

**Brooklyn Emerging Leaders Academy
Charter School**

Audited Financial Statements in Accordance
With Government Auditing Standards
June 30, 2022

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL

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Independent Auditors' Report

To the Board of Trustees of
Brooklyn Emerging Leaders Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2022, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 the School's 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 the School's ability to continue as a going concern for a reasonable period of time.

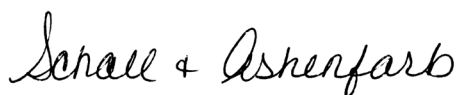
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the School's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 18, 2022

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

(With comparative totals as of June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Assets		
Cash and cash equivalents	\$2,033,190	\$1,522,514
Government grants receivable - per pupil funding (Note 3)	0	2,785
Government grants receivable - other	598,132	172,726
Prepaid expenses and other assets	18,603	9,024
Fixed assets (Note 4)	246,568	91,929
Restricted cash (Note 5)	<u>75,056</u>	<u>75,048</u>
Total assets	<u><u>\$2,971,549</u></u>	<u><u>\$1,874,026</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$236,371	\$250,576
Government grants advance - per pupil funding (Note 3)	42,468	0
Capital lease payable (Note 6)	<u>61,907</u>	<u>0</u>
Total liabilities	<u><u>340,746</u></u>	<u><u>250,576</u></u>
Net assets:		
Without donor restrictions	2,548,063	1,523,450
With donor restrictions (Note 7)	<u>82,740</u>	<u>100,000</u>
Total net assets	<u><u>2,630,803</u></u>	<u><u>1,623,450</u></u>
Total liabilities and net assets	<u><u>\$2,971,549</u></u>	<u><u>\$1,874,026</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

(With comparative totals for the year ended June 30, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/22</u>	<u>Total 6/30/21*</u>
Public support and revenue:				
Public school district revenue: (Note 3)				
Resident student enrollment	\$4,228,686		\$4,228,686	\$3,824,343
Students with special education services	406,249		406,249	355,785
Total public school district revenue	<u>4,634,935</u>	<u>0</u>	<u>4,634,935</u>	<u>4,180,128</u>
Government grants - other	968,634		968,634	252,312
Government grant - Paycheck Protection Program loan (Note 8)			0	394,522
Contributions	221,923	5,000	226,923	196,954
In-kind occupancy and facility (Note 2i)	1,000,000		1,000,000	1,000,000
Other income	7		7	7,856
Net assets released from restrictions	<u>22,260</u>	<u>(22,260)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>6,847,759</u>	<u>(17,260)</u>	<u>6,830,499</u>	<u>6,031,772</u>
Expenses:				
Program services				
Regular education	4,620,395		4,620,395	4,115,884
Special education	354,843		354,843	290,298
Total program services	<u>4,975,238</u>	<u>0</u>	<u>4,975,238</u>	<u>4,406,182</u>
Supporting services:				
Management and general	820,574		820,574	793,110
Fundraising	27,334		27,334	25,941
Total expenses	<u>5,823,146</u>	<u>0</u>	<u>5,823,146</u>	<u>5,225,233</u>
Change in net assets	1,024,613	(17,260)	1,007,353	806,539
Net assets - beginning of year	<u>1,523,450</u>	<u>100,000</u>	<u>1,623,450</u>	<u>816,911</u>
Net assets - end of year	<u>\$2,548,063</u>	<u>\$82,740</u>	<u>\$2,630,803</u>	<u>\$1,623,450</u>

* Restated - See Note 2i

The attached notes and auditors' report are an integral part of these financial statements.

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

(With comparative totals for the year ended June 30, 2021)

	Program Services			Supporting Services		Total Expenses 6/30/22	Total Expenses 6/30/21*
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising		
Salaries	\$2,392,148	\$113,278	\$2,505,426	\$275,310	\$16,860	\$2,797,596	\$2,651,875
Payroll taxes and benefits	495,683	23,473	519,156	57,047	3,494	579,697	530,700
Total personnel costs	2,887,831	136,751	3,024,582	332,357	20,354	3,377,293	3,182,575
Professional fees	75,570	34,678	110,248	294,056		404,304	354,533
Curriculum and classroom expenses	232,617	47,645	280,262			280,262	121,567
Food services	68,490	14,028	82,518			82,518	23,363
Facilities expense	13,967	2,860	16,827			16,827	18,435
In-kind occupancy and facility costs (Note 2i)	855,073	40,491	895,564	98,410	6,026	1,000,000	1,000,000
Equipment	3,918	802	4,720	15,234		19,954	103,245
Office expenses	88,416	5,643	94,059	13,973	558	108,590	82,675
Professional development	135,365	27,726	163,091			163,091	73,437
Insurance	56,269	2,665	58,934	6,476	396	65,806	64,615
Recruitment	51,370	10,522	61,892			61,892	40,929
Other expenses	1,341	275	1,616	60,068		61,684	67,981
Bad debt expenses						0	19,932
Depreciation	150,168	30,757	180,925			180,925	71,946
Total expenses	\$4,620,395	\$354,843	\$4,975,238	\$820,574	\$27,334	\$5,823,146	\$5,225,233

* Restated - See Note 2i

The attached notes and auditors' report are an integral part of these financial statements.

