

Achievement First Brooklyn Charter Schools

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

June 30, 2022

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Achievement First Brooklyn Charter Schools, which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Achievement First Brooklyn Charter Schools as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Achievement First Brooklyn Charter Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Achievement First Brooklyn Charter Schools' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Achievement First Brooklyn Charter Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Achievement First Brooklyn Charter Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Reported on Summarized Comparative Information

We have previously audited Achievement First Brooklyn Charter Schools' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the combining schedule of activities by charter and schedules of functional expenses are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, combining schedule of activities by charter and schedules of functional expenses are fairly stated, in all material respects, in relation to the consolidated 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 31, 2022, 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.

CohnReznick LLP

Hartford, Connecticut
October 31, 2022

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2022
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets		
Cash	\$ 38,856,358	\$ 31,047,619
Restricted cash	350,000	350,000
Grants and other receivables	8,876,577	3,965,494
Receivable from related party - revolving lines of credit	6,642,270	3,020,020
Prepaid expenses and other assets	193,019	585,132
Due from related party	79,680	1,601,374
Due from other school	2,247	18,607
	<u>55,000,151</u>	<u>40,588,246</u>
Total current assets		
Non-current assets		
Construction in process	1,123,367	2,121,676
Property and equipment, net	7,232,818	7,226,014
Lease acquisition costs, net	4,092,099	4,318,513
	<u>12,448,284</u>	<u>13,666,203</u>
Total noncurrent assets		
Total assets	<u>\$ 67,448,435</u>	<u>\$ 54,254,449</u>

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2022
(With Comparative Totals for 2021)**

Liabilities and Net Assets

	2022	2021
Current liabilities		
Accounts payable and accrued expenses	\$ 3,312,324	\$ 1,983,947
Accrued salaries and other payroll related expenses	1,340,925	1,393,725
Due to other schools	24,407	4,885
Due to NYC Department of Education	339,109	42,272
Due to NYS Education Department - current portion	157,768	157,768
Deferred rent	724,034	-
Refundable advance	2,661,755	-
Deferred revenue	-	500
Loans payable - current portion	426,000	253,334
Total current liabilities	8,986,322	3,836,431
Long-term liabilities		
Due to NYS Education Department - net of current portion	-	157,768
Loans payable - net of current portion	33,118	458,995
Total long-term liabilities	33,118	616,763
Total liabilities	9,019,440	4,453,194
Net assets		
Without donor restrictions		
Undesignated	51,418,495	46,300,755
Board-designated reserve	7,000,000	3,500,000
With donor restrictions	10,500	500
Total net assets	58,428,995	49,801,255
Total liabilities and net assets	\$ 67,448,435	\$ 54,254,449

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	Without donor restrictions	With donor restrictions	2022	2021
Change in unrestricted net assets				
Operating revenue				
State and local per pupil operating revenue	\$ 145,549,004	\$ -	\$ 145,549,004	\$ 142,247,589
Federal, state and local grants	16,712,846	-	16,712,846	7,031,428
Special education revenue	16,796,617	-	16,796,617	16,935,865
Total operating revenue	<u>179,058,467</u>	<u>-</u>	<u>179,058,467</u>	<u>166,214,882</u>
Expenses				
Program services	152,205,423	-	152,205,423	131,578,710
General and administrative	20,428,725	-	20,428,725	16,799,559
Fundraising	15,000	-	15,000	15,000
Total expenses	<u>172,649,148</u>	<u>-</u>	<u>172,649,148</u>	<u>148,393,269</u>
Surplus on school operations from government funding	<u>6,409,319</u>	<u>-</u>	<u>6,409,319</u>	<u>17,821,613</u>
Support and other revenue				
Contributions	320,855	10,000	330,855	344,866
In-kind contributions	524,680	-	524,680	407,405
Interest income	86,077	-	86,077	963
Other revenue	1,276,809	-	1,276,809	107,902
Total support and other revenue	<u>2,208,421</u>	<u>10,000</u>	<u>2,218,421</u>	<u>861,136</u>
Change in net assets	8,617,740	10,000	8,627,740	18,682,749
Net assets, beginning	<u>49,800,755</u>	<u>500</u>	<u>49,801,255</u>	<u>31,118,506</u>
Net assets, end	<u>\$ 58,418,495</u>	<u>\$ 10,500</u>	<u>\$ 58,428,995</u>	<u>\$ 49,801,255</u>

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

**Statement of Functional Expenses
Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 13,591,466	\$ -	\$ 13,591,466	\$ 11,839,382
Instructional personnel	78,215,888	10,394,899	88,610,787	-	-	88,610,787	84,156,712
Total personnel services costs	78,215,888	10,394,899	88,610,787	13,591,466	-	102,202,253	95,996,094
Fringe benefits and payroll taxes	12,473,352	1,657,482	14,130,834	2,165,359	-	16,296,193	15,711,985
Retirement	1,028,618	135,860	1,164,478	177,403	-	1,341,881	1,359,011
Management company fees	16,447,201	1,801,145	18,248,346	961,229	15,000	19,224,575	18,686,046
Accounting/audit services	-	-	-	171,168	-	171,168	160,800
Other purchased/professional/consulting services	91,082	402,937	494,019	125,759	-	619,778	589,633
Repairs and maintenance	2,682,748	373,621	3,056,369	652,532	-	3,708,901	649,020
Insurance	497,955	66,556	564,511	86,672	-	651,183	547,378
Utilities	1,230,305	168,535	1,398,840	216,024	-	1,614,864	1,222,898
Supplies/materials	3,103,559	412,115	3,515,674	-	-	3,515,674	1,745,762
Equipment/furnishings	1,255,089	171,180	1,426,269	242,856	-	1,669,125	483,445
Staff development	844,968	112,856	957,824	70,868	-	1,028,692	408,829
Marketing/recruitment	399,935	53,162	453,097	-	-	453,097	18,357
Technology	5,338,662	710,158	6,048,820	140,095	-	6,188,915	4,382,468
Food service	2,490,599	339,012	2,829,611	-	-	2,829,611	596,826
Student services	2,153,591	284,955	2,438,546	-	-	2,438,546	519,384
Office expense	3,867,199	515,158	4,382,357	1,246,373	-	5,628,730	2,604,296
Depreciation and amortization	1,626,347	220,954	1,847,301	461,825	-	2,309,126	1,991,233
Other	471,529	62,267	533,796	114,565	-	648,361	605,392
Parental activities	91,578	12,366	103,944	-	-	103,944	98,083
Interest expense	-	-	-	4,531	-	4,531	16,329
Total expenses	<u>\$ 134,310,205</u>	<u>\$ 17,895,218</u>	<u>\$ 152,205,423</u>	<u>\$ 20,428,725</u>	<u>\$ 15,000</u>	<u>\$ 172,649,148</u>	<u>\$ 148,393,269</u>

