2021**

The scheduled principal payments for the next five years are as follows:

2022	\$	253,334
2023		426,000
2024		<u>13,865</u>
Subtotal		693,199
Plus accrued interest		<u>19,130</u>
	\$	<u><u>712,329</u></u>

Note 12 - Due to NYC Department of Education and the New York State Education Department

The NYCDOE paid the School per pupil grant funds in six installments, based on estimates from the School. At the end of each year, the NYCDOE reconciles the total amount paid against the full-time-equivalent enrollment for the year and determines if an overpayment or underpayment has been made. As of June 30, 2021, an underpayment totaling \$42,272 had been made; an adjustment for this amount will be reflected in the third payment from NYCDOE in FY 2022. Additionally, the New York State Education Department informed the School during the year ended June 30, 2018, that an error had been made in the allocation of Title II funds available to districts throughout the State. As a result, \$788,840 was received by the School in excess of the State's recalculated grant allocation. During the year ended June 30, 2021, \$157,768 was repaid and the balance of \$315,536 will be repaid through an annual reduction in the grant allocation of \$157,768 for each of the next two years.

Note 13 - Operating leases

The School leases office equipment under non-cancelable operating lease agreements expiring through May. The future minimum payments are as follows:

2022	\$	921,431
2023		559,494
2024		355,130
2025		106,260
2026		38,965
Thereafter		<u>1,585</u>
	\$	<u><u>1,982,865</u></u>

The lease expense for the year ended June 30, 2021, was \$1,243,800.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2021

The School entered into leases for properties with two limited liability companies wholly owned by AF. The leases expire through July 30, 2024. One lease has an option for a one year renewal and the second lease has an option for a three year renewal. Additional rent is due in accordance with the lease agreements. No lease expense was incurred during the year ended June 30, 2021. The future minimum payments are as follows:

2022	\$	1,918,942
2023		2,680,386
2024		<u>135,500</u>
	\$	<u><u>4,734,828</u></u>

The School has guaranteed the lease between AF Queens ES1, LLC (wholly owned by AF) and a third party. The lease expires on July 31, 2027 and has a three year extension option.

Note 14 - Pension plan

Effective September 1, 2006, the School adopted a 403(b) profit sharing plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan upon employment. Those employees who have completed at least one full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 4% of an employee's salary, up to a maximum match of \$2,500 per year, per employee. The School contribution is not vested until the employee's third year, when he or she become fully vested. For the year ended June 30, 2021, pension expense for the School was approximately \$1,359,000, which is included in retirement in the accompanying statement of functional expenses.

Note 15 - Risk management

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; actions by employees and parents and natural disasters. The School maintains commercial insurance to protect itself from these risks.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund because management does not believe that there are any liabilities to be recorded.

Note 16 - Contingencies

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The spread of this virus has caused business disruption domestically in the United States, the area in which the School primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, while the School understands this matter may negatively impact the School's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2021**

Note 17 - Conditional contribution

AF received a conditional grant commencing April 2020 for expansion and minor repairs, of which they have allocated \$4,629,142 to the School. This grant is expected to cover periods through March 2025. Donor conditions specify that amounts must be spent on expenditures relevant to approved grant purpose. Since this grant represents a conditional promise to give, amounts will not be recognized as contribution revenue until donor conditions are met. Contribution revenue of \$52 was recorded during the year ended June 30, 2021 related to this grant.

The School received conditional ESSER grants of \$46,311,444. These grants are expected to cover periods through September 2023. Donor conditions specify that amounts must be spent on expenditures relevant to the approved grant purpose. Since these grants represent a conditional promise to give, amounts will not be recognized as contribution revenue until donor conditions are met. Contribution revenue of \$2,013,952 was recorded at June 30, 2021 related to this grant.

