

**FORTE PREPARATORY ACADEMY
CHARTER SCHOOL**

Audited Financial Statements In Accordance
With Government Auditing Standards

June 30, 2022

FORTE PREPARATORY ACADEMY CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Forte Preparatory Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Forte Preparatory 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 accompanying 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 13, 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 24, 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 24, 2022

FORTE PREPARATORY ACADEMY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022

(With comparative totals at June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Assets		
Cash and cash equivalents	\$3,627,219	\$2,543,774
Government grants receivable	383,963	170,277
Prepaid expenses and other assets	9,150	173,676
Fixed assets (Note 3)	390,341	343,170
Security deposit	812,630	807,630
Restricted cash (Note 4)	75,127	75,110
	<u> </u>	<u> </u>
Total assets	<u>\$5,298,430</u>	<u>\$4,113,637</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$747,044	\$501,839
Grant advance - per pupil funding (Note 5)	73,666	11,206
Government grant advances	45,731	0
Deferred rent	321,384	196,983
	<u> </u>	<u> </u>
Total liabilities	<u>1,187,825</u>	<u>710,028</u>
Net assets:		
Without donor restrictions	4,102,355	3,387,109
With donor restrictions (Note 6)	8,250	16,500
	<u> </u>	<u> </u>
Total net assets	<u>4,110,605</u>	<u>3,403,609</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$5,298,430</u>	<u>\$4,113,637</u>

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

FORTE PREPARATORY ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/22	Total 6/30/21
Revenue and public support:				
Public school district revenue: (Note 5)				
Revenue - resident student enrollment	\$5,948,526		\$5,948,526	\$5,765,182
Revenue - students with disabilities	1,163,369		1,163,369	1,031,501
Total public school district	7,111,895	0	7,111,895	6,796,683
Government grants - other	2,245,632		2,245,632	1,568,114
Government grant - Paycheck Protection Program (Note 7)			0	525,777
Contributions	207,411		207,411	136,497
Other income	1,526		1,526	21,974
Net assets released from restrictions	8,250	(8,250)	0	0
Total revenue and public support	9,574,714	(8,250)	9,566,464	9,049,045
Expenses:				
Program services:				
Regular education	5,427,487		5,427,487	5,049,766
Special education	2,042,557		2,042,557	1,728,082
Total program services	7,470,044	0	7,470,044	6,777,848
Supporting services:				
Management and general	1,354,587		1,354,587	1,041,705
Fundraising	34,837		34,837	29,407
Total supporting services	1,389,424	0	1,389,424	1,071,112
Total expenses	8,859,468	0	8,859,468	7,848,960
Change in net assets	715,246	(8,250)	706,996	1,200,085
Net assets - beginning of year	3,387,109	16,500	3,403,609	2,203,524
Net assets - end of year	\$4,102,355	\$8,250	\$4,110,605	\$3,403,609

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

FORTE PREPARATORY 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	\$2,664,019	\$1,085,029	\$3,749,048	\$440,115	\$27,612	\$467,727	\$4,097,685
Payroll taxes and benefits	550,856	224,359	775,215	91,005	5,709	96,714	900,195
Total personnel costs	3,214,875	1,309,388	4,524,263	531,120	33,321	564,441	4,997,880
Curriculum and classroom expenses	180,836	58,788	239,624			0	104,753
Student food	183,371	59,612	242,983			0	0
Professional fees	48,515	17,617	66,132	489,210		489,210	475,271
Office expenses	152,598	58,718	211,316	48,068	1,149	49,217	210,467
Equipment	18,000	5,852	23,852	49,657		49,657	49,613
Facilities expense	1,341,608	436,145	1,777,753	129,982		129,982	1,618,010
Recruitment			0	28,371		28,371	34,293
Professional development	88,732	28,846	117,578			0	39,671
Insurance	35,427	14,430	49,857	5,853	367	6,220	79,101
Other expenses			0	65,624		65,624	82,776
Depreciation	163,525	53,161	216,686	6,702		6,702	157,125
Total expenses	<u>\$5,427,487</u>	<u>\$2,042,557</u>	<u>\$7,470,044</u>	<u>\$1,354,587</u>	<u>\$34,837</u>	<u>\$1,389,424</u>	<u>\$7,848,960</u>

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

FORTE PREPARATORY 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	\$706,996	\$1,200,085
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	223,388	157,125
Paycheck Protection Program loan forgiveness	0	(525,777)
Changes in assets and liabilities:		
Government grants receivable	(213,686)	(58,985)
Prepaid expenses and other assets	164,526	(609)
Security deposit	(5,000)	(107,328)
Accounts payable and accrued expenses	245,205	159,066
Grant advance - per pupil funding	62,460	(780)
Government grant advances	45,731	(148,875)
Deferred rent	124,401	196,983
Total adjustments	<u>647,025</u>	<u>(329,180)</u>
Net cash flows provided by operating activities	<u>1,354,021</u>	<u>870,905</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(270,559)</u>	<u>(120,083)</u>
Net cash used for investing activities	<u>(270,559)</u>	<u>(120,083)</u>
Net increase in cash, cash equivalents and restricted cash	1,083,462	750,822
Cash, cash equivalents and restricted cash - beginning of year	<u>2,618,884</u>	<u>1,868,062</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$3,702,346</u></u>	<u><u>\$2,618,884</u></u>
Reconciliation to statement of financial position:		
Cash and cash equivalents	\$3,627,219	\$2,543,774
Restricted cash	<u>75,127</u>	<u>75,110</u>
Total cash, cash equivalent and restricted cash	<u><u>\$3,702,346</u></u>	<u><u>\$2,618,884</u></u>
No taxes or interest were paid.		