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Cash Flows Year Ended June 30, 2022 (With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 8,627,740	\$ 18,682,749
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,309,126	1,991,233
Write-off of construction in process	52,549	-
Accrued interest	(2,254)	19,130
Changes in operating assets and liabilities		
Grants and other receivables	(4,911,083)	(704,897)
Prepaid expenses and other assets	392,113	(500,617)
Due from related party	1,521,694	(1,601,374)
Due from other school	16,360	(18,607)
Due from NYC Department of Education	-	57,786
Accounts payable and accrued expenses	1,301,137	632,816
Accrued salaries and other payroll related expenses	(52,800)	(1,636,628)
Due to related party	-	(588,700)
Due to other schools	19,522	(5,451)
Due to NYC Department of Education	296,837	(123,957)
Due to NYS Education Department	(157,768)	(157,768)
Deferred rent	724,034	-
Refundable advance	2,661,755	-
Deferred revenue	(500)	(30,515)
	12,798,462	16,015,200
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(1,116,516)	(1,400,833)
Cash paid out on revolving lines of credit	(3,622,250)	(3,020,020)
	(4,738,766)	(4,420,853)
Net cash used in investing activities		
Cash flows from financing activities		
Payments of long-term debt	(250,957)	(809,260)
	(250,957)	(809,260)
Net increase in cash and restricted cash	7,808,739	10,785,087
Cash and restricted cash, beginning	31,397,619	20,612,532
Cash and restricted cash, end	\$ 39,206,358	\$ 31,397,619
Cash paid during the year for interest	\$ 6,783	\$ 38,111
Supplemental disclosure of noncash investing and financing transactions		
Transfer of construction in process to fixed assets	\$ 1,219,430	\$ 1,371,124
Purchase of construction in process with accounts payable	\$ 137,400	\$ 110,160

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

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, Achievement First Voyager Charter School and Achievement First Legacy Charter School. The supplemental schedules to the financial statements provide additional operating activity by charter. The schools operate under one legal entity. The financial statements reflect the activities of the eleven charter schools for the fiscal year ended June 30, 2022.

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 and Queens, New York.

During the year ended June 30, 2022, 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. 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 nonoperating grants.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

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, 2022.

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:

	2022	2021
Cash	\$ 38,856,358	\$ 31,047,619
Restricted cash	350,000	350,000
Total	<u>\$ 39,206,358</u>	<u>\$ 31,397,619</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 \$8,876,577 at June 30, 2022. The School has determined that no allowance for uncollectible accounts for receivables is necessary as of June 30, 2022. 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, 2022

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 nonfinancial 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, 2022.

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, 2022

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, 2022. The School's federal tax returns prior to fiscal year 2019 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, 2022.

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, 2021, 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, 2022, the School had uninsured bank balances of \$40,302,554. The School limits its credit risk by selecting financial institutions considered to be highly creditworthy.

Subsequent events

Management has reviewed subsequent events through October 31, 2022, which is the date the financial statements were approved and available for issuance.

Note 3 - New accounting pronouncement

For the year ended June 30, 2022, the Organization adopted Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the School and will not change existing recognition and measurement requirements. The School has implemented the provisions of ASU 2020-07 applicable to all nonfinancial assets.

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2022**

Note 4 - Liquidity

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2022, the School has financial assets available to meet annual operating needs for the 2023 fiscal year as follows:

Cash	\$	38,856,358
Grants and other receivables		8,876,577
Receivable from related party - revolving lines of credit		6,642,270
Due from related party		79,680
Due from other school		2,247
		54,457,132
Total financial assets		54,457,132
Less		
Receivable from related party - revolving lines of credit		(6,642,270)
Board-designated reserve		(7,000,000)
		(13,642,270)
Financial assets available to meet cash needs for general expenditures within one year	\$	40,814,862

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 5 - 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 10 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, 2022:

	Credit limit	Amount drawn
AF Brooklyn HS4, LLC	\$ 5,000,000	\$ 3,549,327
AF Queens ES1, LLC	4,000,000	1,105,693
AF Glenmore Avenue, LLC	2,000,000	1,987,250
	\$ 11,000,000	\$ 6,642,270
	\$ 11,000,000	\$ 6,642,270

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

Note 6 - Concentrations

The School received approximately 81% of its operating revenue, which is subject to specific requirements, from per pupil funding from the NYCDOE during the year ended June 30, 2022.

The School's grants and other receivables consist of approximately 82% of per pupil funding from the State of New York and 16% from the Federal and State Departments of Education at June 30, 2022.

Note 7 - 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, 2022, 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 nonbinding, the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice.

Note 8 - Property and equipment

The following is a summary of property and equipment at June 30, 2022:

Leasehold improvements	\$ 15,694,126
Furniture and fixtures	1,671,227
Computers and other hardware	354,679
Equipment	2,697,829
Software	32,498
Student computers and software	3,897
Musical instruments	<u>23,320</u>
	20,477,576
Less accumulated depreciation	<u>(13,244,758)</u>
	<u>\$ 7,232,818</u>

Depreciation expense was \$2,082,712 for the year ended June 30, 2022.

