

Achievement First Brooklyn Charter Schools

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

June 30, 2023

Achievement First Brooklyn Charter Schools

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Independent Auditor's Report

To the Board of Trustees
Achievement First Brooklyn Charter Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Achievement First Brooklyn Charter Schools, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Achievement First Brooklyn Charter Schools as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Reported on Summarized Comparative Information

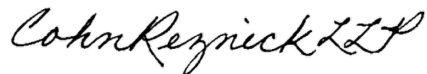
We have previously audited Achievement First Brooklyn Charter Schools' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of Achievement First Brooklyn Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Achievement First Brooklyn Charter Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Achievement First Brooklyn Charter Schools' internal control over financial reporting and compliance.



Hartford, Connecticut
October 31, 2023

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)**

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 46,790,717	\$ 38,856,358
Restricted cash	350,000	350,000
Grants and other receivables	10,443,859	8,876,577
Receivable from related party - revolving lines of credit	7,142,270	6,642,270
Prepaid expenses and other assets	186,356	193,019
Due from related party	-	79,680
Due from other school	6,039	2,247
	<u>64,919,241</u>	<u>55,000,151</u>
Total current assets		
	<u>64,919,241</u>	<u>55,000,151</u>
Non-current assets		
Construction in process	1,425,984	1,123,367
Property and equipment, net	6,136,877	7,232,818
Lease acquisition costs, net	3,865,687	4,092,099
Operating lease right-of-use assets	5,955,315	-
	<u>17,383,863</u>	<u>12,448,284</u>
Total noncurrent assets		
	<u>17,383,863</u>	<u>12,448,284</u>
Total assets	<u>\$ 82,303,104</u>	<u>\$ 67,448,435</u>

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)**

Liabilities and Net Assets

	<u>2023</u>	<u>2022</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 2,543,646	\$ 3,312,324
Accrued salaries and other payroll related expenses	1,207,043	1,340,925
Due to related party	931,604	-
Due to other schools	560	24,407
Due to NYC Department of Education	83,560	339,109
Due to NYS Education Department - current portion	464,034	157,768
Deferred rent	-	724,034
Refundable advance	87,253	2,661,755
Loans payable - current portion	-	426,000
Current maturities of operating lease liabilities	<u>4,466,041</u>	<u>-</u>
Total current liabilities	<u>9,783,741</u>	<u>8,986,322</u>
Long-term liabilities		
Loans payable - net of current portion	-	33,118
Operating lease liabilities - net of current portion	<u>2,304,911</u>	<u>-</u>
Total long-term liabilities	<u>2,304,911</u>	<u>33,118</u>
Total liabilities	<u>12,088,652</u>	<u>9,019,440</u>
Net assets		
Without donor restrictions		
Undesignated	63,214,452	51,418,495
Board-designated reserve	7,000,000	7,000,000
With donor restrictions	<u>-</u>	<u>10,500</u>
Total net assets	<u>70,214,452</u>	<u>58,428,995</u>
Total liabilities and net assets	<u>\$ 82,303,104</u>	<u>\$ 67,448,435</u>

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Activities and Changes in Net Assets Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Without donor restrictions	With donor restrictions	2023	2022
Change in unrestricted net assets				
Operating revenue				
State and local per pupil operating revenue	\$ 146,761,477	\$ -	\$ 146,761,477	\$ 145,549,004
Federal, state and local grants	14,828,382	-	14,828,382	16,712,846
Special education revenue	16,015,798	-	16,015,798	16,796,617
Net assets released from restrictions	10,500	(10,500)	-	-
Total operating revenue	177,616,157	(10,500)	177,605,657	179,058,467
Expenses				
Program services	149,450,073	-	149,450,073	152,205,423
General and administrative	20,559,854	-	20,559,854	20,428,725
Fundraising	19,000	-	19,000	15,000
Total expenses	170,028,927	-	170,028,927	172,649,148
Surplus (deficit) on school operations from government funding	7,587,230	(10,500)	7,576,730	6,409,319
Support and other revenue				
Contributions	348,372	-	348,372	330,855
In-kind contributions	497,630	-	497,630	524,680
Interest income	860,090	-	860,090	86,077
Realized and unrealized gains on investments	295,983	-	295,983	-
Other revenue	2,254,706	-	2,254,706	1,276,809
Loss on disposal of assets	(48,054)	-	(48,054)	-
Total support and other revenue	4,208,727	-	4,208,727	2,218,421
Change in net assets	11,795,957	(10,500)	11,785,457	8,627,740
Net assets, beginning	58,418,495	10,500	58,428,995	49,801,255
Net assets, end	\$ 70,214,452	\$ -	\$ 70,214,452	\$ 58,428,995

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Functional Expenses Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 13,984,689	\$ -	\$ 13,984,689	\$ 13,591,466
Instructional personnel	77,873,929	10,439,340	88,313,269	-	-	88,313,269	88,610,787
Total personnel services costs	77,873,929	10,439,340	88,313,269	13,984,689	-	102,297,958	102,202,253
Fringe benefits and payroll taxes	12,241,728	1,622,138	13,863,866	2,192,740	-	16,056,606	16,296,193
Retirement	915,827	120,163	1,035,990	162,143	-	1,198,133	1,341,881
Management company fees	16,491,875	1,805,916	18,297,791	964,041	19,000	19,280,832	19,224,575
Accounting/audit services	-	-	-	163,654	-	163,654	171,168
Other purchased/professional/consulting services	134,117	385,773	519,890	160,786	-	680,676	619,778
Repairs and maintenance	3,306,088	462,067	3,768,155	737,397	-	4,505,552	3,708,901
Insurance	581,426	77,524	658,950	104,829	-	763,779	651,183
Utilities	1,258,697	172,486	1,431,183	220,536	-	1,651,719	1,614,864
Supplies/materials	2,928,035	387,389	3,315,424	-	-	3,315,424	3,515,674
Equipment/furnishings	768,604	102,417	871,021	140,119	-	1,011,140	1,669,125
Staff development	1,094,011	144,447	1,238,458	114,309	-	1,352,767	1,028,692
Marketing/recruitment	175,386	23,615	199,001	-	-	199,001	453,097
Technology	4,666,809	620,643	5,287,452	140,838	-	5,428,290	6,188,915
Food service	2,143,006	290,617	2,433,623	-	-	2,433,623	2,829,611
Student services	2,324,382	309,393	2,633,775	-	-	2,633,775	2,438,546
Office expense	2,784,202	370,150	3,154,352	922,027	-	4,076,379	5,628,730
Depreciation and amortization	1,487,833	201,686	1,689,519	422,378	-	2,111,897	2,309,126
Other	504,128	66,980	571,108	124,696	-	695,804	648,361
Parental activities	147,420	19,826	167,246	-	-	167,246	103,944
Interest expense	-	-	-	4,672	-	4,672	4,531
Total expenses	\$ 131,827,503	\$ 17,622,570	\$ 149,450,073	\$ 20,559,854	\$ 19,000	\$ 170,028,927	\$ 172,649,148