Supplementary Information

Achievement First Brooklyn Charter Schools

Supplemental Combining Schedule of Activities by Charter Year Ended June 30, 2021

	Achievement First Apollo	Achievement First Aspire	Achievement First Brownsville	Achievement First Bushwick	Achievement First Crown Heights	Achievement First East New York	Achievement First Endeavor	Achievement First Linden	Achievement First North Brooklyn	Achievement First Voyager	Total
Operating revenue											
State and local per pupil operating revenue	\$ 13,896,817	\$ 13,598,541	\$ 18,594,658	\$ 14,990,762	\$ 20,767,231	\$ 19,188,789	\$ 13,711,805	\$ 11,645,643	\$ 12,389,719	\$ 3,463,624	\$ 142,247,589
Federal, state and local grants	644,776	648,848	1,080,640	951,632	793,472	833,634	769,919	552,175	522,590	233,742	7,031,428
Special education revenue	1,340,810	1,219,239	1,807,493	3,285,781	2,793,273	1,679,469	1,831,325	1,209,431	1,490,483	278,561	16,935,865
Total operating revenue	15,882,403	15,466,628	21,482,791	19,228,175	24,353,976	21,701,892	16,313,049	13,407,249	14,402,792	3,975,927	166,214,882
Expenses											
Program services	11,681,805	11,323,641	17,257,112	15,349,367	19,643,570	17,703,488	13,253,125	10,563,484	10,570,673	4,232,445	131,578,710
General and administrative	1,432,259	1,562,576	2,215,376	1,904,242	2,518,852	2,220,911	1,772,138	1,300,926	1,299,487	572,792	16,799,559
Fundraising	-	-	5,185	-	6,207	3,608	-	-	-	-	15,000
Total expenses	13,114,064	12,886,217	19,477,673	17,253,609	22,168,629	19,928,007	15,025,263	11,864,410	11,870,160	4,805,237	148,393,269
Surplus (deficit) on school operations from government funding	2,768,339	2,580,411	2,005,118	1,974,566	2,185,347	1,773,885	1,287,786	1,542,839	2,532,632	(829,310)	17,821,613
Support and other revenue											
Contributions	4,926	54,904	65,954	5,729	81,860	116,087	750	1,500	7,956	5,200	344,866
In-kind contributions	30,205	36,834	85,759	40,142	80,347	20,521	9,473	42,966	44,560	16,598	407,405
Interest income	-	963	-	-	-	-	-	-	-	-	963
Other revenue	30,046	7,763	31,220	13,841	7,787	3,340	3,963	2,645	2,583	4,714	107,902
Total support and other revenue	65,177	100,464	182,933	59,712	169,994	139,948	14,186	47,111	55,099	26,512	861,136
Change in net assets	2,833,516	2,680,875	2,188,051	2,034,278	2,355,341	1,913,833	1,301,972	1,589,950	2,587,731	(802,798)	18,682,749
Net assets, beginning	7,719,494	4,931,257	2,695,396	3,594,398	2,095,131	1,401,205	4,272,226	3,572,518	3,630,084	(2,793,203)	31,118,506
Net assets, end	\$ 10,553,010	\$ 7,612,132	\$ 4,883,447	\$ 5,628,676	\$ 4,450,472	\$ 3,315,038	\$ 5,574,198	\$ 5,162,468	\$ 6,217,815	(\$ 3,596,001)	\$ 49,801,255