Note 9 - 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.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

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, 2022 was \$226,414 and accumulated amortization at June 30, 2022 was \$2,700,280. Amortization expense for each of the next five years is \$226,413.

Note 10 - 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, 2022, the School incurred management and ancillary services fees of \$19,224,575, which are 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, 2022 was \$79,680.

The School received a \$1,018,657 grant from AF for Charter School funding and \$328,070 of contributions from AF.

Note 11 - Due from/to other schools

The following amounts were due from/to related schools and consist of the following at June 30, 2022:

Achievement First Providence Charter School	\$	(1,856)
Achievement First Bridgeport Academy		2,247
Achievement First Hartford Charter School		(21,406)
Amistad Academy Charter School		(1,145)
		<hr/>
	\$	<u>(22,160)</u>

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

Note 12 - 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, 2022 was \$416,878 including accrued interest of \$16,878. Interest expense of \$4,531 is included in interest expense on the statement of functional expenses.

The loan payable to Peak Demand Energy is a noninterest-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, 2022 was \$42,240.

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

2023	\$	426,000
2024		<u>16,240</u>
Subtotal		442,240
Plus accrued interest		<u>16,878</u>
	\$	<u><u>459,118</u></u>

Note 13 - 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, 2022, an underpayment totaling \$339,109 had been made; an adjustment for this amount will be reflected in the third payment from NYCDOE in FY 2023. 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, 2022, \$157,768 was repaid and the balance of \$157,768 will be repaid through an annual reduction in the grant allocation of \$157,768 in the next year.

Note 14 - Contributed nonfinancial assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

	2022			
	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Educational software	\$ 360,211	Regular education	None	Donor's purchase cost
Books	\$ 164,469	Regular education	None	Donor's purchase cost

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

Note 15 - Operating leases

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

2023	\$	982,951
2024		778,587
2025		522,278
2026		414,806
2027		<u>252,292</u>
	\$	<u>2,950,914</u>

The lease expense for the year ended June 30, 2022, was \$1,314,732.

The School entered into leases for properties with three limited liability companies wholly owned by AF. The leases expire through June 30, 2052. The School cannot sublease the premises without written consent from the Overlandlord and Sublandlord. Additional rent is due in accordance with the lease agreements. The lease expense for the year ended June 30, 2022 was \$2,642,976. The future minimum payments are as follows:

2023	\$	4,793,041
2024		2,560,938
2025		2,483,915
2026		2,543,811
2027		2,605,160
Thereafter		<u>90,533,659</u>
	\$	<u>105,520,524</u>

The lease with AF Brooklyn HS4, LLC expires July 30, 2024 and has a one-year extension option. The lease with AF Queens ES1, LLC expires on July 31, 2027 and has a three-year extension option. The School has guaranteed the AF Queens ES, LLC lease. The agreement with Glenmore Avenue, LLC allows the lease to be extended for a total of 49 years if the Overlease is extended and requires the School to achieve certain financial covenants upon occupancy of the premises. Occupancy did not occur during the year ended June 30, 2022.

Note 16 - 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, 2022, pension expense for the School was approximately \$1,342,000, which is included in retirement in the accompanying statement of functional expenses.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2022

Note 17 - 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 18 - 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.

Note 19 - 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. For the year ended June 30, 2022, \$1,018,657 was recorded as revenue related to this grant. The remaining conditional promise to give at June 30, 2022 was \$3,610,433.

During the year ended June 30, 2021, 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 \$8,079,619 was recorded during the year ended June 30, 2022 related to this grant. The remaining conditional promise to give at June 30, 2022 was \$36,217,830.

Supplementary Information

Achievement First Brooklyn Charter Schools

Supplemental Combining Schedule of Activities by Charter Year Ended June 30, 2022

	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	Achievement First Legacy	Total
Operating revenue												
State and local per pupil operating revenue	\$ 13,601,951	\$ 13,990,626	\$ 18,258,896	\$ 15,126,334	\$ 21,450,834	\$ 18,946,552	\$ 12,966,091	\$ 12,537,410	\$ 14,079,478	\$ 3,079,504	\$ 1,511,328	\$ 145,549,004
Federal, state and local grants	1,200,283	1,463,121	2,373,805	1,983,224	1,572,011	1,908,480	1,983,514	1,148,180	2,049,328	471,133	559,767	16,712,846
Special education revenue	1,280,878	1,219,168	1,863,330	3,346,752	2,409,648	1,753,399	1,717,502	1,197,018	1,550,267	394,984	63,671	16,796,617
Total operating revenue	16,083,112	16,672,915	22,496,031	20,456,310	25,432,493	22,608,431	16,667,107	14,882,608	17,679,073	3,945,621	2,134,766	179,058,467
Expenses												
Program services	12,516,485	15,434,808	19,077,157	17,717,932	21,516,124	19,333,700	14,320,713	11,522,755	13,449,338	4,014,300	3,302,111	152,205,423
General and administrative	1,640,247	2,540,814	2,347,199	2,057,751	3,019,522	2,458,908	1,774,072	1,678,064	1,631,807	545,156	735,185	20,428,725
Fundraising	-	-	5,185	-	6,207	3,608	-	-	-	-	-	15,000
Total expenses	14,156,732	17,975,622	21,429,541	19,775,683	24,541,853	21,796,216	16,094,785	13,200,819	15,081,145	4,559,456	4,037,296	172,649,148
Surplus (deficit) on school operations from government funding	1,926,380	(1,302,707)	1,066,490	680,627	890,640	812,215	572,322	1,681,789	2,597,928	(613,835)	(1,902,530)	6,409,319
Support and other revenue												
Contributions	15,511	1,000	65,708	3	99,016	149,617	-	-	-	-	-	330,855
In-kind contributions	52,065	55,077	84,175	48,251	53,241	86,200	36,351	34,478	60,639	6,932	7,271	524,680
Interest income	-	50,423	-	-	-	-	-	7,556	-	-	28,098	86,077
Other revenue	12,409	488,048	75,053	47,884	14,765	30,848	65,022	5,251	69,921	14,104	453,504	1,276,809
Total support and other revenue	79,985	594,548	224,936	96,138	167,022	266,665	101,373	47,285	130,560	21,036	488,873	2,218,421
Change in net assets	2,006,365	(708,159)	1,291,426	776,765	1,057,662	1,078,880	673,695	1,729,074	2,728,488	(592,799)	(1,413,657)	8,627,740
Net assets, beginning	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
Net assets, end	\$ 12,559,375	\$ 6,903,973	\$ 6,174,873	\$ 6,405,441	\$ 5,508,134	\$ 4,393,918	\$ 6,247,893	\$ 6,891,542	\$ 8,946,303	(\$ 4,188,800)	(\$ 1,413,657)	\$ 58,428,995