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Cash Flows Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 11,785,457	\$ 8,627,740
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,111,897	2,309,126
Net changes in operating lease right-of-use assets and liabilities	815,637	-
Loss on disposal of assets	7,354	-
Write-off of construction in process	40,700	52,549
Accrued interest	(16,878)	(2,254)
Changes in operating assets and liabilities		
Grants and other receivables	(1,567,282)	(4,911,083)
Prepaid expenses and other assets	6,663	392,113
Due from related party	79,680	1,521,694
Due from other school	(3,792)	16,360
Accounts payable and accrued expenses	(821,595)	1,301,137
Accrued salaries and other payroll related expenses	(133,882)	(52,800)
Due to related party	931,604	-
Due to other schools	(23,847)	19,522
Due to NYC Department of Education	(255,549)	296,837
Due to NYS Education Department	306,266	(157,768)
Deferred rent	(724,034)	724,034
Refundable advance	(2,574,502)	2,661,755
Deferred revenue	-	(500)
Net cash provided by operating activities	9,963,897	12,798,462
Cash flows from investing activities		
Purchase of property and equipment	(1,087,298)	(1,116,516)
Cash paid out on revolving lines of credit	(500,000)	(3,622,250)
Net cash used in investing activities	(1,587,298)	(4,738,766)
Cash flows from financing activities		
Payments of long-term debt	(442,240)	(250,957)
Net increase in cash and restricted cash	7,934,359	7,808,739
Cash and restricted cash, beginning	39,206,358	31,397,619
Cash and restricted cash, end	\$ 47,140,717	\$ 39,206,358
Cash paid during the year for interest	\$ 6,783	\$ 38,111
Supplemental disclosure of noncash investing and financing transactions		
Transfer of construction in process to fixed assets	\$ 43,850	\$ 1,219,430
Purchase of fixed assets with accounts payable	\$ 6,022	\$ -
Purchase of construction in process with accounts payable	\$ 184,295	\$ 137,400

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements

June 30, 2023

Note 1 - Nature of operations

Achievement First Brooklyn Charter Schools (the "School") focus on strengthening the academic and character skills needed for all students to excel in top-tier colleges, to achieve success in a competitive world, and to serve as the next generation of leaders in their communities. The Board of Regents of the State University of New York ("SUNY") originally granted individual charters to the schools (Achievement First Apollo Charter School, Achievement First Aspire Charter School, Achievement First Brownsville Charter School, Achievement First Bushwick Charter School, Achievement First Crown Heights Charter School, Achievement First East New York Charter School and Achievement First Endeavor Charter School). These charters were valid for a term of five years and renewable upon expiration. Additional charters were subsequently granted to Achievement First Linden Charter School, Achievement First North Brooklyn Charter School, Achievement First Voyager Charter School and Achievement First Legacy Charter School. The supplemental schedules to the financial statements provide additional operating activity by charter. The schools operate under one legal entity. The financial statements reflect the activities of the eleven charter schools for the fiscal year ended June 30, 2023.

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and under the corresponding provisions of the New York State tax laws. The School's primary source of income is government funding. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). Today, the School serves students primarily from low-income households in Brooklyn and Queens, New York.

During the year ended June 30, 2023, the School operated classes for students in K-12. Charters that share space with New York City Department of Education ("NYCDOE") schools are not responsible for rent, utilities, custodial services, or maintenance. Charters that share space with other charter schools or do not share space are responsible for operating occupancy costs.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Board-designated net assets represent net assets established by the Board of Trustees, which represents funds without donor restrictions set aside for future needs of the School. Cash basis operating surpluses, if they exist at year-end, may be used to accumulate the board-designated reserve. Utilization of the reserve may be approved by the Board of Trustees and used for emergency funds in case of an unexpected financial crises, start-up costs for growth needs, facility capital requirements, principal-in-residence salaries and one-time projects which have significant future potential. The reserve balance will be generated from the schools' budgeted per-pupil operating revenue, excluding state and federal nonoperating grants.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

Net assets with donor restrictions are subject to donor- (or certain grantor-) imposed restrictions which are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Statement of cash flows

For purposes of reporting cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2023.

Cash and cash equivalents

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amount shown in the statement of cash flows:

	2023	2022
Cash	\$ 46,790,717	\$ 38,856,358
Restricted cash	350,000	350,000
Total	<u>\$ 47,140,717</u>	<u>\$ 39,206,358</u>

Restricted cash

The School has designated \$350,000 to be set aside for contingency purposes as required by the Board of Trustees of the State University of New York.

Grants and other receivables

Grants receivable represent amounts owed to the School for federal or state funding. Grants receivable that are expected to be collected within one year, and recorded at net realizable value, are \$10,443,859 at June 30, 2023. The School has determined that no allowance for uncollectible accounts for receivables is necessary as of June 30, 2023. Such estimate is based on management's assessments of the creditworthiness of its donors, the aging of its receivables as well as current economic conditions and historical information.

Revenue recognition

The School reports unconditional promises to give as revenue when the promise is received. Conditional promises to give are recognized as revenue when the condition is met. Grants and contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose conditions and restrictions are met in the same reporting period have been reported as support increasing net assets without donor restrictions in the statement of activities.

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement. The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements

June 30, 2023

Donated goods and services

The School occasionally receives contributed goods and services. Such goods and services are only recorded as in-kind contributions at their fair value, provided they meet the criteria for recognition. Such criteria includes contributions of services that (i) create or enhance nonfinancial assets or those that require specialized skills, (ii) are provided by individuals possessing those skills, and (iii) would typically need to be purchased, if not provided by donation, and are recorded at their fair value in the period received.

Contributed services received from Board Members and volunteers are not recorded in the financial statements since these services do not meet the criteria for recognition as contributed services.

The School does not record any in-kind contributions and related costs with respect to dedicated and shared space provided to it by the NYCDOE as the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice.

Property and equipment

Property and equipment are stated at cost. The School has established a threshold for review of expenditures equal to or greater than \$3,000 for potential capitalization as a fixed asset. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives or lease terms as follows:

<u>Asset</u>	<u>Estimated lives</u>
Leasehold improvements	5 - 20 years
Furniture and fixtures	5 - 8 years
Computers and hardware	3 - 7 years
Equipment	3 - 7 years

Long-lived assets

The School recognizes an impairment loss when the carrying amount of a long-lived asset exceeds its fair value. In the event that facts and circumstance indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. The evaluation process consists of comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down is required. If the review indicates that the asset will not be recoverable, the carrying value of the asset would be reduced to its estimated realizable value. There was no impairment loss recognized for the year ended June 30, 2023.

Functional allocation of expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's assessment. Health and retirement benefits and payroll taxes are allocated to programs and supporting services based on the percentage of salary expense of the program to total salary expense.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

Tax-exempt status

The School is exempt under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from private foundation status under IRC Section 509(a)(3) and as such is not subject to federal or state income taxes.

Management has analyzed the tax positions taken by the School and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The School's federal information returns prior to fiscal year 2020 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the School has unrelated business income taxes, it will recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements of Achievement First Brooklyn Charter Schools for the year ended June 30, 2022, from which the summarized information was derived.

Use of estimates

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

Concentrations of credit risk

The School maintains cash and cash equivalent balances in various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. From time to time, the School's balances may exceed these limits. As of June 30, 2023, the School had uninsured bank balances of \$45,359,125. The School limits its credit risk by selecting financial institutions considered to be highly creditworthy.

Subsequent events

Management has reviewed subsequent events through October 31, 2023, which is the date the financial statements were approved and available for issuance.

Note 3 - New accounting pronouncement

The School adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on July 1, 2022 ("Adoption Date"). Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. The School elected and applied the following practical expedients on the Adoption Date:

- The package of practical expedients permitting the School to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

The School recognized the following as of the Adoption Date in connection with transitioning to Topic 842:

	<u>As of July 1, 2022</u>
Operating lease right-of-use assets	\$ 8,001,712
Operating lease liabilities	8,725,746

The adoption of Topic 842 did not have a material impact on the School's change in net assets for the year ended June 30, 2023.

The School presents its right-of-use assets and lease liabilities for operating leases separately on its statement of financial position. See Note 14 regarding the School's right-of-use assets for operating leases and lease liabilities.

