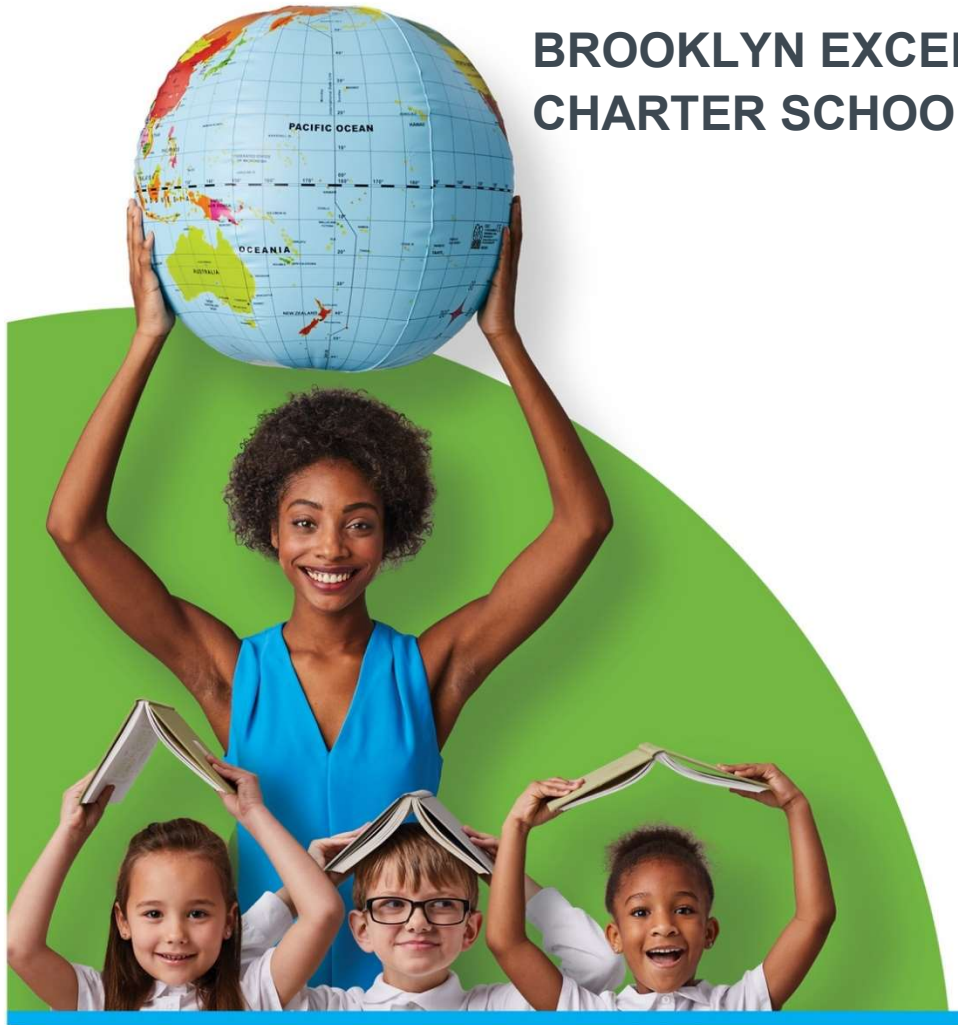


BROOKLYN EXCELSIOR CHARTER SCHOOL



Financial Statements, Additional
Information, and Federal Awards
Supplemental Information as of and for the
Years Ended June 30, 2022 and 2021, and
Independent Auditor's Reports

**NATIONAL
HERITAGE
ACADEMIES®**



BROOKLYN EXCELSIOR CHARTER SCHOOL

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1–3
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021:	
Statement of Financial Position	4
Statement of Activities and Change in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7–11
ADDITIONAL INFORMATION —	12
New York State Education Department Schedule of Functional Expenses	13
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14-15
SUPPLEMENTAL INFORMATION –	16
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE	17-19
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditure of Federal Awards	21
Schedule of Findings and Questioned Costs	22
Summary Schedule of Prior Audit Findings	23

Independent Auditor's Report

To the Board of Directors
Brooklyn Excelsior Charter School

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Brooklyn Excelsior Charter School (the "School") as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the School's financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Audits of the Financial Statements* section of our report. We are required to be independent of the School and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 for 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Trustees
Brooklyn Excelsior Charter School

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Brooklyn Excelsior Charter School's basic financial statements. The 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* (the "Uniform Guidance"), and supplemental New York State Education Department schedule of functional expenses, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Board of Trustees
Brooklyn Excelsior Charter School

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of Brooklyn Excelsior Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Brooklyn Excelsior Charter School's internal control over financial reporting or on compliance. That report is an integral part of audits performed in accordance with *Government Auditing Standards* in considering Brooklyn Excelsior Charter School's internal control over financial reporting and compliance.