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Apollo
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,159,530	\$ -	\$ 1,159,530	\$ 1,013,893
Instructional personnel	7,054,887	581,098	7,635,985	-	-	7,635,985	7,577,757
Total personnel services costs	7,054,887	581,098	7,635,985	1,159,530	-	8,795,515	8,591,650
Fringe benefits and payroll taxes	1,115,331	91,868	1,207,199	183,314	-	1,390,513	1,454,479
Retirement	107,033	8,816	115,849	17,592	-	133,441	150,333
Management company fees	1,549,602	106,105	1,655,707	87,142	-	1,742,849	1,777,815
Accounting/audit services	-	-	-	14,264	-	14,264	14,618
Other purchased/professional/ consulting services	729	10,127	10,856	5,781	-	16,637	23,547
Repairs and maintenance	59,355	4,889	64,244	9,755	-	73,999	11,891
Insurance	37,031	3,050	40,081	6,086	-	46,167	37,094
Utilities	2,232	184	2,416	367	-	2,783	8,053
Supplies/materials	297,022	24,465	321,487	-	-	321,487	129,121
Equipment/furnishings	60,418	4,976	65,394	9,930	-	75,324	46,680
Staff development	71,710	5,907	77,617	7,645	-	85,262	21,948
Marketing/recruitment	35,990	2,964	38,954	-	-	38,954	131
Technology	484,392	39,898	524,290	12,254	-	536,544	398,146
Food service	45,769	3,770	49,539	-	-	49,539	9,752
Student services	201,826	16,624	218,450	-	-	218,450	4,893
Office expense	330,203	27,199	357,402	96,376	-	453,778	260,278
Depreciation and amortization	67,355	5,548	72,903	18,226	-	91,129	113,375
Other	50,059	4,123	54,182	11,985	-	66,167	57,132
Parental activities	3,631	299	3,930	-	-	3,930	2,827
Interest expense	-	-	-	-	-	-	301
	<u>\$ 11,574,575</u>	<u>\$ 941,910</u>	<u>\$ 12,516,485</u>	<u>\$ 1,640,247</u>	<u>\$ -</u>	<u>\$ 14,156,732</u>	<u>\$ 13,114,064</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Aspire
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,604,303	\$ -	\$ 1,604,303	\$ 1,126,767
Instructional personnel	7,295,762	1,061,353	8,357,115	-	-	8,357,115	7,307,373
Total personnel services costs	7,295,762	1,061,353	8,357,115	1,604,303	-	9,961,418	8,434,140
Fringe benefits and payroll taxes	1,116,826	162,471	1,279,297	245,585	-	1,524,882	1,299,191
Retirement	92,058	13,392	105,450	20,243	-	125,693	110,546
Management company fees	1,599,213	191,513	1,790,726	94,249	-	1,884,975	1,736,525
Accounting/audit services	-	-	-	21,396	-	21,396	14,618
Other purchased/professional/consulting services	666	19,365	20,031	13,142	-	33,173	24,686
Repairs and maintenance	1,098,712	159,836	1,258,548	241,601	-	1,500,149	25,064
Insurance	41,990	6,108	48,098	9,233	-	57,331	39,249
Utilities	11,065	1,610	12,675	2,433	-	15,108	18,988
Supplies/materials	369,222	53,713	422,935	-	-	422,935	132,646
Equipment/furnishings	297,994	43,351	341,345	65,528	-	406,873	42,889
Staff development	118,556	17,248	135,804	8,532	-	144,336	47,465
Marketing/recruitment	39,436	5,737	45,173	-	-	45,173	3,499
Technology	611,705	88,988	700,693	20,463	-	721,156	440,369
Food service	32,776	4,768	37,544	-	-	37,544	4,904
Student services	108,666	15,808	124,474	-	-	124,474	58,389
Office expense	396,428	57,670	454,098	119,001	-	573,099	239,988
Depreciation and amortization	213,678	31,085	244,763	61,191	-	305,954	154,681
Other	46,767	6,804	53,571	12,569	-	66,140	50,696
Parental activities	2,155	313	2,468	-	-	2,468	1,920
Interest expense	-	-	-	1,345	-	1,345	5,764
Total expenses	<u>\$ 13,493,675</u>	<u>\$ 1,941,133</u>	<u>\$ 15,434,808</u>	<u>\$ 2,540,814</u>	<u>\$ -</u>	<u>\$ 17,975,622</u>	<u>\$ 12,886,217</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Brownsville
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,596,699	\$ -	\$ 1,596,699	\$ 1,565,901
Instructional personnel	10,003,508	1,372,871	11,376,379	-	-	11,376,379	11,139,742
Total personnel services costs	10,003,508	1,372,871	11,376,379	1,596,699	-	12,973,078	12,705,643
Fringe benefits and payroll taxes	1,584,764	217,127	1,801,891	252,831	-	2,054,722	2,052,987
Retirement	116,284	15,932	132,216	18,538	-	150,754	168,470
Management company fees	2,020,730	228,793	2,249,523	118,669	5,185	2,373,377	2,410,760
Accounting/audit services	-	-	-	21,396	-	21,396	21,928
Other purchased/professional/ consulting services	702	35,686	36,388	15,768	-	52,156	42,126
Repairs and maintenance	28,716	3,935	32,651	4,568	-	37,219	12,378
Insurance	48,088	6,588	54,676	7,667	-	62,343	53,338
Utilities	17,200	2,357	19,557	2,756	-	22,313	25,940
Supplies/materials	294,140	40,300	334,440	-	-	334,440	239,037
Equipment/furnishings	134,632	18,446	153,078	21,358	-	174,436	95,776
Staff development	84,688	11,604	96,292	7,787	-	104,079	56,732
Marketing/recruitment	34,013	4,660	38,673	-	-	38,673	198
Technology	653,112	89,482	742,594	13,163	-	755,757	515,417
Food service	574,521	78,715	653,236	-	-	653,236	155,138
Student services	275,768	37,782	313,550	-	-	313,550	103,943
Office expense	491,530	67,344	558,874	148,771	-	707,645	350,551
Depreciation and amortization	360,516	49,394	409,910	102,477	-	512,387	377,330
Other	61,837	8,473	70,310	14,751	-	85,061	85,102
Parental activities	2,567	352	2,919	-	-	2,919	4,829
Interest expense	-	-	-	-	-	-	50
Total expenses	<u>\$ 16,787,316</u>	<u>\$ 2,289,841</u>	<u>\$ 19,077,157</u>	<u>\$ 2,347,199</u>	<u>\$ 5,185</u>	<u>\$ 21,429,541</u>	<u>\$ 19,477,673</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Bushwick
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,427,745	\$ -	\$ 1,427,745	\$ 1,401,802
Instructional personnel	9,649,170	1,322,026	10,971,196	-	-	10,971,196	10,326,591
Total personnel services costs	9,649,170	1,322,026	10,971,196	1,427,745	-	12,398,941	11,728,393
Fringe benefits and payroll taxes	1,539,782	210,965	1,750,747	227,432	-	1,978,179	1,870,439
Retirement	139,492	19,111	158,603	21,262	-	179,865	182,113
Management company fees	1,776,210	200,594	1,976,804	104,042	-	2,080,846	2,090,566
