

# BROOKLYN DREAMS CHARTER SCHOOL



Financial Statements and Additional  
Information as of and for the Years Ended  
June 30, 2016 and 2015, and Independent  
Auditor's Reports

# BROOKLYN DREAMS CHARTER SCHOOL

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## Independent Auditor's Report

To the Board of Directors  
Brooklyn Dreams Charter School

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

We have audited the accompanying financial statements of Brooklyn Dreams Charter School (the "School"), which comprise the statement of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets 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.

### ***Auditor's 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 audits 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.

To the Board of Directors  
Brooklyn Dreams Charter School

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Dreams Charter School as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Brooklyn Dreams Charter School's financial statements. The supplemental schedule of functional expenses, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements.

The supplemental schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016 on our consideration of the Brooklyn Dreams Charter 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 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 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 Brooklyn Dreams Charter School's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 17, 2016

# BROOKLYN DREAMS CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	2016	2015
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 130,401	\$ 108,499
Due from governmental revenue sources	<u>313,076</u>	<u>256,276</u>
Total current assets	<u>443,477</u>	<u>364,775</u>
NON-CURRENT ASSETS:		
Capital assets	29,040	29,040
Less accumulated depreciation	<u>(13,844)</u>	<u>(10,940)</u>
Total capital assets, net of accumulated depreciation	<u>15,196</u>	<u>18,100</u>
TOTAL	<u>\$ 458,673</u>	<u>\$ 382,875</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Deferred revenue	\$ 20,061	\$ 1,402
Contracted service fee payable	<u>368,065</u>	<u>329,900</u>
Total liabilities	<u>388,126</u>	<u>331,302</u>
NET ASSETS:		
Unrestricted and undesignated	<u>70,547</u>	<u>51,573</u>
TOTAL	<u>\$ 458,673</u>	<u>\$ 382,875</u>

See notes to financial statements.

## BROOKLYN DREAMS CHARTER SCHOOL

### STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEARS ENDED JUNE 30, 2016 AND 2015

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	2016	2015
REVENUES, GAINS AND OTHER SUPPORT:		
State aid	\$ 8,787,604	\$ 7,784,113
Other state sources	797,947	365,720
Federal sources	559,561	606,531
Private sources	<u>13,280</u>	<u>28,695</u>
Total revenues, gains and other support	10,158,392	8,785,059
EXPENSES:		
Contracted service fee	10,136,514	8,774,557
Depreciation	<u>2,904</u>	<u>3,712</u>
Total expenses	<u>10,139,418</u>	<u>8,778,269</u>
CHANGE IN UNRESTRICTED NET ASSETS	18,974	6,790
NET ASSETS:		
Beginning of year	<u>51,573</u>	<u>44,783</u>
End of year	<u>\$ 70,547</u>	<u>\$ 51,573</u>

See notes to financial statements.

## BROOKLYN DREAMS CHARTER SCHOOL

### STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
State aid	\$ 8,652,914	\$ 7,783,057
Other state sources	816,953	350,543
Federal sources	637,450	534,846
Private sources	12,934	29,099
Payments for services rendered	<u>(10,098,349)</u>	<u>(8,687,020)</u>
Net cash provided by operating activities	<u>21,902</u>	<u>10,525</u>
NET INCREASE IN CASH	21,902	10,525
CASH — Beginning of year	<u>108,499</u>	<u>97,974</u>
CASH — End of year	<u>\$ 130,401</u>	<u>\$ 108,499</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 18,974	\$ 6,790
Depreciation	2,904	3,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	(56,800)	(72,742)
Change in deferred revenue	18,659	(14,772)
Change in contracted service fee payable	<u>38,165</u>	<u>87,537</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 21,902</u>	<u>\$ 10,525</u>

See notes to financial statements.

# BROOKLYN DREAMS CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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### 1. NATURE OF OPERATIONS

Brooklyn Dreams Charter School (the "School") is a public charter school as defined by Article 56 of the New York State Education Law which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under a charter approved by the State University of New York Charter Schools Institute, which is responsible for oversight of the School's operations. The charter expires July 31, 2018 and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School's primary source of revenue is provided by the State of New York and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and was funded through payments from July 2015 through May 2016 for the year ended June 30, 2016.