Note 4 - Liquidity

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2023, the School has financial assets available to meet annual operating needs for the 2024 fiscal year as follows:

Cash	\$ 46,790,717
Grants and other receivables	10,443,859
Receivable from related party - revolving lines of credit	7,142,270
Due from other school	<u>6,039</u>
Total financial assets	64,382,885
Less	
Receivable from related party - revolving lines of credit	(7,142,270)
Board-designated reserve	<u>(7,000,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 50,240,615</u></u>

These financial assets are not subject to any grantor or contractual restrictions. The School supports its general operations primarily with Federal and State grants, which are recognized as purpose restrictions are met. The balances due to the NYC Department of Education and NYS Education Department represent advances received that are due back to the State based on the fiscal year reconciliation and do not represent operating expenses.

Note 5 - Receivable from related party - unsecured revolving line of credit

The School has entered into unsecured revolving lines of credit established with entities that are wholly owned by Achievement First, Inc. ("AF"). See Note 9 for the relationship between the School and AF. AF lines bear interest at a fixed rate of 2.6%. Funds are available upon written request. The School may demand repayment of principal and/or accrued interest in part or in full at any time and

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

such repayments shall be due 45 business days thereafter. Balances on the lines are as follows as of June 30, 2023:

	<u>Credit limit</u>	<u>Amount drawn</u>
AF Brooklyn HS4, LLC	\$ 5,000,000	\$ 3,549,327
AF Queens ES1, LLC	4,000,000	1,605,693
AF Glenmore Avenue, LLC	4,000,000	1,987,250
	<u>\$ 13,000,000</u>	<u>\$ 7,142,270</u>

Note 6 - Concentrations

The School received approximately 83% of its operating revenue, which is subject to specific requirements, from per pupil funding from the NYCDOE during the year ended June 30, 2023.

The School's grants and other receivables consist of 97% from the State of New York as of June 30, 2023.

Note 7 - Property and equipment

The following is a summary of property and equipment at June 30, 2023:

Leasehold improvements	\$ 16,195,658
Furniture and fixtures	313,475
Computers and other hardware	48,554
Equipment	<u>1,556,755</u>
	18,114,442
Less accumulated depreciation	<u>(11,977,565)</u>
	<u>\$ 6,136,877</u>

Depreciation expense was \$1,885,485 for the year ended June 30, 2023.

Note 8 - Lease acquisition costs

The NYCDOE, through the New York State Construction Authority ("NYSCA"), agreed to help finance the development and construction of 510 Waverly Avenue, Brooklyn, New York provided that Civic Builders (the "construction manager") and Achievement First Endeavor Charter School collectively contributed 20% of the costs of the construction.

In December 2012, NYSCA, the landlord, entered into an agreement to lease the building to Civic Builders for a 30-year term. Civic Builders entered into an agreement to sublease the building to AF Waverly LLC. AF is the sole member, which in turn leases the building to the School under the same terms at an annual lease of \$1 plus operating costs. The lease acquisition costs of \$6,792,379 include the costs incurred by Achievement First Endeavor Charter School in meeting their obligation to NYCDOE to fund 20% of the costs of construction; these costs are amortized over the 30-year lease term. Amortization expense for the year ended June 30, 2023 was \$226,412 and accumulated amortization at June 30, 2023 was \$2,926,692. Amortization expense for each of the next five years is \$226,412.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

Note 9 - Related party transactions

The School entered into an Academic and Business Services Agreement (the "Agreement") with AF, a not-for-profit organization dedicated to helping start and run charter schools. This Agreement provides management and other administrative support services to the School.

Pursuant to the terms of the Agreement, the School pays a service fee equivalent to 10% of public revenues received by the School during or for that school year. Public revenues include all sources of revenue from a public source, but specifically exclude in-kind contributions such as student transportation, start-up funding, funding for student meals, and funding from competitive public grants. The Agreement automatically renews to coincide with the charter renewals for each school. The Agreement covers services including bookkeeping, facilities acquisition and management, special education delivery support, data analysis management support, and tutoring program support. The School is to pay AF an ancillary services fee that is mutually negotiated by the School and AF. For the year ended June 30, 2023, the School incurred management and ancillary services fees of \$19,289,138, which are included in the accompanying statement of functional expenses. AF is also the recipient of grant funds that are passed through AF to the School. The amount due to AF at June 30, 2023 was \$931,604.

The School received \$348,221 of contributions from AF for the year ended June 30, 2023. See Note 14 for related party leases.

Note 10 - Due from/to other schools

The following amounts were due from/to related schools and consist of the following at June 30, 2023:

Achievement First Providence Charter School	\$	5,159
Achievement First Bridgeport Academy		(560)
Achievement First Elm City Charter School		880
		<hr/>
	\$	5,479
		<hr/>

Note 11 - Loans payable

Loans payable to Charter School Growth Fund bear interest at 1% and 3%. The 1% loans are start-up loans and no payments of principal or interest are required until maturity. The 3% loans are improvement loans and require annual payments of principal and interest. Loans mature through June 30, 2023. This loan balance was repaid in full as of June 30, 2023. Interest expense of \$4,672 is included in interest expense on the statement of functional expenses.

The loan payable to Peak Demand Energy is a noninterest-bearing loan. The loan was established to pay for lighting costs related to school renovations. The loan is paid through monthly payments equal to the cost savings, quantified by the reduction in energy usage each month, which is approximately \$2,000 per month. The loan was paid off during fiscal year 2023.

Note 12 - Due to NYC Department of Education and the New York State Education Department

The NYCDOE paid the School per pupil grant funds in six installments, based on estimates from the School. At the end of each year, the NYCDOE reconciles the total amount paid against the full-time-equivalent enrollment for the year and determines if an overpayment or underpayment has been made. As of June 30, 2023, an overpayment totaling \$83,561 had been made; an adjustment for

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

this amount will be reflected in the third payment from NYCDOE in FY 2024. Additionally, the New York State Education Department informed the School during the year ended June 30, 2018, that an error had been made in the allocation of Title II funds available to districts throughout the State. As a result, \$788,840 was received by the School in excess of the State's recalculated grant allocation. During the year ended June 30, 2023, the final installment of \$157,768 was repaid.

The School discontinued their involvement in the National School Lunch Program as of June 30, 2023. As a result, the School owes the New York State Education Department \$457,456 for unexpended funds. As of June 30, 2023, the School also owes the New York State Education Department \$6,577 for an overpayment of Title I funding.

Note 13 - Contributed nonfinancial assets

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included:

2023				
	Revenue recognized	Utilization in programs/activities	Donor restrictions	Valuation techniques and inputs
Digital learning	\$ 268,144	Regular education	None	Donor's purchase cost
Textbooks	173,894	Regular education	None	Donor's purchase cost
Library books	55,592	Regular education	None	Donor's purchase cost

Note 14 - Leases

The School leases buildings and office equipment. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the School recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. The School has elected and applies the practical expedient available to lessees to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The School remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The School determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the School estimates the risk-free rate as the discount rate. The School's risk-free rate, which is determined at either lease commencement or when a lease liability is remeasured, is the rate on the U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the School's leases commence on the earlier of (i) the date upon which the School obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the School's building leases coincides with the contractual effective date. The commencement date for most of the school's office equipment leases coincides with when the School obtains control of the underlying assets. The School's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such

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Notes to Financial Statements

June 30, 2023

renewal and early termination options are exercisable at the option of the School and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the School determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The School includes variable rental payments based on a rate or an index such as the Consumer Price index (CPI) in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

Leases involving real estate

Leases of facilities have three-year terms, which terms have been incorporated into our measurement of the related right-of-use assets and lease liabilities. Although most of the real estate leases include one or more options to renew that can extend the contractual terms from one to three years, those renewal options are exercisable solely at the School's discretion and have been excluded from lease term measurements. The real estate leases generally require reimbursement of real estate taxes, common area maintenance, and insurance. The School leases these facilities from two limited liability companies wholly owned by AF. Such leases provide for below market rentals, are cancellable at any time, and do not provide purchase options.