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Apollo
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,013,893	\$ -	\$ 1,013,893	\$ 1,036,638
Instructional personnel	7,001,090	576,667	7,577,757	-	-	7,577,757	7,155,824
Total personnel services costs	7,001,090	576,667	7,577,757	1,013,893	-	8,591,650	8,192,462
Fringe benefits and payroll taxes	1,185,213	97,624	1,282,837	171,642	-	1,454,479	1,428,255
Retirement	122,502	10,090	132,592	17,741	-	150,333	115,182
Management company fees	1,580,691	108,233	1,688,924	88,891	-	1,777,815	1,733,021
Accounting/audit services	-	-	-	14,618	-	14,618	13,565
Other purchased/professional/ consulting services	-	14,487	14,487	9,060	-	23,547	15,652
Repairs and maintenance	9,690	798	10,488	1,403	-	11,891	33,007
Insurance	30,227	2,490	32,717	4,377	-	37,094	39,077
Utilities	6,562	541	7,103	950	-	8,053	18,217
Supplies/materials	119,295	9,826	129,121	-	-	129,121	228,462
Equipment/furnishings	38,038	3,133	41,171	5,509	-	46,680	36,628
Staff development	18,823	1,551	20,374	1,574	-	21,948	154,123
Marketing/recruitment	121	10	131	-	-	131	1,239
Technology	357,930	29,482	387,412	10,734	-	398,146	339,011
Food service	9,010	742	9,752	-	-	9,752	43,938
Student services	4,521	372	4,893	-	-	4,893	226,154
Office expense	186,107	15,329	201,436	58,842	-	260,278	334,491
Depreciation and amortization	83,798	6,902	90,700	22,675	-	113,375	160,353
Other	43,500	3,583	47,083	10,049	-	57,132	64,925
Parental activities	2,612	215	2,827	-	-	2,827	10,760
Interest expense	-	-	-	301	-	301	2,300
Total expenses	<u>\$ 10,799,730</u>	<u>\$ 882,075</u>	<u>\$ 11,681,805</u>	<u>\$ 1,432,259</u>	<u>\$ -</u>	<u>\$ 13,114,064</u>	<u>\$ 13,190,822</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Aspire
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,126,767	\$ -	\$ 1,126,767	\$ 1,085,125
Instructional personnel	6,379,337	928,036	7,307,373	-	-	7,307,373	6,158,996
Total personnel services costs	6,379,337	928,036	7,307,373	1,126,767	-	8,434,140	7,244,121
Fringe benefits and payroll taxes	982,670	142,954	1,125,624	173,567	-	1,299,191	1,203,968
Retirement	83,614	12,164	95,778	14,768	-	110,546	93,288
Management company fees	1,473,268	176,431	1,649,699	86,826	-	1,736,525	1,594,570
Accounting/audit services	-	-	-	14,618	-	14,618	13,565
Other purchased/professional/consulting services	-	18,186	18,186	6,500	-	24,686	21,031
Repairs and maintenance	18,958	2,758	21,716	3,348	-	25,064	8,520
Insurance	29,686	4,319	34,005	5,244	-	39,249	37,086
Utilities	14,362	2,089	16,451	2,537	-	18,988	23,823
Supplies/materials	115,800	16,846	132,646	-	-	132,646	172,888
Equipment/furnishings	32,440	4,719	37,159	5,730	-	42,889	92,660
Staff development	40,045	5,826	45,871	1,594	-	47,465	127,701
Marketing/recruitment	3,054	445	3,499	-	-	3,499	6,021
Technology	370,947	53,962	424,909	15,460	-	440,369	461,054
Food service	4,281	623	4,904	-	-	4,904	50,846
Student services	50,974	7,415	58,389	-	-	58,389	128,143
Office expense	160,815	23,395	184,210	55,778	-	239,988	244,901
Depreciation and amortization	108,029	15,716	123,745	30,936	-	154,681	168,550
Other	32,788	4,769	37,557	13,139	-	50,696	50,490
Parental activities	1,676	244	1,920	-	-	1,920	16,451
Interest expense	-	-	-	5,764	-	5,764	10,311
Total expenses	\$ 9,902,744	\$ 1,420,897	\$ 11,323,641	\$ 1,562,576	\$ -	\$ 12,886,217	\$ 11,769,988