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

(With comparative totals for the year ended June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Cash flows from operating activities:		
Change in net assets	\$1,007,353	\$806,539
Adjustments to reconcile change in net assets to net cash provided by for operating activities:		
Depreciation	180,925	71,946
Paycheck Protection Program loan forgiveness	0	(394,522)
Changes in assets and liabilities:		
Government grants receivable/advance - per pupil funding	45,253	(40,737)
Government grants receivable - other	(425,406)	(44,429)
Prepaid expenses and other assets	(9,579)	(6,024)
Accounts payable and accrued expenses	(14,205)	98,326
Total adjustments	<u>(223,012)</u>	<u>(315,440)</u>
Net cash flows provided by operating activities	<u>784,341</u>	<u>491,099</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(177,695)</u>	<u>(11,072)</u>
Net cash used for investing activities	<u>(177,695)</u>	<u>(11,072)</u>
Cash flows from financing activities:		
Principal payments on capital lease payable	<u>(95,962)</u>	<u>0</u>
Net cash used for financing activities	<u>(95,962)</u>	<u>0</u>
Net increase in cash, cash equivalents and restricted cash	510,684	480,027
Cash, cash equivalents and restricted cash - beginning of year	<u>1,597,562</u>	<u>1,117,535</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$2,108,246</u></u>	<u><u>\$1,597,562</u></u>
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$2,033,190	\$1,522,514
Restricted cash	<u>75,056</u>	<u>75,048</u>
Total cash, cash equivalents and restricted cash	<u><u>\$2,108,246</u></u>	<u><u>\$1,597,562</u></u>
Supplemental disclosures:		
Interest paid	<u>\$4,977</u>	<u>\$0</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

The attached notes and auditors' report are an integral part of these financial statements.

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Organization

Brooklyn Emerging Leaders Academy Charter School (the "School") located in Brooklyn, New York, is a not-for-profit education corporation chartered by The State University of New York Charter Schools Institute. The School provides a full range of educational services appropriate for high school. The School completed the 2021-2022 fiscal year with an average enrollment of approximately 250 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). On October 11, 2016, the School was granted a provisional charter for a term up to and including June 30, 2022. The School's charter was renewed on January 11, 2022 for a five-year, full-term through July 31, 2027.

The School has the following programs:

- *Regular Education* - builds the foundation of knowledge, skills, and competencies for a substantive undergraduate academic experience, a successful career, and a productive lifetime.
- *Special Education* - Instruction that is specially designed to meet the unique needs of children with disabilities.

The School has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. They have not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

The School reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Donor restricted contributions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. See Note 7.

c. Revenue Recognition

The School follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. 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. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return or release from obligations and are recognized as income once conditions have been substantially met.

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under FASB ASC 958-605. Revenue from these transactions is recognized when performance related outcomes are achieved and other conditions under the agreements are met.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discounted rate. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2022 and 2021. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

d. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows. Cash maintained in escrow per requirements of NYCDOE are treated as restricted cash.

e. Concentration of Credit Risk

Financial instruments, which potentially subject the School to a concentration of credit risk, consist of cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At June 30, 2022 and at various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

f. Capitalization Policy

Computer hardware, furniture and equipment are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful life of each asset, which generally is between 3 and 7 years.

g. Advertising

The cost of advertising is expensed as incurred.

h. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of services that assist the School. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

i. Contributed Space

The School's operations are located in a facility provided by the NYCDOE at no charge. The School utilizes approximately 25,000 square feet and recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the School's service area. The total amount recognized for donated facilities is approximately \$1,000,000 for the years ended June 30, 2022 and June 30, 2021, respectively.

In-kind contributions on the statement of activities and in-kind occupancy and facility costs on the statement of functional expenses for the year ended June 30, 2021 were restated to reflect this amount

j. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following expense was allocated using time and effort as the basis:

- Salaries

The following expenses were allocated using the salary allocation as the basis:

- Payroll taxes and benefits
- Office expenses
- Insurance

Certain program expenses have been allocated between Regular Education and Special Education based on student FTE rates. All other expenses have been charged directly to the applicable program or supporting services.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Contingencies

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

m. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2019, the School’s initial filing, and later are subject to examination by applicable taxing authorities.

n. Comparative Financial 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 School’s financial statements for the year ended June 30, 2021 from which the summarized information was derived.

o. New Accounting Pronouncements

FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

The School is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Government Grants (Advance)/Receivable – Per Pupil Funding