Rental payments on these leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts.

The School entered into a facility lease with Glenmore Avenue, LLC, a limited liability company wholly owned by AF, which will commence upon substantial completion of the school. Upon commencement, monthly rent payments are \$214,208 and are subject to a 2.6% increase each year. The agreement with Glenmore Avenue, LLC has a term of 30 years and allows the lease to be extended for an additional 19 years if the overlease is extended and requires the School to achieve certain financial covenants upon occupancy of the premises.

Leases involving equipment

Office equipment leases have lease terms that generally range from less than one year to five years and generally do not have renewal options. Rental payments on these leases have fixed payments.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

Financial information

The following contains information about the School's right-of-use assets and lease liabilities for its operating leases as of June 30, 2023:

	Statement of Financial Position Classification	June 30, 2023
Right-of-use assets		
Operating leases	Noncurrent assets	<u>\$ 5,955,315</u>
Lease liabilities		
Current		
Operating leases	Current liabilities	\$ 4,466,041
Noncurrent		
Operating leases	Noncurrent liabilities	<u>2,304,911</u>
Total lease liabilities		<u>\$ 6,770,952</u>

The components of the School's lease cost for the year ended June 30, 2023 are as follows:

	Statement of Functional Expense Classification	June 30, 2023
Operating lease cost, net		
Rent expense	Repairs and maintenance, Office expense	<u>\$ 3,803,525</u>
Short-term lease expense	Office expense	<u>\$ 141,822</u>

The School had elected to apply the short-term practical expedient to its leases. The rental costs of short-term leases are included in office expenses in the statement of activities.

Supplemental cash flow information related to the School's leases for the year ended June 30, 2023 is as follows:

Year ended June 30, 2023	Operating leases
Cash paid for amounts included in the measurement of lease liabilities	
Operating	\$ 3,711,926
Right-of-use assets obtained in exchange for lease liabilities	
Operating	\$ 9,527,943

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

The weighted average remaining term and weighted average discount rate for the School's leases are as follows as of June 30, 2023:

Weighted average remaining term (in years)	2.21
Weighted average discount rate	3.01%

(1) The Organization has elected to use a risk-free rate as the discount rate for its leases. The Organization uses rates on U.S. government securities for periods comparable with lease terms as risk-free rates.

The annual maturity analysis of the School's lease liabilities as of June 30, 2023 is as follows:

Calendar year	Operating leases
2024	\$ 4,599,601
2025	1,032,315
2026	718,093
2027	544,270
2028	110,026
Total lease payments	7,004,305
Less: Interest	233,353
Present value of lease liability	6,770,952
Less: current portion of lease liabilities	4,466,041
Noncurrent portion of lease liabilities	\$ 2,304,911

Note 15 - Agreement for School facilities

The School has entered into verbal agreements with the NYCDOE for dedicated and shared space at a cost of \$1 per year or less. In accordance with industry standards, the fair value of the rent has not been recorded. The School will be responsible for any overtime-related cost for services provided beyond the regular opening hours. For the year ended June 30, 2023, the School incurred no overtime and incurred no permit fees. The School also entered into an Administrative Cost Management Agreement that requires the School to pay Uncommon Crown Heights, LLC for its share of the building costs for the facilities located at 1485 Pacific Street, Brooklyn, New York. The fair value of the rent has not been included in the accompanying financial statements as the agreement is nonbinding, the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice.

Note 16 - Pension plan

Effective September 1, 2006, the School adopted a 403(b) profit sharing plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan upon employment. Those employees who have completed at least one full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 4% of an employee's salary, up to a maximum match of \$2,500 per year, per employee. The School contribution is not vested until the employee's third year, when he or she becomes fully

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2023

vested. For the year ended June 30, 2023, pension expense for the School was approximately \$1,200,000, which is included in retirement in the accompanying statement of functional expenses.

Note 17 - Risk management

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; actions by employees and parents; and natural disasters. The School maintains commercial insurance to protect itself from these risks.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund because management does not believe that there are any liabilities to be recorded.

Note 18 - Conditional contribution

AF received a conditional grant commencing April 2020 for expansion and minor repairs, of which they have allocated \$4,629,142 to the School. This grant is expected to cover periods through March 2025. Donor conditions specify that amounts must be spent on expenditures relevant to approved grant purpose. Since this grant represents a conditional promise to give, amounts will not be recognized as contribution revenue until donor conditions are met. For the year ended June 30, 2023, \$109,826 was recorded as revenue related to this grant. The remaining conditional promise to give at June 30, 2023 was \$3,500,607.

During the year ended June 30, 2021, the School received conditional ESSER grants of \$46,311,444. These grants are expected to cover periods through September 2023. Donor conditions specify that amounts must be spent on expenditures relevant to the approved grant purpose. Since these grants represent a conditional promise to give, amounts will not be recognized as contribution revenue until donor conditions are met. Prior to 2023, \$10,093,571 of the conditions were met. During 2023, contribution revenue of \$8,702,195 and \$43 of contributions expired were recorded related to this grant. The remaining conditional promise to give at June 30, 2023 was approximately \$27,500,000.

Supplementary Information

Achievement First Brooklyn Charter Schools

Supplemental Combining Schedule of Activities by Charter

Year Ended June 30, 2023

	Achievement First Apollo	Achievement First Aspire	Achievement First Brownsville	Achievement First Bushwick	Achievement First Crown Heights	Achievement First East New York	Achievement First Endeavor	Achievement First Linden	Achievement First North Brooklyn	Achievement First Voyager	Achievement First Legacy	Total
Operating revenue												
State and local per pupil operating revenue	\$ 13,656,624	\$ 13,338,916	\$ 17,217,429	\$ 15,620,161	\$ 22,576,262	\$ 19,439,274	\$ 12,737,429	\$ 12,180,448	\$ 14,653,375	\$ 2,787,552	\$ 2,554,007	\$ 146,761,477
Federal, state and local grants	1,390,215	1,500,839	1,737,939	1,804,104	1,761,408	1,482,206	1,736,345	1,085,994	1,401,902	448,524	478,906	14,828,382
Special education revenue	1,247,847	1,134,000	1,813,105	3,156,637	2,321,370	1,566,526	1,441,043	1,283,991	1,501,679	387,462	162,138	16,015,798
Total operating revenue	16,294,686	15,973,755	20,768,473	20,580,902	26,659,040	22,488,006	15,914,817	14,550,433	17,556,956	3,623,538	3,195,051	177,605,657
Expenses												
Program services	12,731,470	15,174,551	17,658,845	17,326,965	22,096,855	18,860,552	13,788,510	11,476,671	12,896,722	3,637,385	3,801,547	149,450,073
General and administrative	1,635,489	2,665,297	2,623,393	1,871,801	2,954,838	2,296,168	1,815,198	1,691,003	1,606,199	647,061	753,407	20,559,854
Fundraising	-	-	6,334	-	6,333	6,333	-	-	-	-	-	19,000
Total expenses	14,366,959	17,839,848	20,288,572	19,198,766	25,058,026	21,163,053	15,603,708	13,167,674	14,502,921	4,284,446	4,554,954	170,028,927
Surplus (deficit) on school operations from government funding	1,927,727	(1,866,093)	479,901	1,382,136	1,601,014	1,324,953	311,109	1,382,759	3,054,035	(660,908)	(1,359,903)	7,576,730
Support and other revenue												
Contributions	-	-	65,193	77	98,516	184,511	-	50	-	25	-	348,372
In-kind contributions	29,776	60,230	71,105	63,351	68,826	71,919	32,503	23,433	58,540	13,007	4,940	497,630
Interest income	56,559	176,938	84,838	56,741	84,838	84,838	56,559	108,227	56,559	28,279	65,714	860,090
Realized and unrealized gains on investments	24,665	36,998	36,998	24,665	36,998	36,998	24,665	24,665	24,665	12,333	12,333	295,983
Other revenue	33,340	568,935	92,577	72,554	339,779	113,627	119,691	44,934	61,188	37,529	770,552	2,254,706
Loss on sale of assets	-	(41,593)	-	(923)	-	-	-	(1,967)	(3,571)	-	-	(48054)
Total support and other revenue	144,340	801,508	350,711	216,465	628,957	491,893	233,418	199,342	197,381	91,173	853,539	4,208,727
Change in net assets	2,072,067	(1,064,585)	830,612	1,598,601	2,229,971	1,816,846	544,527	1,582,101	3,251,416	(569,735)	(506,364)	11,785,457
Net assets, beginning	12,559,375	6,903,973	6,174,873	6,405,441	5,508,134	4,393,918	6,247,893	6,891,542	8,946,303	(4,188,800)	(1,413,657)	58,428,995
Net assets, end	\$ 14,631,442	\$ 5,839,388	\$ 7,005,485	\$ 8,004,042	\$ 7,738,105	\$ 6,210,764	\$ 6,792,420	\$ 8,473,643	\$ 12,197,719	\$ (4,758,535)	\$ (1,920,021)	\$ 70,214,452