Accounting/audit services	-	-	-	14,264	-	14,264	14,619
Other purchased/professional/ consulting services	715	18,771	19,486	13,417	-	32,903	47,490
Repairs and maintenance	29,850	4,089	33,939	3,436	-	37,375	(55,887)
Insurance	38,371	5,257	43,628	5,399	-	49,027	39,519
Utilities	9,430	1,292	10,722	1,385	-	12,107	14,651
Supplies/materials	447,758	61,348	509,106	-	-	509,106	216,927
Equipment/furnishings	119,740	16,405	136,145	15,670	-	151,815	20,058
Staff development	73,863	10,119	83,982	6,196	-	90,178	30,611
Marketing/recruitment	34,014	4,659	38,673	-	-	38,673	60
Technology	561,604	76,948	638,552	13,248	-	651,800	483,268
Food service	317,159	43,454	360,613	-	-	360,613	115,593
Student services	194,757	26,684	221,441	-	-	221,441	(9,770)
Office expense	524,055	71,800	595,855	176,647	-	772,502	286,616
Depreciation and amortization	56,399	7,727	64,126	16,030	-	80,156	50,222
Other	50,253	6,886	57,139	11,578	-	68,717	69,910
Parental activities	41,490	5,685	47,175	-	-	47,175	58,211
Total expenses	<u>\$ 15,604,112</u>	<u>\$ 2,113,820</u>	<u>\$ 17,717,932</u>	<u>\$ 2,057,751</u>	<u>\$ -</u>	<u>\$ 19,775,683</u>	<u>\$ 17,253,609</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Crown Heights
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 2,040,848	\$ -	\$ 2,040,848	\$ 1,752,852
Instructional personnel	11,354,185	1,555,632	12,909,817	-	-	12,909,817	12,360,994
Total personnel services costs	11,354,185	1,555,632	12,909,817	2,040,848	-	14,950,665	14,113,846
Fringe benefits and payroll taxes	1,835,693	251,508	2,087,201	329,955	-	2,417,156	2,398,100
Retirement	140,748	19,284	160,032	25,299	-	185,331	190,633
Management company fees	2,353,248	266,461	2,619,709	138,206	6,207	2,764,122	2,731,500
Accounting/audit services	-	-	-	21,396	-	21,396	21,927
Other purchased/professional/ consulting services	690	15,418	16,108	20,660	-	36,768	26,788
Repairs and maintenance	49,403	6,769	56,172	8,880	-	65,052	1,506
Insurance	95,800	13,125	108,925	17,219	-	126,144	120,567
Utilities	908,932	124,532	1,033,464	163,375	-	1,196,839	917,210
Supplies/materials	307,752	42,165	349,917	-	-	349,917	256,533
Equipment/furnishings	134,330	18,405	152,735	24,145	-	176,880	48,011
Staff development	126,530	17,336	143,866	10,624	-	154,490	62,019
Marketing/recruitment	34,013	4,660	38,673	-	-	38,673	2,144
Technology	696,695	95,453	792,148	16,883	-	809,031	573,218
Food service	25,704	3,522	29,226	-	-	29,226	3,833
Student services	313,196	42,911	356,107	-	-	356,107	177,446
Office expense	482,630	66,125	548,755	178,389	-	727,144	392,311
Depreciation and amortization	21,958	3,008	24,966	6,242	-	31,208	43,913
Other	72,435	9,925	82,360	17,401	-	99,761	87,124
Parental activities	5,227	716	5,943	-	-	5,943	-
Total expenses	<u>\$ 18,959,169</u>	<u>\$ 2,556,955</u>	<u>\$ 21,516,124</u>	<u>\$ 3,019,522</u>	<u>\$ 6,207</u>	<u>\$ 24,541,853</u>	<u>\$ 22,168,629</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - East New York
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,760,370	\$ -	\$ 1,760,370	\$ 1,618,341
Instructional personnel	10,431,392	1,429,202	11,860,594	-	-	11,860,594	11,597,163
Total personnel services costs	10,431,392	1,429,202	11,860,594	1,760,370	-	13,620,964	13,215,504
Fringe benefits and payroll taxes	1,676,362	229,678	1,906,040	282,898	-	2,188,938	2,173,118
Retirement	150,493	20,619	171,112	25,397	-	196,509	203,704
Management company fees	2,084,292	235,794	2,320,086	122,300	3,608	2,445,994	2,459,355
Accounting/audit services	-	-	-	21,396	-	21,396	21,927
Other purchased/professional/ consulting services	697	150,881	151,578	9,028	-	160,606	161,138
Repairs and maintenance	47,795	6,548	54,343	8,066	-	62,409	2,462
Insurance	48,587	6,657	55,244	8,199	-	63,443	51,465
Utilities	15,222	2,086	17,308	2,569	-	19,877	13,221
Supplies/materials	364,366	49,922	414,288	-	-	414,288	151,465
Equipment/furnishings	88,228	12,088	100,316	14,889	-	115,205	45,896
Staff development	73,748	10,104	83,852	7,575	-	91,427	48,983
Marketing/recruitment	34,892	4,781	39,673	-	-	39,673	5,345
Technology	685,663	93,942	779,605	22,069	-	801,674	587,251
Food service	221,368	30,329	251,697	-	-	251,697	60,936
Student services	395,298	54,160	449,458	-	-	449,458	158,293
Office expense	440,263	60,320	500,583	131,880	-	632,463	291,495
Depreciation and amortization	100,087	13,713	113,800	28,450	-	142,250	194,582
Other	56,396	7,727	64,123	13,822	-	77,945	78,058
Parental activities	-	-	-	-	-	-	260
Interest expense	-	-	-	-	-	-	3,549
Total expenses	<u>\$ 16,915,149</u>	<u>\$ 2,418,551</u>	<u>\$ 19,333,700</u>	<u>\$ 2,458,908</u>	<u>\$ 3,608</u>	<u>\$ 21,796,216</u>	<u>\$ 19,928,007</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Endeavor
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,094,124	\$ -	\$ 1,094,124	\$ 1,162,656
Instructional personnel	6,807,902	932,748	7,740,650	-	-	7,740,650	7,808,934
Total personnel services costs	6,807,902	932,748	7,740,650	1,094,124	-	8,834,774	8,971,590
Fringe benefits and payroll taxes	1,084,942	148,648	1,233,590	174,365	-	1,407,955	1,474,740
Retirement	98,252	13,461	111,713	15,790	-	127,503	135,806
Management company fees	1,468,306	165,821	1,634,127	86,007	-	1,720,134	1,810,396
Accounting/audit services	-	-	-	14,264	-	14,264	14,618
Other purchased/professional/ consulting services	84,808	117,348	202,156	20,916	-	223,072	203,204
Repairs and maintenance	456,193	62,503	518,696	73,317	-	592,013	587,671
Insurance	104,065	14,258	118,323	16,725	-	135,048	124,148
Utilities	247,658	33,931	281,589	39,802	-	321,391	204,767
Supplies/materials	183,861	25,191	209,052	-	-	209,052	102,722
Equipment/furnishings	35,524	4,867	40,391	5,709	-	46,100	38,459
Staff development	74,786	10,247	85,033	6,326	-	91,359	41,893