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Brownsville
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,565,901	\$ -	\$ 1,565,901	\$ 1,657,272
Instructional personnel	9,797,339	1,342,403	11,139,742	-	-	11,139,742	11,006,262
Total personnel services costs	9,797,339	1,342,403	11,139,742	1,565,901	-	12,705,643	12,663,534
Fringe benefits and payroll taxes	1,583,119	216,903	1,800,022	252,965	-	2,052,987	2,148,622
Retirement	129,914	17,800	147,714	20,756	-	168,470	150,100
Management company fees	2,052,639	232,398	2,285,037	120,538	5,185	2,410,760	2,431,349
Accounting/audit services	-	-	-	21,928	-	21,928	20,348
Other purchased/professional/consulting services	-	20,832	20,832	21,294	-	42,126	39,257
Repairs and maintenance	9,855	1,351	11,206	1,565	-	12,771	153,188
Insurance	41,123	5,635	46,758	6,580	-	53,338	56,713
Utilities	20,014	2,742	22,756	3,184	-	25,940	28,136
Supplies/materials	210,233	28,804	239,037	-	-	239,037	422,324
Equipment/furnishings	73,883	10,123	84,006	11,770	-	95,776	128,501
Staff development	47,551	6,516	54,067	2,665	-	56,732	245,266
Marketing/recruitment	174	24	198	-	-	198	7,660
Technology	442,108	60,572	502,680	12,737	-	515,417	532,861
Food service	136,444	18,694	155,138	-	-	155,138	493,705
Student services	91,418	12,525	103,943	-	-	103,943	266,169
Office expense	234,831	32,174	267,005	83,546	-	350,551	545,251
Depreciation and amortization	265,489	36,375	301,864	75,466	-	377,330	275,435
Other	61,811	8,467	70,278	14,824	-	85,102	83,925
Parental activities	4,247	582	4,829	-	-	4,829	16,609
Interest expense	-	-	-	(343)	-	(343)	50
Total expenses	\$ 15,202,192	\$ 2,054,920	\$ 17,257,112	\$ 2,215,376	\$ 5,185	\$ 19,477,673	\$ 20,709,003

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Bushwick
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,401,802	\$ -	\$ 1,401,802	\$ 1,274,160
Instructional personnel	9,082,238	1,244,353	10,326,591	-	-	10,326,591	9,588,974
Total personnel services costs	9,082,238	1,244,353	10,326,591	1,401,802	-	11,728,393	10,863,134
Fringe benefits and payroll taxes	1,448,481	198,455	1,646,936	223,503	-	1,870,439	1,866,238
Retirement	141,003	19,318	160,321	21,792	-	182,113	183,071
Management company fees	1,784,507	201,530	1,986,037	104,529	-	2,090,566	2,279,159
Accounting/audit services	-	-	-	14,619	-	14,619	13,566
Other purchased/professional/ consulting services	-	17,461	17,461	30,029	-	47,490	37,707
Repairs and maintenance	(43,181)	(5,917)	(49,098)	(6,789)	-	(55,887)	122,071
Insurance	30,606	4,193	34,799	4,720	-	39,519	41,731
Utilities	11,346	1,554	12,900	1,751	-	14,651	22,205
Supplies/materials	190,788	26,139	216,927	-	-	216,927	364,980
Equipment/furnishings	15,565	2,133	17,698	2,360	-	20,058	84,050
Staff development	25,885	3,546	29,431	1,180	-	30,611	160,899
Marketing/recruitment	53	7	60	-	-	60	1,330
Technology	412,959	56,579	469,538	13,730	-	483,268	467,544
Food service	101,664	13,929	115,593	-	-	115,593	235,033
Student services	(8,592)	(1,178)	(9,770)	-	-	(9,770)	340,283
Office expense	193,027	26,447	219,474	67,142	-	286,616	368,133
Depreciation and amortization	35,337	4,841	40,178	10,044	-	50,222	85,257
Other	49,320	6,760	56,080	13,830	-	69,910	70,614
Parental activities	51,197	7,014	58,211	-	-	58,211	62,026
Total expenses	<u>\$ 13,522,203</u>	<u>\$ 1,827,164</u>	<u>\$ 15,349,367</u>	<u>\$ 1,904,242</u>	<u>\$ -</u>	<u>\$ 17,253,609</u>	<u>\$ 17,669,031</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Crown Heights
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,752,852	\$ -	\$ 1,752,852	\$ 1,935,709
Instructional personnel	10,871,495	1,489,499	12,360,994	-	-	12,360,994	12,148,789
Total personnel services costs	10,871,495	1,489,499	12,360,994	1,752,852	-	14,113,846	14,084,498
Fringe benefits and payroll taxes	1,847,188	253,083	2,100,271	297,829	-	2,398,100	2,415,371
Retirement	146,840	20,118	166,958	23,675	-	190,633	165,132
Management company fees	2,325,401	263,317	2,588,718	136,575	6,207	2,731,500	2,663,636
Accounting/audit services	-	-	-	21,927	-	21,927	20,348
Other purchased/professional/consulting services	-	16,615	16,615	10,173	-	26,788	40,401
Repairs and maintenance	1,160	159	1,319	187	-	1,506	69,053
Insurance	92,869	12,724	105,593	14,974	-	120,567	112,833
Utilities	706,501	96,797	803,298	113,912	-	917,210	1,018,441
Supplies/materials	225,621	30,912	256,533	-	-	256,533	374,005
Equipment/furnishings	36,981	5,067	42,048	5,963	-	48,011	73,990
Staff development	52,791	7,233	60,024	1,995	-	62,019	167,708
Marketing/recruitment	1,886	258	2,144	-	-	2,144	14,500
Technology	490,385	67,187	557,572	15,646	-	573,218	532,880
Food service	3,371	462	3,833	-	-	3,833	32,301
Student services	156,064	21,382	177,446	-	-	177,446	400,662
Office expense	257,435	35,271	292,706	99,605	-	392,311	403,154
Depreciation and amortization	30,897	4,233	35,130	8,783	-	43,913	109,586
Other	63,647	8,721	72,368	14,756	-	87,124	102,342
Parental activities	-	-	-	-	-	-	12,627
Total expenses	\$ 17,310,532	\$ 2,333,038	\$ 19,643,570	\$ 2,518,852	\$ 6,207	\$ 22,168,629	\$ 22,813,468