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Apollo Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,159,099	\$ -	\$ 1,159,099	\$ 1,159,530
Instructional personnel	7,277,260	599,417	7,876,677	-	-	7,876,677	7,635,985
Total personnel services costs	7,277,260	599,417	7,876,677	1,159,099	-	9,035,776	8,795,515
Fringe benefits and payroll taxes	1,181,233	97,296	1,278,529	188,143	-	1,466,672	1,390,513
Retirement	109,131	8,989	118,120	17,382	-	135,502	133,441
Management company fees	1,555,865	106,534	1,662,399	87,495	-	1,749,894	1,742,849
Accounting/audit services	-	-	-	13,638	-	13,638	14,264
Other purchased/professional/ consulting services	-	2,642	2,642	9,575	-	12,217	16,637
Repairs and maintenance	38,516	3,172	41,688	6,135	-	47,823	73,999
Insurance	46,701	3,847	50,548	7,438	-	57,986	46,167
Utilities	1,616	133	1,749	257	-	2,006	2,783
Supplies/materials	309,757	25,514	335,271	-	-	335,271	321,487
Equipment/furnishings	68,064	5,606	73,670	10,841	-	84,511	75,324
Staff development	124,258	10,235	134,493	9,680	-	144,173	85,262
Marketing/recruitment	11,276	929	12,205	-	-	12,205	38,954
Technology	430,682	35,475	466,157	11,685	-	477,842	536,544
Food service	60,553	4,988	65,541	-	-	65,541	49,539
Student services	189,046	15,571	204,617	-	-	204,617	218,450
Office expense	252,935	20,834	273,769	84,645	-	358,414	453,778
Depreciation and amortization	69,498	5,724	75,222	18,805	-	94,027	91,129
Other	46,050	3,793	49,843	10,671	-	60,514	66,167
Parental activities	7,696	634	8,330	-	-	8,330	3,930
	<u>\$ 11,780,137</u>	<u>\$ 951,333</u>	<u>\$ 12,731,470</u>	<u>\$ 1,635,489</u>	<u>\$ -</u>	<u>\$ 14,366,959</u>	<u>\$ 14,156,732</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Aspire Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,707,944	\$ -	\$ 1,707,944	\$ 1,604,303
Instructional personnel	7,202,837	1,047,835	8,250,672	-	-	8,250,672	8,357,115
Total personnel services costs	7,202,837	1,047,835	8,250,672	1,707,944	-	9,958,616	9,961,418
Fringe benefits and payroll taxes	1,116,128	162,369	1,278,497	264,657	-	1,543,154	1,524,882
Retirement	76,725	11,162	87,887	18,193	-	106,080	125,693
Management company fees	1,533,551	183,650	1,717,201	90,379	-	1,807,580	1,884,975
Accounting/audit services	-	-	-	20,457	-	20,457	21,396
Other purchased/professional/ consulting services	-	19,767	19,767	15,150	-	34,917	33,173
Repairs and maintenance	1,323,651	192,559	1,516,210	313,866	-	1,830,076	1,500,149
Insurance	49,002	7,128	56,130	11,619	-	67,749	57,331
Utilities	14,417	2,097	16,514	3,419	-	19,933	15,108
Supplies/materials	371,454	54,037	425,491	-	-	425,491	422,935
Equipment/furnishings	97,970	14,252	112,222	23,231	-	135,453	406,873
Staff development	158,882	23,114	181,996	14,436	-	196,432	144,336
Marketing/recruitment	23,459	3,413	26,872	-	-	26,872	45,173
Technology	564,294	82,092	646,386	20,530	-	666,916	721,156
Food service	37,078	5,394	42,472	-	-	42,472	37,544
Student services	148,802	21,647	170,449	-	-	170,449	124,474
Office expense	296,313	43,106	339,419	91,136	-	430,555	573,099
Depreciation and amortization	193,446	28,142	221,588	55,397	-	276,985	305,954
Other	50,762	7,385	58,147	13,883	-	72,030	66,140
Parental activities	5,789	842	6,631	-	-	6,631	2,468
Interest expense	-	-	-	1,000	-	1,000	1,345
Total expenses	\$ 13,264,560	\$ 1,909,991	\$ 15,174,551	\$ 2,665,297	\$ -	\$ 17,839,848	\$ 17,975,622

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Brownsville Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,870,644	\$ -	\$ 1,870,644	\$ 1,596,699
Instructional personnel	9,793,811	1,346,549	11,140,360	-	-	11,140,360	11,376,379
Total personnel services costs	9,793,811	1,346,549	11,140,360	1,870,644	-	13,011,004	12,973,078
Fringe benefits and payroll taxes	1,490,333	204,190	1,694,523	285,020	-	1,979,543	2,054,722
Retirement	102,184	14,000	116,184	19,425	-	135,609	150,754
Management company fees	1,934,870	219,227	2,154,097	113,707	6,334	2,274,138	2,373,377
Accounting/audit services	-	-	-	20,457	-	20,457	21,396
Other purchased/professional/ consulting services	-	64,486	64,486	16,343	-	80,829	52,156
Repairs and maintenance	27,566	3,777	31,343	6,989	-	38,332	37,219
Insurance	59,332	8,129	67,461	11,359	-	78,820	62,343
Utilities	20,250	2,774	23,024	3,785	-	26,809	22,313
Supplies/materials	332,167	45,510	377,677	-	-	377,677	334,440
Equipment/furnishings	97,789	13,399	111,188	18,754	-	129,942	174,436
Staff development	105,968	14,518	120,486	12,412	-	132,898	104,079
Marketing/recruitment	16,614	2,277	18,891	-	-	18,891	38,673
Technology	532,241	72,921	605,162	14,461	-	619,623	755,757
Food service	21,322	2,921	24,243	-	-	24,243	653,236
Student services	216,600	29,677	246,277	-	-	246,277	313,550
Office expense	385,057	52,757	437,814	125,761	-	563,575	707,645
Depreciation and amortization	314,327	43,066	357,393	89,348	-	446,741	512,387
Other	59,625	8,167	67,792	14,928	-	82,720	85,061
Parental activities	390	54	444	-	-	444	2,919
Total expenses	\$ 15,510,446	\$ 2,148,399	\$ 17,658,845	\$ 2,623,393	\$ 6,334	\$ 20,288,572	\$ 21,429,541