Marketing/recruitment	34,013	4,660	38,673	-	-	38,673	151
Technology	400,199	54,831	455,030	8,015	-	463,045	412,632
Food service	547,447	75,005	622,452	-	-	622,452	172,507
Student services	176,366	24,164	200,530	-	-	200,530	12,134
Office expense	383,946	52,605	436,551	122,831	-	559,382	228,673
Depreciation and amortization	305,452	41,850	347,302	86,825	-	434,127	433,080
Other	39,450	5,405	44,855	9,056	-	53,911	56,072
Total expenses	<u>\$ 12,533,170</u>	<u>\$ 1,787,543</u>	<u>\$ 14,320,713</u>	<u>\$ 1,774,072</u>	<u>\$ -</u>	<u>\$ 16,094,785</u>	<u>\$ 15,025,263</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Linden
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,152,761	\$ -	\$ 1,152,761	\$ 919,210
Instructional personnel	5,967,168	817,561	6,784,729	-	-	6,784,729	6,736,951
Total personnel services costs	5,967,168	817,561	6,784,729	1,152,761	-	7,937,490	7,656,161
Fringe benefits and payroll taxes	966,367	132,401	1,098,768	186,686	-	1,285,454	1,287,166
Retirement	62,856	8,612	71,468	12,143	-	83,611	88,017
Management company fees	1,418,503	160,196	1,578,699	83,089	-	1,661,788	1,536,504
Accounting/audit services	-	-	-	14,264	-	14,264	14,618
Other purchased/professional/ consulting services	683	13,506	14,189	8,155	-	22,344	30,226
Repairs and maintenance	54,766	7,504	62,270	10,580	-	72,850	13,512
Insurance	33,793	4,630	38,423	6,528	-	44,951	35,122
Utilities	5,975	819	6,794	1,154	-	7,948	7,990
Supplies/materials	273,938	37,532	311,470	-	-	311,470	248,876
Equipment/furnishings	151,768	20,794	172,562	29,319	-	201,881	83,809
Staff development	56,224	7,704	63,928	4,864	-	68,792	45,415
Marketing/recruitment	44,730	6,129	50,859	-	-	50,859	6,440
Technology	477,767	65,458	543,225	16,300	-	559,525	452,576
Food service	13,313	1,824	15,137	-	-	15,137	1,500
Student services	123,821	16,965	140,786	-	-	140,786	2,281
Office expense	292,006	40,008	332,014	92,992	-	425,006	212,345
Depreciation and amortization	169,038	23,160	192,198	48,050	-	240,248	89,536
Other	39,440	5,404	44,844	9,993	-	54,837	48,751
Parental activities	345	47	392	-	-	392	-
Interest expense	-	-	-	1,186	-	1,186	3,565
Total expenses	<u>\$ 10,152,501</u>	<u>\$ 1,370,254</u>	<u>\$ 11,522,755</u>	<u>\$ 1,678,064</u>	<u>\$ -</u>	<u>\$ 13,200,819</u>	<u>\$ 11,864,410</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - North Brooklyn
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,130,648	\$ -	\$ 1,130,648	\$ 920,547
Instructional personnel	6,805,396	932,406	7,737,802	-	-	7,737,802	6,721,885
Total personnel services costs	6,805,396	932,406	7,737,802	1,130,648	-	8,868,450	7,642,432
Fringe benefits and payroll taxes	1,095,445	150,087	1,245,532	181,997	-	1,427,529	1,203,724
Retirement	83,898	11,495	95,393	13,939	-	109,332	97,183
Management company fees	1,558,809	176,042	1,734,851	91,308	-	1,826,159	1,639,424
Accounting/audit services	-	-	-	14,264	-	14,264	14,618
Other purchased/professional/ consulting services	697	11,328	12,025	4,991	-	17,016	23,477
Repairs and maintenance	23,161	3,173	26,334	3,848	-	30,182	2,414
Insurance	34,475	4,724	39,199	5,728	-	44,927	35,594
Utilities	8,840	1,211	10,051	1,469	-	11,520	8,093
Supplies/materials	344,330	47,177	391,507	-	-	391,507	225,058
Equipment/furnishings	124,071	16,999	141,070	20,613	-	161,683	37,777
Staff development	104,265	14,284	118,549	8,778	-	127,327	40,000
Marketing/recruitment	34,134	4,677	38,811	-	-	38,811	259
Technology	456,327	62,522	518,849	8,385	-	527,234	382,250
Food service	580,879	79,586	660,465	-	-	660,465	6,291
Student services	91,881	12,589	104,470	-	-	104,470	10,507
Office expense	304,160	41,673	345,833	98,176	-	444,009	234,020
Depreciation and amortization	133,972	18,356	152,328	38,082	-	190,410	185,201
Other	36,173	4,955	41,128	8,581	-	49,709	50,802
Parental activities	30,907	4,234	35,141	-	-	35,141	30,036
Interest expense	-	-	-	1,000	-	1,000	1,000
Total expenses	<u>\$ 11,851,820</u>	<u>\$ 1,597,518</u>	<u>\$ 13,449,338</u>	<u>\$ 1,631,807</u>	<u>\$ -</u>	<u>\$ 15,081,145</u>	<u>\$ 11,870,160</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Voyager
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 351,911	\$ -	\$ 351,911	\$ 357,413
Instructional personnel	2,059,916	282,229	2,342,145	-	-	2,342,145	2,579,322
Total personnel services costs	2,059,916	282,229	2,342,145	351,911	-	2,694,056	2,936,735
Fringe benefits and payroll taxes	332,119	45,504	377,623	56,739	-	434,362	498,041
Retirement	32,990	4,520	37,510	5,636	-	43,146	32,206
Management company fees	390,193	44,066	434,259	22,856	-	457,115	493,201
Accounting/audit services	-	-	-	7,132	-	7,132	7,309
Other purchased/professional/ consulting services	695	5,301	5,996	5,780	-	11,776	6,951
Repairs and maintenance	4,235	580	4,815	724	-	5,539	48,009
Insurance	8,948	1,226	10,174	1,529	-	11,703	11,282
Utilities	3,332	456	3,788	569	-	4,357	3,985
Supplies/materials	74,743	10,240	84,983	-	-	84,983	43,377
Equipment/furnishings	10,570	1,448	12,018	1,806	-	13,824	24,090
Staff development	35,917	4,921	40,838	433	-	41,271	13,763
Marketing/recruitment	39,973	5,477	45,450	-	-	45,450	130
Technology	142,501	19,523	162,024	7,243	-	169,267	137,341
Food service	120,081	16,452	136,533	-	-	136,533	66,372
Student services	34,600	4,740	39,340	-	-	39,340	1,268
Office expense	111,122	15,225	126,347	44,833	-	171,180	108,019
Depreciation and amortization	120,571	16,519	137,090	34,273	-	171,363	349,313
Other	11,756	1,611	13,367	2,692	-	16,059	21,745
Interest expense	-	-	-	1,000	-	1,000	2,100
Total expenses	<u>\$ 3,534,262</u>	<u>\$ 480,038</u>	<u>\$ 4,014,300</u>	<u>\$ 545,156</u>	<u>\$ -</u>	<u>\$ 4,559,456</u>	<u>\$ 4,805,237</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Legacy
Year Ended June 30, 2022**