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - East New York
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,618,341	\$ -	\$ 1,618,341	\$ 1,562,280
Instructional personnel	10,199,703	1,397,460	11,597,163	-	-	11,597,163	11,415,404
Total personnel services costs	10,199,703	1,397,460	11,597,163	1,618,341	-	13,215,504	12,977,684
Fringe benefits and payroll taxes	1,677,209	229,794	1,907,003	266,115	-	2,173,118	2,213,994
Retirement	157,219	21,540	178,759	24,945	-	203,704	198,234
Management company fees	2,095,697	237,082	2,332,779	122,968	3,608	2,459,355	2,364,720
Accounting/audit services	-	-	-	21,927	-	21,927	20,348
Other purchased/professional/ consulting services	-	151,388	151,388	9,750	-	161,138	110,099
Repairs and maintenance	1,901	260	2,161	301	-	2,462	70,699
Insurance	39,721	5,442	45,163	6,302	-	51,465	52,411
Utilities	10,204	1,398	11,602	1,619	-	13,221	24,689
Supplies/materials	133,213	18,252	151,465	-	-	151,465	466,556
Equipment/furnishings	35,423	4,853	40,276	5,620	-	45,896	68,434
Staff development	40,621	5,566	46,187	2,796	-	48,983	138,514
Marketing/recruitment	4,701	644	5,345	-	-	5,345	7,102
Technology	497,990	68,229	566,219	21,032	-	587,251	526,038
Food service	53,593	7,343	60,936	-	-	60,936	247,678
Student services	139,219	19,074	158,293	-	-	158,293	270,397
Office expense	200,793	27,511	228,304	63,191	-	291,495	407,125
Depreciation and amortization	136,908	18,758	155,666	38,916	-	194,582	417,193
Other	56,744	7,775	64,519	13,539	-	78,058	104,441
Parental activities	229	31	260	-	-	260	6,867
Interest expense	-	-	-	3,549	-	3,549	3,550
Total expenses	<u>\$ 15,481,088</u>	<u>\$ 2,222,400</u>	<u>\$ 17,703,488</u>	<u>\$ 2,220,911</u>	<u>\$ 3,608</u>	<u>\$ 19,928,007</u>	<u>\$ 20,696,773</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Endeavor
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,162,656	\$ -	\$ 1,162,656	\$ 1,041,317
Instructional personnel	6,867,957	940,977	7,808,934	-	-	7,808,934	7,442,922
Total personnel services costs	6,867,957	940,977	7,808,934	1,162,656	-	8,971,590	8,484,239
Fringe benefits and payroll taxes	1,128,947	154,677	1,283,624	191,116	-	1,474,740	1,433,692
Retirement	103,962	14,244	118,206	17,600	-	135,806	127,099
Management company fees	1,545,354	174,522	1,719,876	90,520	-	1,810,396	1,771,492
Accounting/audit services	-	-	-	14,618	-	14,618	13,565
Other purchased/professional/ consulting services	51,146	136,900	188,046	15,158	-	203,204	222,273
Repairs and maintenance	449,876	61,637	511,513	76,158	-	587,671	561,360
Insurance	95,038	13,021	108,059	16,089	-	124,148	92,281
Utilities	156,754	21,477	178,231	26,536	-	204,767	190,544
Supplies/materials	90,344	12,378	102,722	-	-	102,722	218,837
Equipment/furnishings	29,441	4,034	33,475	4,984	-	38,459	25,295
Staff development	35,703	4,891	40,594	1,299	-	41,893	100,051
Marketing/recruitment	133	18	151	-	-	151	989
Technology	355,114	48,654	403,768	8,864	-	412,632	386,547
Food service	151,720	20,787	172,507	-	-	172,507	471,076
Student services	10,672	1,462	12,134	-	-	12,134	84,272
Office expense	156,913	21,499	178,412	50,261	-	228,673	220,873
Depreciation and amortization	304,715	41,749	346,464	86,616	-	433,080	406,977
Other	40,817	5,592	46,409	9,663	-	56,072	43,548
Parental activities	-	-	-	-	-	-	5,364
Interest expense	-	-	-	-	-	-	38,336
Total expenses	<u>\$ 11,574,606</u>	<u>\$ 1,678,519</u>	<u>\$ 13,253,125</u>	<u>\$ 1,772,138</u>	<u>\$ -</u>	<u>\$ 15,025,263</u>	<u>\$ 14,898,710</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Linden
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 919,210	\$ -	\$ 919,210	\$ 862,947
Instructional personnel	5,925,148	811,803	6,736,951	-	-	6,736,951	5,425,251
Total personnel services costs	5,925,148	811,803	6,736,951	919,210	-	7,656,161	6,288,198
Fringe benefits and payroll taxes	996,145	136,482	1,132,627	154,539	-	1,287,166	1,102,622
Retirement	68,117	9,333	77,450	10,567	-	88,017	63,262
Management company fees	1,311,560	148,119	1,459,679	76,825	-	1,536,504	1,397,983
Accounting/audit services	-	-	-	14,618	-	14,618	13,565
Other purchased/professional/ consulting services	-	25,301	25,301	4,925	-	30,226	118,599
Repairs and maintenance	10,457	1,433	11,890	1,622	-	13,512	57,012
Insurance	27,181	3,724	30,905	4,217	-	35,122	32,141
Utilities	6,184	847	7,031	959	-	7,990	13,882
Supplies/materials	218,886	29,990	248,876	-	-	248,876	300,194
Equipment/furnishings	64,861	8,886	73,747	10,062	-	83,809	127,697
Staff development	38,477	5,272	43,749	1,666	-	45,415	111,648
Marketing/recruitment	5,664	776	6,440	-	-	6,440	12,648
Technology	385,892	52,871	438,763	13,813	-	452,576	386,490
Food service	1,319	181	1,500	-	-	1,500	20,186
Student services	2,006	275	2,281	-	-	2,281	63,396
Office expense	139,135	19,063	158,198	54,147	-	212,345	228,546
Depreciation and amortization	62,998	8,631	71,629	17,907	-	89,536	113,290
Other	32,074	4,393	36,467	12,284	-	48,751	46,731
Parental activities	-	-	-	-	-	-	10,777
Interest expense	-	-	-	3,565	-	3,565	8,014
Total expenses	\$ 9,296,104	\$ 1,267,380	\$ 10,563,484	\$ 1,300,926	\$ -	\$ 11,864,410	\$ 10,516,881