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Bushwick Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,324,375	\$ -	\$ 1,324,375	\$ 1,427,745
Instructional personnel	9,535,971	1,306,520	10,842,491	-	-	10,842,491	10,971,196
Total personnel services costs	9,535,971	1,306,520	10,842,491	1,324,375	-	12,166,866	12,398,941
Fringe benefits and payroll taxes	1,496,686	205,060	1,701,746	208,163	-	1,909,909	1,978,179
Retirement	124,397	17,043	141,440	18,018	-	159,458	179,865
Management company fees	1,836,045	207,351	2,043,396	107,547	-	2,150,943	2,080,846
Accounting/audit services	-	-	-	13,638	-	13,638	14,264
Other purchased/professional/ consulting services	54	19,878	19,932	21,178	-	41,110	32,903
Repairs and maintenance	38,074	5,217	43,291	3,341	-	46,632	37,375
Insurance	45,380	6,217	51,597	6,072	-	57,669	49,027
Utilities	5,258	721	5,979	610	-	6,589	12,107
Supplies/materials	270,819	37,105	307,924	-	-	307,924	509,106
Equipment/furnishings	68,958	9,448	78,406	5,865	-	84,271	151,815
Staff development	139,651	19,132	158,783	14,719	-	173,502	90,178
Marketing/recruitment	14,862	2,037	16,899	-	-	16,899	38,673
Technology	513,271	70,321	583,592	10,363	-	593,955	651,800
Food service	449,039	61,522	510,561	-	-	510,561	360,613
Student services	211,778	29,016	240,794	-	-	240,794	221,441
Office expense	325,241	44,561	369,802	104,685	-	474,487	772,502
Depreciation and amortization	81,426	11,156	92,582	23,145	-	115,727	80,156
Other	46,286	6,341	52,627	10,082	-	62,709	68,717
Parental activities	57,276	7,847	65,123	-	-	65,123	47,175
Total expenses	\$ 15,260,472	\$ 2,066,493	\$ 17,326,965	\$ 1,871,801	\$ -	\$ 19,198,766	\$ 19,775,683

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Crown Heights Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 2,036,375	\$ -	\$ 2,036,375	\$ 2,040,848
Instructional personnel	11,729,999	1,607,123	13,337,122	-	-	13,337,122	12,909,817
Total personnel services costs	11,729,999	1,607,123	13,337,122	2,036,375	-	15,373,497	14,950,665
Fringe benefits and payroll taxes	1,795,751	246,035	2,041,786	311,750	-	2,353,536	2,417,156
Retirement	142,669	19,547	162,216	24,768	-	186,984	185,331
Management company fees	2,442,168	276,518	2,718,686	143,422	6,333	2,868,441	2,764,122
Accounting/audit services	-	-	-	20,457	-	20,457	21,396
Other purchased/professional/ consulting services	-	6,269	6,269	15,150	-	21,419	36,768
Repairs and maintenance	67,108	9,194	76,302	11,650	-	87,952	65,052
Insurance	113,266	15,519	128,785	19,664	-	148,449	126,144
Utilities	1,028,729	140,946	1,169,675	178,591	-	1,348,266	1,196,839
Supplies/materials	361,037	49,466	410,503	-	-	410,503	349,917
Equipment/furnishings	65,694	9,001	74,695	11,405	-	86,100	176,880
Staff development	145,436	19,926	165,362	14,570	-	179,932	154,490
Marketing/recruitment	16,619	2,277	18,896	-	-	18,896	38,673
Technology	648,648	88,872	737,520	16,396	-	753,916	809,031
Food service	52,438	7,184	59,622	-	-	59,622	29,226
Student services	408,773	56,006	464,779	-	-	464,779	356,107
Office expense	363,226	49,765	412,991	127,905	-	540,896	727,144
Depreciation and amortization	24,825	3,401	28,226	7,056	-	35,282	31,208
Other	66,662	9,133	75,795	15,679	-	91,474	99,761
Parental activities	6,706	919	7,625	-	-	7,625	5,943
Total expenses	\$ 19,479,754	\$ 2,617,101	\$ 22,096,855	\$ 2,954,838	\$ 6,333	\$ 25,058,026	\$ 24,541,853

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - East New York Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,653,063	\$ -	\$ 1,653,063	\$ 1,760,370
Instructional personnel	10,351,836	1,423,857	11,775,693	-	-	11,775,693	11,860,594
Total personnel services costs	10,351,836	1,423,857	11,775,693	1,653,063	-	13,428,756	13,620,964
Fringe benefits and payroll taxes	1,670,323	228,850	1,899,173	266,604	-	2,165,777	2,188,938
Retirement	147,059	20,148	167,207	23,472	-	190,679	196,509
Management company fees	2,105,886	238,540	2,344,426	123,724	6,333	2,474,483	2,445,994
Accounting/audit services	-	-	-	20,457	-	20,457	21,396
Other purchased/professional/ consulting services	-	222,117	222,117	15,150	-	237,267	160,606
Repairs and maintenance	71,862	9,846	81,708	11,470	-	93,178	62,409
Insurance	58,131	7,964	66,095	9,278	-	75,373	63,443
Utilities	10,272	1,407	11,679	1,639	-	13,318	19,877
Supplies/materials	357,090	48,925	406,015	-	-	406,015	414,288
Equipment/furnishings	67,798	9,289	77,087	10,821	-	87,908	115,205
Staff development	85,521	11,717	97,238	9,700	-	106,938	91,427
Marketing/recruitment	16,652	2,282	18,934	-	-	18,934	39,673
Technology	573,235	78,539	651,774	21,081	-	672,855	801,674
Food service	20,125	2,757	22,882	-	-	22,882	251,697
Student services	451,225	61,822	513,047	-	-	513,047	449,458
Office expense	294,578	40,360	334,938	90,048	-	424,986	632,463
Depreciation and amortization	92,820	12,717	105,537	26,384	-	131,921	142,250
Other	54,488	7,465	61,953	13,277	-	75,230	77,945
Parental activities	2,682	367	3,049	-	-	3,049	-
Total expenses	\$ 16,431,583	\$ 2,428,969	\$ 18,860,552	\$ 2,296,168	\$ 6,333	\$ 21,163,053	\$ 21,796,216