The Board of Directors of the School has entered into a management agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until termination or expiration of the charter, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources and NHA pays the Board of Directors an amount equal to the lesser of two percent of state per pupil aid or \$35,000. These funds are property of the School and may be used by the School at the discretion of the board.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** — The financial statements have been prepared in accordance with Section 2851 of the Education Law of the State of New York which requires such statements to be prepared on the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America for not-for-profit organizations.

**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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash** — Cash as of June 30, 2016 and 2015 represents bank deposits which are covered by federal depository insurance.

**Deferred Revenue** — Deferred revenue as of June 30, 2016 and 2015 consists of funds received for services which have not yet been performed.

**Contracted Service Fee Payable** — Contracted service fee payable represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

**Capital Assets** — Capital assets, which include other equipment, are reported at historical cost. Capital assets are defined by the School as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

**The Financial Statements** — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* — Net assets which are not subject to donor imposed or governmental stipulations.

Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in unrestricted net assets. Other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Income Taxes** — The School operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code.

The School has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. The School recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations prior to June 30, 2013.

### 3. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2016 or 2015, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

### 4. CONTINGENCIES

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### 5. CAPITAL ASSETS

Capital asset activity of the school was as follows:

Year ended June 30, 2016	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	\$ 29,040	\$ -	\$ -	\$ 29,040
Total capital assets at historical cost	<u>29,040</u>	<u>-</u>	<u>-</u>	<u>29,040</u>
Less accumulated depreciation — equipment	<u>10,940</u>	<u>2,904</u>	<u>-</u>	<u>13,844</u>
Total accumulated depreciation	<u>10,940</u>	<u>2,904</u>	<u>-</u>	<u>13,844</u>
Total capital asset activity, net	<u>\$ 18,100</u>	<u>\$ (2,904)</u>	<u>\$ -</u>	<u>\$ 15,196</u>

Year ended June 30, 2015	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	\$ 29,040	\$ -	\$ -	\$ 29,040
Total capital assets at historical cost	<u>29,040</u>	<u>-</u>	<u>-</u>	<u>29,040</u>
Less accumulated depreciation — equipment	<u>7,228</u>	<u>3,712</u>	<u>-</u>	<u>10,940</u>
Total accumulated depreciation	<u>7,228</u>	<u>3,712</u>	<u>-</u>	<u>10,940</u>
Total capital asset activity, net	<u>\$ 21,812</u>	<u>\$ (3,712)</u>	<u>\$ -</u>	<u>\$ 18,100</u>

## 6. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2015 through June 30, 2016. Annual rental payments required by the lease are \$2,354,748 payable in twelve monthly payments of \$196,229. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The School subsequently renewed the sublease with NHA for the period of July 1, 2016 through June 30, 2017, at the same rental rate.

## 7. FUNCTIONAL EXPENSES

The School provides a comprehensive education programs to enrolled students. Expenses incurred for these programs and other expenses are as follows:

	2016	2015
Program services:		
Regular education	\$ 7,098,896	\$ 6,944,964
Special education	634,142	493,593
Supporting services — management and general	<u>2,403,476</u>	<u>1,336,000</u>
Total contracted service fee	10,136,514	8,774,557
Depreciation Expense	<u>2,904</u>	<u>3,712</u>
Total Expenses	<u>\$ 10,139,418</u>	<u>\$ 8,778,269</u>

## 8. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2016 have been evaluated through October 17, 2016, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

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## **ADDITIONAL INFORMATION**