Plante Moran, PC

October 28, 2022

BROOKLYN EXCELSIOR CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash	\$ 30,194	\$ 26,498
Due from governmental revenue sources	<u>549,356</u>	<u>718,428</u>
Total current assets	<u>579,550</u>	<u>744,926</u>
NON-CURRENT ASSETS:		
Capital assets, net	-	883
Restricted cash	<u>77,310</u>	<u>77,287</u>
TOTAL	<u><u>\$ 656,860</u></u>	<u><u>\$ 823,096</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Deferred revenue	\$ 123,471	\$ 1,778
Accounts payable	14,497	1,120
Contracted service fee payable	<u>367,480</u>	<u>793,943</u>
Total liabilities	<u>505,448</u>	<u>796,841</u>
NET ASSETS - Net Assets without Donor Restriction	<u>151,412</u>	<u>26,255</u>
TOTAL	<u><u>\$ 656,860</u></u>	<u><u>\$ 823,096</u></u>

See notes to financial statements

BROOKLYN EXCELSIOR CHARTER SCHOOL**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
REVENUES, GAINS AND OTHER SUPPORT:		
Public School District		
Resident Student Enrollment	\$ 10,644,916	\$ 11,125,076
Students with Disabilities	1,062,696	1,283,573
Grants, Contracts, and other:		
State and local	-	-
Federal - Title, IDEA, and ESSER	858,439	829,450
Other	40,438	36,656
Child Nutrition Program - Federal	480,619	118,093
Child Nutrition Program - State	8,971	3,126
	<u>13,096,079</u>	<u>13,395,974</u>
Total revenues, gains and other support	13,096,079	13,395,974
EXPENSES:		
Contracted service fee:		
Program services	10,363,493	9,923,976
Management and general	2,565,022	3,436,998
Board funds	41,524	32,303
Depreciation	883	10,581
	<u>12,970,922</u>	<u>13,403,858</u>
Total Expenses	12,970,922	13,403,858
CHANGE IN NET ASSETS	125,157	(7,884)
NET ASSETS		
Beginning of year	<u>26,255</u>	<u>34,139</u>
End of year	<u>\$ 151,412</u>	<u>\$ 26,255</u>

See notes to financial statements.

BROOKLYN EXCELSIOR CHARTER SCHOOL

STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
State aid	\$ 11,750,391	\$ 12,453,307
Other state sources	8,782	(18,026)
Federal sources	1,582,028	526,902
Private sources	45,643	35,206
Payments for services rendered	<u>(13,383,125)</u>	<u>(12,994,671)</u>
Net Cash Provided by Operating Activities	<u>3,719</u>	<u>2,718</u>
NET INCREASE IN CASH AND RESTRICTED CASH	3,719	2,718
CASH AND RESTRICTED CASH - Beginning of year	<u>103,785</u>	<u>101,067</u>
CASH AND RESTRICTED CASH - End of year	<u><u>\$ 107,504</u></u>	<u><u>\$ 103,785</u></u>

See notes to financial statements.

BROOKLYN EXCELSIOR CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1. NATURE OF OPERATIONS

Brooklyn Excelsior Charter School (the “School”) is a public charter school as defined by Article 56 of the New York State Education Law which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under a charter approved by the State University of New York Charter School Institute, which is responsible for oversight of the School’s operations. The charter expires June 30, 2023 and is subject to renewal. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School’s primary source of revenue is provided by the State of New York and consists of an amount per student multiplied by weighted average student counts.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America for not-for-profit organizations.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2022 and 2021 represents bank deposits which are covered by federal depository insurance.