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Endeavor Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,113,547	\$ -	\$ 1,113,547	\$ 1,094,124
Instructional personnel	6,173,708	845,858	7,019,566	-	-	7,019,566	7,740,650
Total personnel services costs	6,173,708	845,858	7,019,566	1,113,547	-	8,133,113	8,834,774
Fringe benefits and payroll taxes	1,004,048	137,564	1,141,612	181,099	-	1,322,711	1,407,955
Retirement	68,953	9,447	78,400	12,437	-	90,837	127,503
Management company fees	1,426,436	161,092	1,587,528	83,554	-	1,671,082	1,720,134
Accounting/audit services	-	-	-	13,638	-	13,638	14,264
Other purchased/professional/ consulting services	133,163	27,750	160,913	35,358	-	196,271	223,072
Repairs and maintenance	608,274	83,339	691,613	109,714	-	801,327	592,013
Insurance	110,572	15,150	125,722	19,944	-	145,666	135,048
Utilities	160,211	21,950	182,161	28,897	-	211,058	321,391
Supplies/materials	203,970	27,946	231,916	-	-	231,916	209,052
Equipment/furnishings	37,860	5,187	43,047	6,829	-	49,876	46,100
Staff development	94,761	12,984	107,745	10,282	-	118,027	91,359
Marketing/recruitment	11,977	1,642	13,619	-	-	13,619	38,673
Technology	367,891	50,404	418,295	9,399	-	427,694	463,045
Food service	851,667	116,687	968,354	-	-	968,354	622,452
Student services	283,810	38,885	322,695	-	-	322,695	200,530
Office expense	236,010	32,336	268,346	86,047	-	354,393	559,382
Depreciation and amortization	308,814	42,310	351,124	87,781	-	438,905	434,127
Other	64,781	8,875	73,656	16,672	-	90,328	53,911
Parental activities	1,933	265	2,198	-	-	2,198	-
Total expenses	<u>\$ 12,148,839</u>	<u>\$ 1,639,671</u>	<u>\$ 13,788,510</u>	<u>\$ 1,815,198</u>	<u>\$ -</u>	<u>\$ 15,603,708</u>	<u>\$ 16,094,785</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Linden Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,182,943	\$ -	\$ 1,182,943	\$ 1,152,761
Instructional personnel	5,980,872	900,247	6,881,119	-	-	6,881,119	6,784,729
 Total personnel services costs	 5,980,872	 900,247	 6,881,119	 1,182,943	 -	 8,064,062	 7,937,490
Fringe benefits and payroll taxes	951,007	130,297	1,081,304	185,889	-	1,267,193	1,285,454
Retirement	49,901	6,837	56,738	9,754	-	66,492	83,611
Management company fees	1,364,281	154,073	1,518,354	79,913	-	1,598,267	1,661,788
Accounting/audit services	-	-	-	13,638	-	13,638	14,264
Other purchased/professional/ consulting services	-	11,904	11,904	11,201	-	23,105	22,344
Repairs and maintenance	84,667	11,600	96,267	16,549	-	112,816	72,850
Insurance	36,088	4,944	41,032	7,054	-	48,086	44,951
Utilities	10,040	1,375	11,415	1,962	-	13,377	7,948
Supplies/materials	259,297	35,526	294,823	-	-	294,823	311,470
Equipment/furnishings	147,257	20,176	167,433	28,784	-	196,217	201,881
Staff development	96,433	13,213	109,646	9,646	-	119,292	68,792
Marketing/recruitment	38,255	5,241	43,496	-	-	43,496	50,859
Technology	388,203	53,188	441,391	16,727	-	458,118	559,525
Food service	12,309	1,687	13,996	-	-	13,996	15,137
Student services	207,128	28,379	235,507	-	-	235,507	140,786
Office expense	256,109	35,089	291,198	85,293	-	376,491	425,006
Depreciation and amortization	103,414	14,169	117,583	29,396	-	146,979	240,248
Other	43,848	6,007	49,855	11,254	-	61,109	54,837
Parental activities	11,970	1,640	13,610	-	-	13,610	392
Interest expense	-	-	-	1,000	-	1,000	1,186
 Total expenses	 \$ 10,041,079	 \$ 1,435,592	 \$ 11,476,671	 \$ 1,691,003	 \$ -	 \$ 13,167,674	 \$ 13,200,819

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - North Brooklyn Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,111,427	\$ -	\$ 1,111,427	\$ 1,130,648
Instructional personnel	6,581,541	901,734	7,483,275	-	-	7,483,275	7,737,802
Total personnel services costs	6,581,541	901,734	7,483,275	1,111,427	-	8,594,702	8,868,450
Fringe benefits and payroll taxes	1,037,697	142,174	1,179,871	175,236	-	1,355,107	1,427,529
Retirement	62,264	8,531	70,795	10,515	-	81,310	109,332
Management company fees	1,598,134	180,483	1,778,617	93,611	-	1,872,228	1,826,159
Accounting/audit services	-	-	-	13,638	-	13,638	14,264
Other purchased/professional/ consulting services	-	6,271	6,271	10,607	-	16,878	17,016
Repairs and maintenance	149,339	20,461	169,800	25,219	-	195,019	30,182
Insurance	42,267	5,791	48,058	7,138	-	55,196	44,927
Utilities	7,398	1,014	8,412	1,249	-	9,661	11,520
Supplies/materials	282,465	38,701	321,166	-	-	321,166	391,507
Equipment/furnishings	71,991	9,863	81,854	12,157	-	94,011	161,683
Staff development	108,383	14,850	123,233	11,917	-	135,150	127,327
Marketing/recruitment	11,943	1,636	13,579	-	-	13,579	38,811
Technology	411,427	56,371	467,798	9,074	-	476,872	527,234
Food service	448,199	61,408	509,607	-	-	509,607	660,465
Student services	118,651	16,256	134,907	-	-	134,907	104,470
Office expense	224,278	30,728	255,006	75,636	-	330,642	444,009
Depreciation and amortization	139,802	19,154	158,956	39,739	-	198,695	190,410
Other	34,555	4,735	39,290	8,036	-	47,326	49,709
Parental activities	40,657	5,570	46,227	-	-	46,227	35,141
Interest expense	-	-	-	1,000	-	1,000	1,000
Total expenses	\$ 11,370,991	\$ 1,525,731	\$ 12,896,722	\$ 1,606,199	\$ -	\$ 14,502,921	\$ 15,081,145

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Voyager Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 458,337	\$ -	\$ 458,337	\$ 351,911
Instructional personnel	1,844,382	252,939	2,097,321	-	-	2,097,321	2,342,145
Total personnel services costs	1,844,382	252,939	2,097,321	458,337	-	2,555,658	2,694,056
Fringe benefits and payroll taxes	285,300	39,089	324,389	70,890	-	395,279	434,362
Retirement	23,989	3,287	27,276	5,961	-	33,237	43,146
Management company fees	369,874	41,771	411,645	21,666	-	433,311	457,115
Accounting/audit services	-	-	-	6,819	-	6,819	7,132
Other purchased/professional/ consulting services	900	4,094	4,994	5,649	-	10,643	11,776
Repairs and maintenance	12,655	1,734	14,389	3,144	-	17,533	5,539
Insurance	9,361	1,283	10,644	2,326	-	12,970	11,703
Utilities	380	52	432	95	-	527	4,357
Supplies/materials	69,399	9,508	78,907	-	-	78,907	84,983
Equipment/furnishings	27,242	3,732	30,974	6,769	-	37,743	13,824
Staff development	9,792	1,342	11,134	1,895	-	13,029	41,271
Marketing/recruitment	8,652	1,185	9,837	-	-	9,837	45,450
Technology	130,601	17,894	148,495	10,238	-	158,733	169,267
Food service	181,501	24,867	206,368	-	-	206,368	136,533
Student services	62,356	8,543	70,899	-	-	70,899	39,340
Office expense	75,115	10,292	85,407	27,394	-	112,801	171,180
Depreciation and amortization	66,675	9,135	75,810	18,953	-	94,763	171,363
Other	19,201	2,631	21,832	5,253	-	27,085	16,059
Parental activities	5,833	799	6,632	-	-	6,632	-
Interest expense	-	-	-	1,672	-	1,672	1,000
Total expenses	\$ 3,203,208	\$ 434,177	\$ 3,637,385	\$ 647,061	\$ -	\$ 4,284,446	\$ 4,559,456