## BROOKLYN DREAMS CHARTER SCHOOL

### SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

	No. of Positions	2016								2015
		Program Services				Supporting Services			Total	
		Regular Education	Special Education	Other Education	Total	Fund- raising	Management and General	Total		
Personnel Services Costs										
Administrative Staff Personnel	-	\$ 544,076	\$ -	\$ -	\$ 544,076	\$ -	\$ -	\$ -	\$ 544,076	\$ 520,283
Instructional Personnel	-	2,108,868	386,104	-	2,494,972	-	-	-	2,494,972	2,285,682
Non-Instructional Personnel	-	49,665	-	-	49,665	-	-	-	49,665	9,517
Total Salaries and Staff	-	2,702,609	386,104	-	3,088,713	-	-	-	3,088,713	2,815,482
Fringe Benefits & Payroll Taxes		604,347	93,459	-	697,806	-	-	-	697,806	673,922
Retirement		41,109	6,096	-	47,205	-	-	-	47,205	41,927
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		11,306	-	-	11,306	-	-	-	11,306	18,852
Accounting / Audit Services		6,384	-	-	6,384	-	298,076	298,076	304,460	161,696
Other Purchased / Professional / Consulting Services		-	143,609	-	143,609	-	622,336	622,336	765,945	482,938
Building and Land Rent / Lease		2,354,749	-	-	2,354,749	-	-	-	2,354,749	2,364,757
Repairs & Maintenance		276,513	-	-	276,513	-	32,896	32,896	309,409	255,100
Insurance		40,541	-	-	40,541	-	-	-	40,541	37,801
Utilities		139,895	-	-	139,895	-	-	-	139,895	140,869
Supplies / Materials		165,303	1,750	-	167,053	-	-	-	167,053	245,253
Equipment / Furnishings		121,389	495	-	121,884	-	-	-	121,884	125,255
Staff Development		86,489	2,629	-	89,118	-	19,583	19,583	108,701	85,900
Marketing / Recruitment		41,133	-	-	41,133	-	93,770	93,770	134,903	126,345
Technology		27,293	-	-	27,293	-	282,375	282,375	309,668	197,028
Food Service		398,932	-	-	398,932	-	-	-	398,932	357,367
Student Services		25,846	-	-	25,846	-	134,786	134,786	160,632	88,344
Office Expense		47,339	-	-	47,339	-	44,308	44,308	91,647	48,563
Depreciation		2,904	-	-	2,904	-	-	-	2,904	3,712
OTHER		7,719	-	-	7,719	-	875,346	875,346	883,065	507,158
Total Expenses		\$ 7,101,800	\$ 634,142	\$ -	\$ 7,735,942	\$ -	\$ 2,403,476	\$ 2,403,476	\$ 10,139,418	\$ 8,778,269

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors  
Brooklyn Dreams Charter School

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 Brooklyn Dreams Charter School (the "School"), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, changes in net assets, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated October 17, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brooklyn Dreams Charter School's internal control over financial reporting (internal control) to determine 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.

To the Board of Directors  
Brooklyn Dreams Charter School

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Brooklyn Dreams Charter 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 amounts. 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alente & Morse, PLLC*

October 17, 2016



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October 17, 2016

To the Board of Directors  
Brooklyn Dreams Charter School

We have audited the financial statements of Brooklyn Dreams Charter School (the "School") as of and for the year ended June 30, 2016 and have issued our report thereon dated October 17, 2016. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated February 17, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Brooklyn Dreams Charter School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of Brooklyn Dreams Charter School's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of Brooklyn Dreams Charter School, including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 17, 2016 regarding our consideration of Brooklyn Dreams Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated June 1, 2016.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Brooklyn Dreams Charter School are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2016.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes uncorrected misstatements of the financial statements which were requested to be recorded. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

***Significant Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 17, 2016.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the board of directors and management of Brooklyn Dreams Charter School and is not intended to be and should not be used by anyone other than these specified parties.

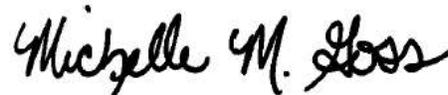
We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

**Plante & Moran, PLLC**



Michael A. Lamfers, CPA  
Partner



Michelle M. Goss, CPA  
Partner

Client: **Brooklyn Dreams Charter School**  
 Y/E: **6/30/2016**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1	To adjust due from state-other sources. Revenue was originally recorded as \$225 per FTE and the actual amount received after year end was \$215,125 per FTE.	\$ (5,991)		\$ (5,991)			\$ (5,991)	\$ (5,991)	
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	None								
<b>PROJECTED ADJUSTMENTS:</b>									
C1	None								
		-	\$ -	-	\$ -	\$ -	-	-	\$ -
	Total	<u>\$ (5,991)</u>	<u>\$ -</u>	<u>\$ (5,991)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,991)</u>	<u>\$ (5,991)</u>	<u>\$ -</u>
<b>PASSED DISCLOSURES:</b>									
D1	None								