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

FORTE PREPARATORY ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Organization

Forte Preparatory Academy Charter School (the "School") located in Queens, New York, is a not-for-profit education corporation chartered by The State University of New York Charter Schools Institute. Through rigorous academics, quality instruction, and a positive culture of individual and collective responsibility, the School equips all students in grades 5 through 8 to excel in college preparatory high schools and use their leadership and voice to change the world. The School completed the 2021-2022 fiscal year with an average enrollment of approximately 350 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. In March 2022, the School's charter was renewed for an additional 5 year term, up to and including June 30, 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.

The School is affiliated with Friends of Forte ("Friends") through the use of shared members of their respective Board of Directors. Friends has been established to support the School and function as the fundraising arm of the School. As of the issuance of these financial statements, Friends is in process of completing the application to become a not-for-profit under Section 501(c)(3). Friends does not meet the requirements for consolidation because the School does not exercise control over them. There were no related party transactions with Friends during the year ended June 30, 2022.

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 all activity without donor-imposed restrictions.
- *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. 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 6.

c. Revenue Recognition

The School follows 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 of payments or release from obligations and are recognized as income once the conditions have been substantially met. Conditional pledges that have not been recognized amount to \$529,290 for the year ended June 30, 2022. No conditional pledges existed as of June 30, 2021.

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.

The School records grants as revenue in the period they become unconditional. Contributions and grants that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Pledges are reviewed for collectability. Based on knowledge of specific donors and funders 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 uncollected.

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 year end and at various times throughout the year, balances were in excess of insured amounts. However, the School has not experienced any losses due to bank failure.

f. Capitalization Policy

Computer hardware, furniture, equipment, and leasehold improvements 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 the respective assets as follows:

Computers and equipment – *3 years*

Furniture and fixtures – *5 years*

Leasehold improvements – *Life of lease*

g. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

h. Advertising

The cost of advertising is expensed as incurred.

i. 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.

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. Such allocations are determined by management on an equitable basis.

Salaries were allocated using time and effort as the basis. The following costs were allocated using 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. Depreciation and facilities expenses are allocated according to usage by square foot. 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 of 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 Pronouncement

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 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Furniture and equipment	\$955,199	\$684,640
Leasehold improvements	<u>37,550</u>	<u>37,550</u>
	992,749	722,190
Less: accumulated depreciation	<u>(602,408)</u>	<u>(379,020)</u>
Total fixed assets, net	<u>\$390,341</u>	<u>\$343,170</u>

Note 4 - Restricted Cash

An escrow account has been established to meet the requirement of The State University of New York Charter Schools Institute. 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 5 - Grant Advances - Per Pupil Funding

	<u>6/30/22</u>	<u>6/30/21</u>
Beginning grant advance	(\$11,206)	(\$11,986)
Per pupil funding:		
Funding based on allowable FTE's	7,111,895	6,796,683
Advances received	<u>(7,174,355)</u>	<u>(6,795,903)</u>
Prior year FTE adjustment		
Ending grant advance	<u>(\$73,666)</u>	<u>(\$11,206)</u>

Note 6 - Net Assets With Donor Restrictions

During the year ended June 30, 2022, there were no additional donor restricted contributions received. The balance from the period ending June 30, 2021 totaled \$16,500, which is for emergency assistance for program participants due to the pandemic. During the year ended June 30, 2022, assistance distributed to participants totaled \$8,250. As of June 30, 2022, the amount of assistance to be distributed in future periods totaled \$8,250.

Note 7 - 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 \$525,777 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 accounted 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 was recognized as revenue during the year then ended.

Note 8 - Significant Concentrations

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 89% and 84% of the School's total public support and revenue was 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 9 - Commitments

During the year ended June 30, 2019, the School entered into a lease agreement for a new School facility that expires on June 30, 2030. The lease commenced on July 1, 2020. In May 2021, the School amended the new lease to add more instructional space within the building, which commenced on October 1, 2021.

Future minimum payments under this lease agreements are as follows:

Year ending:	June 30, 2023	\$1,639,892
	June 30, 2024	1,670,105
	June 30, 2025	1,718,392
	June 30, 2026	1,768,102
	June 30, 2027	1,819,240
	Thereafter	<u>5,781,123</u>
Total		<u>\$14,396,854</u>

Note 10 - Retirement Plan

The School has a retirement plan under Section 403(b) of the Internal Revenue Code. All employees are immediately eligible to participate and may elect to defer a portion of their salary, up to statutory amounts, to be contributed to this plan. Full time employees receive an employer base contribution equal to 100% of the salary deferral contributions made by the employee for the calendar year, not to exceed 3% of the employee's salary.

The School contributed \$38,299 and \$35,271 for the years ended June 30, 2022 and 2021, respectively. The following vesting periods apply:

<u>Period</u>	<u>Vesting Percentage</u>
Less than 2 years	0%
3 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	\$3,627,219	
Government grants receivable	<u>383,963</u>	
Total financial assets		\$4,011,182

Less amounts not available for general expenditures:

Amounts included as financial assets that are restricted for future programs and periods	<u>(8,250)</u>	
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Financial assets available to meet cash needs for general expenditures within one year		<u>\$4,002,932</u>
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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 24, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

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
Forte Preparatory 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 Forte Preparatory 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 24, 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.

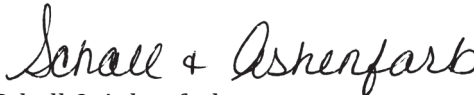
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 24, 2022

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022**

Current Year:

None

Prior Year:

None – There were no findings in the prior year.