	Program services			General and administrative	Fundraising	2022 Total	2021 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 272,527	\$ -	\$ 272,527	\$ -
Instructional personnel	786,602	107,773	894,375	-	-	894,375	-
Total personnel services costs	786,602	107,773	894,375	272,527	-	1,166,902	-
Fringe benefits and payroll taxes	125,721	17,225	142,946	43,557	-	186,503	-
Retirement	4,514	618	5,132	1,564	-	6,696	-
Management company fees	228,095	25,760	253,855	13,361	-	267,216	-
Accounting/audit services	-	-	-	7,132	-	7,132	-
Other purchased/professional/ consulting services	-	5,206	5,206	8,121	-	13,327	-
Repairs and maintenance	830,562	113,795	944,357	287,757	-	1,232,114	-
Insurance	6,807	933	7,740	2,359	-	10,099	-
Utilities	419	57	476	145	-	621	-
Supplies/materials	146,427	20,062	166,489	-	-	166,489	-
Equipment/furnishings	97,814	13,401	111,215	33,889	-	145,104	-
Staff development	24,681	3,382	28,063	2,108	-	30,171	-
Marketing/recruitment	34,727	4,758	39,485	-	-	39,485	-
Technology	168,697	23,113	191,810	2,072	-	193,882	-
Food service	11,582	1,587	13,169	-	-	13,169	-
Student services	237,412	32,528	269,940	-	-	269,940	-
Office expense	110,856	15,189	126,045	36,477	-	162,522	-
Depreciation and amortization	77,321	10,594	87,915	21,979	-	109,894	-
Other	6,963	954	7,917	2,137	-	10,054	-
Parental activities	5,256	720	5,976	-	-	5,976	-
Total expenses	<u>\$ 2,904,456</u>	<u>\$ 397,655</u>	<u>\$ 3,302,111</u>	<u>\$ 735,185</u>	<u>\$ -</u>	<u>\$ 4,037,296</u>	<u>\$ -</u>