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - North Brooklyn
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 920,547	\$ -	\$ 920,547	\$ 800,064
Instructional personnel	5,911,898	809,987	6,721,885	-	-	6,721,885	5,767,976
Total personnel services costs	5,911,898	809,987	6,721,885	920,547	-	7,642,432	6,568,040
Fringe benefits and payroll taxes	931,156	127,577	1,058,733	144,991	-	1,203,724	1,105,669
Retirement	75,177	10,300	85,477	11,706	-	97,183	76,962
Management company fees	1,399,413	158,040	1,557,453	81,971	-	1,639,424	1,396,323
Accounting/audit services	-	-	-	14,618	-	14,618	13,565
Other purchased/professional/ consulting services	-	16,977	16,977	6,500	-	23,477	25,970
Repairs and maintenance	1,564	214	1,778	243	-	2,021	103,683
Insurance	27,535	3,772	31,307	4,287	-	35,594	31,130
Utilities	6,260	858	7,118	975	-	8,093	13,521
Supplies/materials	197,939	27,119	225,058	-	-	225,058	247,036
Equipment/furnishings	29,223	4,004	33,227	4,550	-	37,777	100,792
Staff development	33,647	4,609	38,256	1,744	-	40,000	121,076
Marketing/recruitment	228	31	259	-	-	259	1,457
Technology	329,082	45,088	374,170	8,080	-	382,250	292,087
Food service	5,533	758	6,291	-	-	6,291	33,338
Student services	9,241	1,266	10,507	-	-	10,507	29,582
Office expense	161,908	22,183	184,091	49,929	-	234,020	227,279
Depreciation and amortization	130,308	17,853	148,161	37,040	-	185,201	174,162
Other	35,081	4,808	39,889	10,913	-	50,802	45,118
Parental activities	26,417	3,619	30,036	-	-	30,036	59,930
Interest expense	-	-	-	1,393	-	1,393	3,000
Total expenses	<u>\$ 9,311,610</u>	<u>\$ 1,259,063</u>	<u>\$ 10,570,673</u>	<u>\$ 1,299,487</u>	<u>\$ -</u>	<u>\$ 11,870,160</u>	<u>\$ 10,669,720</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Voyager
Year Ended June 30, 2021**