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

Supplemental Schedule of Functional Expenses - Legacy Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Program services			General and administrative	Fundraising	2023 Total	2022 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 366,935	\$ -	\$ 366,935	\$ 272,527
Instructional personnel	1,401,712	207,261	1,608,973	-	-	1,608,973	894,375
Total personnel services costs	1,401,712	207,261	1,608,973	366,935	-	1,975,908	1,166,902
Fringe benefits and payroll taxes	213,222	29,214	242,436	55,289	-	297,725	186,503
Retirement	8,555	1,172	9,727	2,218	-	11,945	6,696
Management company fees	324,765	36,677	361,442	19,023	-	380,465	267,216
Accounting/audit services	-	-	-	6,817	-	6,817	7,132
Other purchased/professional/ consulting services	-	595	595	5,425	-	6,020	13,327
Repairs and maintenance	884,376	121,168	1,005,544	229,320	-	1,234,864	1,232,114
Insurance	11,326	1,552	12,878	2,937	-	15,815	10,099
Utilities	126	17	143	32	-	175	621
Supplies/materials	110,580	15,151	125,731	-	-	125,731	166,489
Equipment/furnishings	17,981	2,464	20,445	4,663	-	25,108	145,104
Staff development	24,926	3,416	28,342	5,052	-	33,394	30,171
Marketing/recruitment	5,077	696	5,773	-	-	5,773	39,485
Technology	106,316	14,566	120,882	884	-	121,766	193,882
Food service	8,775	1,202	9,977	-	-	9,977	13,169
Student services	26,213	3,591	29,804	-	-	29,804	269,940
Office expense	75,340	10,322	85,662	23,477	-	109,139	162,522
Depreciation and amortization	92,786	12,712	105,498	26,374	-	131,872	109,894
Other	17,870	2,448	20,318	4,961	-	25,279	10,054
Parental activities	6,488	889	7,377	-	-	7,377	5,976
Total expenses	\$ 3,336,434	\$ 465,113	\$ 3,801,547	\$ 753,407	\$ -	\$ 4,554,954	\$ 4,037,296

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Achievement First Brooklyn Charter Schools

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Achievement First Brooklyn Charter Schools, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 31, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Achievement First Brooklyn Charter Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

Achievement First Brooklyn Charter Schools' Response to Findings

Achievement First Brooklyn Charter Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Achievement First Brooklyn Charter Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Hartford, Connecticut
October 31, 2023

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

To the Board of Trustees
Achievement First Brooklyn Charter Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Achievement First Brooklyn Charter Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Achievement First Brooklyn Charter Schools' major federal programs for the year ended June 30, 2023. Achievement First Brooklyn Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Achievement First Brooklyn Charter Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on Achievement First Brooklyn Charter Schools' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Achievement First Brooklyn Charter Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002, to be a significant deficiency.

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

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



Hartford, Connecticut
October 31, 2023

Achievement First Brooklyn Charter Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal Assistance Listing	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Education Passed through New York State Education Department		0021-23-4304 0021-23-4308 0021-23-4324 0021-23-4326 0021-23-4375 0021-23-4555 0021-23-4940 0021-23-5000 0021-23-5085 0021-23-5265		
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-23-5690	\$ -	\$ 3,490,869
		0147-23-4304 0147-23-4308 0147-23-4324 0147-23-4326 0147-23-4375 0147-23-4555 0147-23-4940 0147-23-5000 0147-23-5085 0147-23-5265		
Supporting Effective Instruction State Grants	84.367	0147-23-5690	-	587,364
English Language Acquisition State Grants	84.365	0293-23-4324	-	80,282
		0204-23-4555 0204-23-4940 0204-23-4375 0204-23-4325 0204-23-4304 0204-23-4308 0204-23-4326 0204-23-5000 0204-23-5085 0204-23-5265		
Student Support and Academic Enrichment Program	84.424	0204-23-5265	-	265,121
Special Education Cluster (IDEA) Special Education Grants to States (IDEA, Part B) - Total Special Education Cluster (IDEA)	84.027	Not applicable	-	1,408,656

Achievement First Brooklyn Charter Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
		5890-23-4555		
		5890-23-4940		
		5890-23-4375		
		5890-23-4325		
		5890-23-4304		
		5890-23-4308		
		5890-23-4326		
		5890-23-5000		
COVID-19 Education Stabilization Fund		5890-23-5085		
Elementary and Secondary School		5890-23-5265		
Emergency Relief Fund	84.425D	5890-23-5690	-	8,702,195
Passed through Achievement First, Inc. Charter Schools	84.282	Not applicable	-	109,826
Total U.S. Department of Education			-	14,644,313
U.S. Department of Agriculture				
Passed through New York State				
Education Department				
Child Nutrition Cluster				
School Breakfast Program (SBP)	10.553	Not applicable	-	358,620
National School Lunch				
Program (NSLP)	10.555	Not applicable	-	1,034,769
COVID-19 - National School Lunch				
Program (NSLP)	10.555	Not applicable	-	81,046
Total Child Nutrition Cluster			-	1,474,435
Total Expenditures of Federal Awards			\$ -	\$ 16,118,748

See Notes to Schedule of Expenditures of Federal Awards.

Achievement First Brooklyn Charter Schools

Notes to Schedule of Expenditures of Federal Awards June 30, 2023

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Achievement First Brooklyn Charter Schools (the "School") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Note 2 - Summary of significant accounting policies

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

Note 3 - Indirect cost rate

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

Achievement First Brooklyn Charter Schools

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

I. Summary of Auditor's Results

Financial Statements:

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

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

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

Unmodified opinion

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

 X yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.425D

COVID-19 Education Stabilization Fund
Elementary and Secondary School
Emergency Relief Fund

10.555

Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

Achievement First Brooklyn Charter Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

II. Findings - Financial Statement Audit

Finding No. 2023-001

Criteria

According to the Audit Guide for State University of New York ("SUNY") Authorized Charter Schools, the School is required to perform a criminal history records search which includes the fingerprinting and background checking of all prospective employees. Test results must be obtained to ensure clearance for employment.

Condition

The School did not have records of performing fingerprint and criminal history record checks for all employees hired during the year ended June 30, 2023.

Context

A sample of 40 new hires was selected from a population of 304. We identified exceptions in 5 out of the 40 new hires tested. The sample was not statistically valid.

Cause

The School did not have a clear process for following up on new hire background check clearances.

Effect

The School is not in compliance with the hiring procedures required under the laws, regulations, contracts and grant agreements requirements of the Audit Guide for SUNY Authorized Charter Schools.

Identification as a Repeat Finding

This is not a repeat finding.

Recommendation

The School should review its procedures and internal controls over its performance of fingerprint and criminal history record checks for new hires to ensure compliance with SUNY Charter School requirements. The internal controls should include assuring 100% testing and retaining documentation to support the performance of these checks.

Reporting Views of Responsible Officials

The School will review the procedures and internal controls to SUNY Charter School Requirements to ensure 100% compliance.

Achievement First Brooklyn Charter Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

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

Finding No. 2023-002 - COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund - Assistance Listing Number #84.425D

Criteria

According to 2CFR Part 200.405 of the Office of Management and Budget's Uniform Guidance, a cost is allowable to a particular Federal award or to the cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with the relative benefits received.

Condition

The School provided a completed claim report for reimbursement of expenses that was finalized internally but not yet submitted to the grantor. The report was not properly reviewed resulting in an overstatement of expenses incurred in the report.

Questioned Costs

The claim report was modified prior to submission to the grantor, therefore there were no questioned costs.

Context

The School submits quarterly claim reports. The final report was not properly reviewed nor prepared.

Cause

Certain costs were double counted within the claims report due to the report not being properly reviewed.

Effect

Lack of a proper review may result in an incorrect claim filing and receipt of funds in excess of allowable costs incurred.

Identification as a Repeat Finding

This is not a repeat finding.

Achievement First Brooklyn Charter Schools

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Recommendation

Claim reports and supporting schedules should be reviewed prior to finalization by the supervisor of the preparer of the report.

Reporting Views of Responsible Officials

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



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