Restricted Cash — Under the requirements of NYSED, the School has agreed to establish a reserve cash account and maintain a minimum balance of \$75,000. At June 30, 2022 and 2021, \$77,310 and \$77,287, respectively, of cash is restricted for that purpose. In the event of dissolution of the School, the reserve cash account would be used to pay for legal and audit expenses associated with the dissolution.

Deferred Revenue — Deferred revenue as of June 30, 2022 and 2021 consists of funds received for services which have not yet been performed.

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

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

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

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

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

- *Net Assets without Donor Restriction* – Net assets which are not subject to donor imposed or governmental stipulations.
- *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. As of June 30, 2022 and 2021, no net assets are considered to be with donor restrictions.

Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Accordingly, no provision for federal income taxes has been made.

Contribution of Nonfinancial Assets – Included as revenue, gains, and other support in the Statement of Activities are contributions of nonfinancial assets also known as gifts in-kind. Contributed professional services are recognized if the services received a) create or enhance non-financial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are recognized as program revenue and expense and are valued at the estimated fair market value for the services as provided by the donor.

Adoption of a New Accounting Pronouncement — In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires contributed nonfinancial assets be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also adds disclosure requirements for contributed nonfinancial assets including qualitative information such as whether the contribution was monetized or utilized, how it was utilized (if applicable), the Academy's policy for monetizing vs. utilizing, a description of donor-imposed restrictions, and a description of how the fair value was determined. This standard was adopted for the year ended June 30, 2022.

Adoption of a New Accounting Pronouncement – As of July 1, 2021, the School adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires leases to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affect the pattern of expense recognition in the statement of financial position. The School elected to adopt the ASU using the modified retrospective method as of July 1, 2021. The impact of the adoption was not significant as the facility sublease agreement with NHA is consider short-term as disclosed in Note 9.

3. DUE FROM GOVERNMENTAL SOURCES

Receivables as of June 30, 2022 for the Academy included \$42,048 in state aid receivable, \$495,714 in federal grants receivable, and \$11,594 in other state receivable. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. LIQUIDITY

The School has \$579,550 and \$744,926 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$30,194 and \$26,498 and amounts due from governmental revenue sources of \$549,356 and \$718,428 at June 30, 2022 and 2021, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The School has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$2,162,000 and 2,253,000 at June 30, 2022 and 2021, respectively.

While the School does not currently carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required make contributions to the School if the School's expenditures exceed the school's revenue during the year.

5. FUNCTIONAL EXPENSES

The School provides educational services to its students. Expenses related to providing these services are as follows for the years ended June 30, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Program services		
Contracted service fee	\$ 10,363,493	\$ 9,923,976
Board expenses	41,524	32,303
Depreciation	<u>883</u>	<u>10,581</u>
Total program services	10,405,900	9,966,860
Management and general		
Contracted service fee	2,565,022	3,436,998
Total	<u>\$ 12,970,922</u>	<u>\$ 13,403,858</u>

The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function and require an allocation on a reasonable basis that is consistently applied. Management and general expenses consist of expenditures incurred by the School based on their usage of management company services. Usage of management company services are calculated on a variety of different allocation methods based on various cost centers.

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2022 or 2021, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

7. CONTINGENCIES

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

8. CAPITAL ASSETS

Capital asset activity of the school was as follows:

Year Ended June 30, 2022	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	<u>\$ 105,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,813</u>
Less accumulated depreciation — equipment	<u>104,930</u>	<u>883</u>	<u>-</u>	<u>105,813</u>
Total capital asset activity, net	<u>\$ 883</u>	<u>\$ (883)</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ended June 30, 2021	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	<u>\$ 105,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,813</u>
Less accumulated depreciation — equipment	<u>94,349</u>	<u>10,581</u>	<u>-</u>	<u>104,930</u>
Total capital asset activity, net	<u>\$ 11,464</u>	<u>\$ (10,581)</u>	<u>\$ -</u>	<u>\$ 883</u>

9. LEASES

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from August 1, 2018 through July 31, 2023. Annual rental payments required by the lease were \$2,314,512 payable in twelve monthly payments of \$192,876. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under FASB ASU No. 2016-02, *Leases* based on the noncancellable period being less than twelve months and applicability of the short-term lease exception for the facility lease agreement.

10. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2022 have been evaluated through October 28, 2022, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

* * * * *

ADDITIONAL INFORMATION

BROOKLYN EXCELSIOR CHARTER SCHOOL

NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

	2022							2021
	Program Services				Supporting Services			
	Regular Education	Special Education	Other Education	Total	Fund-raising	Management and General	Total	Total
Personnel Services Costs								
Administrative Staff Personnel	\$ 597,065	\$ -	\$ -	\$ 597,065	\$ -	\$ -	\$ -	\$ 597,065
Instructional Personnel	2,967,262	643,030	-	3,610,292	-	-	-	3,610,292
Non-Instructional Personnel	207,178	-	-	207,178	-	-	-	207,178
Total Salaries and Staff	3,771,505	643,030	-	4,414,535	-	-	-	4,414,535
Fringe Benefits & Payroll Taxes	619,023	113,835	-	732,858	-	-	-	732,858
Retirement	77,144	15,501	-	92,645	-	-	-	92,645
Management Company Fees	-	-	-	-	-	-	-	-
Legal Service	14,822	-	-	14,822	-	-	-	14,822
Accounting / Audit Services	12,336	-	-	12,336	-	248,958	248,958	261,294
Other Purchased / Professional / Consulting Services	412,660	297,952	-	710,612	-	895,143	895,143	1,605,755
Building and Land Rent / Lease	1,888,602	494,492	-	2,383,094	-	-	-	2,383,094
Repairs & Maintenance	240,154	62,880	-	303,034	-	55,445	55,445	358,479
Insurance	35,965	9,417	-	45,382	-	-	-	45,382
Utilities	173,033	45,305	-	218,338	-	-	-	218,338
Supplies / Materials	277,317	-	-	277,317	-	-	-	277,317
Equipment / Furnishings	148,354	38,843	-	187,197	-	-	-	187,197
Staff Development	39,786	156	-	39,942	-	-	-	39,942
Marketing / Recruitment	227,790	-	-	227,790	-	481,352	481,352	709,142
Technology	71,548	33,583	-	105,131	-	429,720	429,720	534,851
Food Service	345,597	-	-	345,597	-	-	-	345,597
Student Services	212,825	-	-	212,825	-	444,922	444,922	657,747
Office Expense	46,562	-	-	46,562	-	9,482	9,482	56,044
Depreciation	883	-	-	883	-	-	-	883
Other	35,000	-	-	35,000	-	-	-	35,000
Total Expenses	\$ 8,650,906	\$ 1,754,994	\$ -	\$ 10,405,900	\$ -	\$ 2,565,022	\$ 2,565,022	\$ 12,970,922
								\$ 13,403,858

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

Independent Auditor's Report

To Management and the Board of Directors
Brooklyn Excelsior Charter School

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 Brooklyn Excelsior Charter School (the "School"), which comprise the statement of financial position as of June 30, 2022 and 2021 and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated October 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Brooklyn Excelsior Charter School's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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 audits 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brooklyn Excelsior Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

To Management and the Board of Directors
Brooklyn Excelsior Charter School

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of audits performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante Moraw, PC

October 28, 2022

SUPPLEMENTAL INFORMATION

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

Independent Auditor's Report

To the Board of Directors
Brooklyn Excelsior Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brooklyn Excelsior Charter School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School's major federal programs for the years ended June 30, 2022 and 2021. The School's 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, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the years ended June 30, 2022 and 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audits 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; 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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audits of Compliance* section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audits. 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 audits do not provide a legal determination of the School's 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 the School's federal programs.

Auditor's Responsibilities for the Audits 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 the School's compliance based on our audits. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audits 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 the School's 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 audits and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audits.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audits 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. Given these limitations, during our audits we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audits were not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors
Brooklyn Excelsior Charter School

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.