See Independent Auditor's Report.

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 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, which comprise the statement of financial position as of June 30, 2022, 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 31, 2022.

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 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 or significant deficiencies 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 31, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Achievement First Brooklyn Charter Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Achievement First Brooklyn Charter Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Achievement First Brooklyn Charter Schools' major federal programs for the year ended June 30, 2022. Achievement First Brooklyn Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Achievement First Brooklyn Charter Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Achievement First Brooklyn Charter Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Achievement First Brooklyn Charter Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Achievement First Brooklyn Charter Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Achievement First Brooklyn Charter Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Achievement First Brooklyn Charter Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Achievement First Brooklyn Charter Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Achievement First Brooklyn Charter Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Achievement First Brooklyn Charter Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on Achievement First Brooklyn Charter Schools' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Achievement First Brooklyn Charter Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant

deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Achievement First Brooklyn Charter Schools' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Achievement First Brooklyn Charter Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hartford, Connecticut
October 31, 2022

Achievement First Brooklyn Charter Schools

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Education Passed through New York State Education Department				
		0021-22-4304		
		0021-22-4308		
		0021-22-4324		
		0021-22-4326		
		0021-22-4375		
		0021-22-4555		
		0021-22-4940		
		0021-22-5000		
		0021-22-5085		
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-22-5265 0021-22-5690	\$ -	\$ 3,339,715
		0147-22-4304		
		0147-22-4308		
		0147-22-4324		
		0147-22-4326		
		0147-22-4375		
		0147-22-4555		
		0147-22-4940		
		0147-22-5000		
		0147-22-5085		
Supporting Effective Instruction State Grants	84.367	0147-22-5265 0147-22-5690	-	618,460
English Language Acquisition State Grants	84.365	0293-22-4324	-	74,192
		0204-22-4555		
		0204-22-4940		
		0204-22-4375		
		0204-22-4325		
		0204-22-4304		
		0204-22-4308		
		0204-22-4326		
		0204-22-5000		
Student Support and Academic Enrichment Program	84.424	0204-22-5085 0204-22-5265	-	255,134
Special Education Cluster (IDEA) Special Education grants to States (IDEA, Part B) - Total Special Education Cluster (IDEA)	84.027	Not applicable	-	1,314,701

Achievement First Brooklyn Charter Schools

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
		5890-22-4555		
		5890-22-4940		
		5890-22-4375		
		5890-22-4325		
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act:		5890-22-4304		
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-22-4308		
		5890-22-4326		
		5890-22-5000		
		5890-22-5085		
		5890-22-5265	-	8,079,619
Passed through Achievement First, Inc. Charter Schools	84.282	Not applicable	-	<u>1,018,657</u>
Total U.S. Department of Education			-	14,700,478
U.S. Department of Agriculture Passed through New York State Education Department Child Nutrition Cluster National School Lunch Program (NSLP)	10.555	Not applicable	-	3,100,506
COVID-19 - National School Lunch Program (NSLP)	10.555	Not applicable	-	<u>269,707</u>
Total Child Nutrition Cluster			-	<u>3,370,213</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 18,070,691</u>

Achievement First Brooklyn Charter Schools

Notes to Schedule of Expenditures of Federal Awards June 30, 2022

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Achievement First Brooklyn Charter Schools (the "School") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Note 2 - Summary of significant accounting policies

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

Note 3 - Indirect cost rate

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

Achievement First Brooklyn Charter Schools

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

I. Summary of Auditor's Results

Financial Statements:

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

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

 X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies (LEAs)
84.282	Charter Schools
84.425D	Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act: COVID-19 - Elementary and Secondary School Emergency Relief Fund

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

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

Achievement First Brooklyn Charter Schools

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

II. Findings - Financial Statement Audit

None

III. Findings and Questioned Costs - Major Federal Award Programs Audit

Finding No. 2022-001 – Title I Grants to Local Educational Agencies (LEAs) – CFDA #84.010

Criteria

The School must report graduation data. To remove a student from the data, the School must confirm, in writing, that the student transferred out, emigrated to another country, transferred to a prison or juvenile facility, or is deceased.

Condition

During the year ended June 30, 2022, the School had insufficient support for the removal of students from the school. Additionally, the School did not follow their approval process for withdrawals.

Questioned Costs

None

Context

The School did not have written documentation for the removal of six students out of a sample of 25 students. In addition, six of the remaining 19 withdrawal forms did not have two approvals in accordance with school policies.

Cause

Withdrawal forms with two signatures were not on file due to not being able to get a response from with a parent, an AF team member, or both.

Effect

As a result, the School's reported graduation data may not be accurate.

Identification as a Repeat Finding

No

Achievement First Brooklyn Charter Schools

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Recommendation

The School should have written documentation for each student's removal from the school to ensure they are in compliance with the requirements for the grant. The School should also review their approval policies with staff and include a review process to ensure the policy is followed.

Reporting Views of Responsible Officials

We agree with the finding and will develop procedures to address the finding.



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