Grants receivable on the contract with the NYCDOE can be summarized as follows:

	<u>6/30/22</u>	<u>6/30/21</u>
Beginning grants receivable/(advance)	\$2,785	(\$37,952)
Funding based on allowable FTEs	4,634,935	4,180,128
Advances received	<u>(4,680,188)</u>	<u>(4,139,391)</u>
Ending grants (advance)/receivable	<u>(\$42,468)</u>	<u>\$2,785</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Furniture, fixtures and equipment	\$794,582	\$368,716
Construction in progress	<u>48,402</u>	<u>0</u>
	842,984	368,716
Less: accumulated depreciation	<u>(596,416)</u>	<u>(276,787)</u>
Total fixed assets, net	<u>\$246,568</u>	<u>\$91,929</u>

Note 5 - Restricted Cash

An escrow account has been established to meet the requirement of NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Note 6 - Commitments and Contingencies

Capital Lease Commitments

The School has capital leases for computers, a copier and a postage machine. All agreements are for 36 months and require monthly payments. Future minimum principal payments due under the terms of the lease for as of June 30, 2022 are as follows:

Year ending:

June 30, 2023	\$59,774
June 30, 2024	754
June 30, 2025	779
June 30, 2026	<u>600</u>
Total	<u>\$61,907</u>

General Contingencies

In its normal course of business, the School may become a party to various claims related to operating the school and general employment matters. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters, as of June 30, 2022, cannot be ascertained. Management does not believe that there are any outstanding claims where the final outcome will have a material impact on the financial statements. Any such claim will be recorded in the period that it is deemed probable that a liability has been incurred.

Note 7 - Net Assets With Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	<u>June 30, 2022</u>			
	<u>Beginning Balance 7/1/21</u>	<u>Restricted Contributions</u>	<u>Released from Restrictions</u>	<u>Ending Balance 6/30/22</u>
Multi-media library	\$100,000	\$0	(\$22,260)	\$77,740
Fellowship	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total restrictions	<u>\$100,000</u>	<u>\$5,000</u>	<u>(\$22,260)</u>	<u>\$82,740</u>

	<u>June 30, 2021</u>			
	<u>Beginning Balance 7/1/20</u>	<u>Restricted Contributions</u>	<u>Released from Restrictions</u>	<u>Ending Balance 6/30/21</u>
Multi-media library	<u>\$100,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$100,000</u>

Note 8 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the School obtained a loan from the Small Business Administration (“SBA”) in the amount of \$394,522 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. The School accounts for the PPP loan in accordance with FASB ASC 958-605 as a conditional grant. The conditions for forgiveness on this loan were met during the year ended June 30, 2021 and the full amount has been recognized as revenue during the year then ended.

Note 9 - Significant Concentrations

The School and the NYCDOE signed an agreement, which permits the school to operate the charter. Approximately 80% and 83% of the School’s total public support and revenue was received from the NYCDOE for the years ended June 30, 2022 and 2021, respectively. If the NYCDOE were to discontinue funding, it would have a severe economic impact on the School’s ability to operate.

Note 10 - Retirement Plan

The School has a retirement plan under IRS Section 403(b). All employees who are at least 21 years of age are eligible to participate. All eligible employees may elect to defer a portion of their salary, up to statutory amounts, to be contributed to this plan. Participants will receive a discretionary employer base contribution equal to 100% of the salary reduction contributions made by the employee for the calendar year, not to exceed 4% of the employee’s salary.

The School contributed \$4,562 in 2022 and \$36,073 in 2021 to the 403(b) plan. The following vesting periods apply:

<u>Period</u>	<u>Vesting Percentage</u>
Less than 1 year	0%
At least 1, but less than 2 years	25%
At least 2, but less than 3 years	50%
At least 3, but less than 4 years	75%
4 years or more	100%

Note 11 - Availability and Liquidity

Financial assets are available within one year of the date of the statement of financial position for general expenditures as follows:

Cash and cash equivalents	\$2,033,190	
Government grants receivable – other	<u>598,132</u>	
Total financial assets		\$2,631,322

Less amounts not available for general expenditures:

Amounts included as financial assets that are restricted for future programs and periods		<u>(82,740)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$2,548,582</u>

There are no external or internal limits imposed on the remaining balance of financial assets available to meet cash needs for general expenditures within one year. As part of its liquidity management, the School operates its programs within a board approved budget and relies on grants and contributions to fund its operations and program activities.

Note 12 - Subsequent Events

Subsequent events have been evaluated through October 18, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

Note 13 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the School operates. As of the date of the financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Trustees of
Brooklyn Emerging Leaders Academy 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 Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 18, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

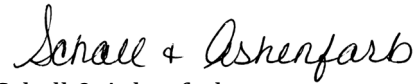
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 18, 2022

**BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Current Year:

None

Prior Year:

None - There were no findings in the prior year.