Alante Moran, PC

October 28, 2022

BROOKLYN EXCELSIOR CHARTER ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

Program Title/Project Number/Subrecipient Name	Grant/Project Number	ALN Number	Expenditures	Current Year Cash Transferred to Subrecipient
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture -				
Passed through the New York State Department of Education:				
Cash Assistance:				
National School Lunch Program 2020-21	211960	10.555	\$ -	\$ -
National School Lunch Program 2021-22	221960	10.555	354,643	-
After School Snack Program 2020-21	221960	10.555	4,295	-
National School Lunch Program (incl. commodities) Subtotal		10.555	358,938	-
National School Breakfast Program 2020-21	211970	10.553		-
National School Breakfast Program 2021-22	221970	10.553	121,681	-
National School Breakfast Program Subtotal		10.553	121,681	-
Total Child Nutrition Cluster			480,619	-
Special Education Cluster - U.S. Department of Education -				
Passed through the New York City School District:				
IDEA Flowthrough:				
IDEA Flowthrough 2022	N/A	84.027	95,570	-
Total Special Education Cluster			95,570	-
Other federal awards:				
Passed through the New York State Department of Education:				
Title I, Part A:				
Title I, Part A 2021	0021214232	84.010	38,464	-
Title I, Part A 2122	0021224232	84.010	228,492	-
Total Title I, Part A		84.010	266,956	-
Title II, Part A - Improving Teacher Quality:				
Title II, Part A 2021	0147214232	84.367	-	-
Title II, Part A 2122	0147224232	84.367	53,831	-
Total Title II, Part A		84.367	53,831	-
Title IV - SSAE:				
Title IV 2021	0204214232	84.424	-	-
Title IV 2122	0204224232	84.424	31,469	-
Total Title IV - SSAE		84.424	31,469	-
Education Stabilization Fund Program - U.S. Department of Education				
Passed through New York State Department of Education				
COVID-19 ESSER Formula Fund I	5890214232	84.425D	10,540	-
COVID-19 ESSER Formula Fund II	5891214232	84.425D	203,840	-
COVID-19 ESSER Formula Fund III ARP	5880214232	84.425U	195,632	-
Total Education Stabilization Fund Program		84.425	410,012	-
Pandemic EBT Local Level Costs 20-21 - U.S. Department of Agriculture -	210980	10.649	601	-
Passed through the New York State Department of Education:				
Total U.S. Department of Education noncluster programs			762,869	-
Total federal awards			<u>\$ 1,339,058</u>	<u>\$ -</u>

BROOKLYN EXCELSIOR CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Brooklyn Excelsior Charter School (the "School") under programs of the federal government for the year ended June 30, 2022. The information in the 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* (the "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 position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The School has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Federal/State Grant Payments - End of Year Report as published by the New York State Education Department in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is included in the schedule of expenditures of federal awards.

BROOKLYN EXCELSIOR CHARTER SCHOOL

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major programs:

ALN	Name of Federal Program or Cluster	Opinion
10.553, 10.555	Child Nutrition Cluster	Unmodified
84.425	Education Stabilization Fund Program	Unmodified

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

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II - Financial Statement Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Brooklyn Excelsior Charter School
Fiscal Year Ended June 30, 2021
Summary Schedule of Prior Audit Findings

Prior Year Finding Number:

2021-001

Fiscal Year in Which the Finding Initially Occurred:

2021

Original Finding Description: The School was found to have used incorrect District Rates used in calculating State Aid Revenue received for the New York City Schools.

Status/Partial Corrective Action (as applicable): Fully Corrected.

October 28, 2022

To the Board of Directors
Brooklyn Excelsior Charter School

We have audited the financial statements of Brooklyn Excelsior Charter School (the "School") as of and for the years ended June 30, 2022 and 2021 and have issued our report thereon dated October 28, 2022. Professional standards require that we provide you with the following information related to our audits.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 17, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audits of the financial statements do not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audits to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audits of Brooklyn Excelsior Charter School's financial statements have also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audits to those responsible for the governance of Brooklyn Excelsior Charter School, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audits. Toward this end, we issued a separate letter dated October 28, 2022 regarding our consideration of Brooklyn Excelsior Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audits

We performed the audits according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 9, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

As described in Note 2, the School adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 58): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also adds disclosure requirements for contributed nonfinancial assets, including qualitative information such as whether the contribution was monetized or utilized, how it was utilized (if applicable), the School's policy for monetizing vs. utilizing, a description of donor-imposed restrictions, and a description of how the fair value was determined. The new guidance was applied using the retrospective method.

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

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

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

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

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

Difficulties Encountered in Performing the Audits

We encountered no significant difficulties in performing and completing our audits.

Disagreements with Management

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

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

Corrected and Uncorrected Misstatements

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

We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

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

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School. The results of that audit are provided to the board of directors in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated October 28, 2022.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

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

Very truly yours,

Plante Moran, PC



Michael A. Lamfers, CPA
Partner



Michelle M. Goss, CPA
Partner