	Program services			General and administrative	Fundraising	2021 Total	2020 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 357,413	\$ -	\$ 357,413	\$ 705,108
Instructional personnel	2,268,513	310,809	2,579,322	-	-	2,579,322	3,441,195
Total personnel services costs	2,268,513	310,809	2,579,322	357,413	-	2,936,735	4,146,303
Fringe benefits and payroll taxes	384,717	52,710	437,427	60,614	-	498,041	687,874
Retirement	24,877	3,409	28,286	3,920	-	32,206	32,428
Management company fees	420,996	47,545	468,541	24,660	-	493,201	761,001
Accounting/audit services	-	-	-	7,309	-	7,309	13,565
Other purchased/professional/ consulting services	-	4,326	4,326	2,625	-	6,951	24,424
Repairs and maintenance	37,085	5,081	42,166	5,843	-	48,009	(1,963)
Insurance	8,715	1,194	9,909	1,373	-	11,282	17,193
Utilities	3,078	422	3,500	485	-	3,985	10,267
Supplies/materials	38,150	5,227	43,377	-	-	43,377	159,210
Equipment/furnishings	18,608	2,550	21,158	2,932	-	24,090	122,956
Staff development	11,851	1,624	13,475	288	-	13,763	79,247
Marketing/recruitment	114	16	130	-	-	130	202
Technology	114,585	15,699	130,284	7,057	-	137,341	272,296
Food service	58,374	7,998	66,372	-	-	66,372	123,104
Student services	1,115	153	1,268	-	-	1,268	29,693
Office expense	75,149	10,296	85,445	22,574	-	108,019	206,553
Depreciation and amortization	245,776	33,674	279,450	69,863	-	349,313	227,927
Other	15,840	2,169	18,009	3,736	-	21,745	38,115
Parental activities	-	-	-	-	-	-	2,307
Interest expense	-	-	-	2,100	-	2,100	2,100
Total expenses	<u>\$ 3,727,543</u>	<u>\$ 504,902</u>	<u>\$ 4,232,445</u>	<u>\$ 572,792</u>	<u>\$ -</u>	<u>\$ 4,805,237</u>	<u>\$ 6,954,802</u>

Independent Auditor's 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*

To the Board of Trustees
Achievement First Brooklyn 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 Achievement First Brooklyn Charter Schools (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 Achievement First Brooklyn Charter Schools' 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 Achievement First Brooklyn Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Achievement First Brooklyn Charter Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Achievement First Brooklyn Charter Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

CohnReznick LLP

Hartford, Connecticut
October 29, 2021



Independent Member of Nexia International

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