

**Brooklyn Emerging Leaders Academy Charter School**

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2025

# Brooklyn Emerging Leaders Academy Charter School

## Audited Financial Statements

In Accordance with *Government Auditing Standards*

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### CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Schedule of Findings and Questioned Costs	18

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2025, 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 ("Government Auditing Standards"). 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 the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

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

#### 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 judgement 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Summarized Comparative Information**

We have previously audited the School's financial statements for the year ended June 30, 2024, and we expressed an unmodified opinion on those audited financial statements in our report dated October 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects with the audited financial statements from which it has been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report for the year ended June 30, 2025 dated October 28, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Sax LLP*

New York, NY  
October 28, 2025

# Brooklyn Emerging Leaders Academy Charter School

## Statement of Financial Position

As of June 30, 2025  
(With comparative totals as of June 30, 2024)

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 566,462	\$ 1,034,310
Investments	1,086,540	1,039,351
Government grants receivable - per pupil funding	1,130	-
Government grants receivable - other	161,348	193,844
Prepaid expenses and other assets	122,733	17,537
Property and equipment, net	148,244	153,810
Finance lease right-of-use ("ROU") assets	109,827	90,400
Restricted cash	75,078	75,070
<b>TOTAL ASSETS</b>	<b><u>\$ 2,271,362</u></b>	<b><u>\$ 2,604,322</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 256,363	\$ 350,217
Government grants advance - per pupil funding	-	4,475
Finance lease liability	111,132	90,925
Total liabilities	<u>367,495</u>	<u>445,617</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,833,209	1,997,430
With donor restrictions	70,658	161,275
Total net assets	<u>1,903,867</u>	<u>2,158,705</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,271,362</u></b>	<b><u>\$ 2,604,322</u></b>

*The attached notes and auditor's report are an integral part of these financial statements.*

# Brooklyn Emerging Leaders Academy Charter School

## Statement of Activities

For the Year Ended June 30, 2025  
(With comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/25	Total 6/30/24
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public school district revenue:				
Resident student enrollment	\$ 4,148,774	\$ -	\$ 4,148,774	\$ 4,018,478
Students with special educational services	310,432	-	310,432	318,287
Total public school district revenue	4,459,206	-	4,459,206	4,336,765
Government grants - other	281,548	-	281,548	381,282
Contributions	270,755	-	270,755	203,800
Contributed space	1,000,000	-	1,000,000	1,000,000
Investment return	47,189	-	47,189	39,350
Other income	1,209	-	1,209	33,039
Net assets released from restrictions	90,617	(90,617)	-	-
<b>Total public support and revenue</b>	<b>6,150,524</b>	<b>(90,617)</b>	<b>6,059,907</b>	<b>5,994,236</b>
<b>EXPENSES</b>				
Program expenses:				
Regular education	5,063,243	-	5,063,243	5,002,364
Special education	308,064	-	308,064	355,706
Total program services	5,371,307	-	5,371,307	5,358,070
Supporting services:				
Management and general	909,372	-	909,372	1,139,542
Fundraising	34,066	-	34,066	25,695
Total supporting services	943,438	-	943,438	1,165,237
<b>Total expenses</b>	<b>6,314,745</b>	<b>-</b>	<b>6,314,745</b>	<b>6,523,307</b>
<b>Change in net assets</b>	<b>(164,221)</b>	<b>(90,617)</b>	<b>(254,838)</b>	<b>(529,071)</b>
<b>NET ASSETS, beginning of year</b>	<b>1,997,430</b>	<b>161,275</b>	<b>2,158,705</b>	<b>2,687,776</b>
<b>NET ASSETS, end of year</b>	<b>\$ 1,833,209</b>	<b>\$ 70,658</b>	<b>\$ 1,903,867</b>	<b>\$ 2,158,705</b>

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

# Brooklyn Emerging Leaders Academy Charter School

## Statement of Functional Expenses

For the Year Ended June 30, 2025

(With comparative totals for the year ended June 30, 2024)

	Program Services			Supporting Services		Total Expenses 6/30/2025	Total Expenses 6/30/2024
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising		
Salaries	\$ 2,829,661	\$ 145,562	\$ 2,975,223	\$ 347,932	\$ 20,711	\$ 368,643	\$ 3,315,894
Payroll taxes and benefits	661,401	34,023	695,424	81,327	4,841	86,168	742,623
Total personnel costs	<u>3,491,062</u>	<u>179,585</u>	<u>3,670,647</u>	<u>429,259</u>	<u>25,552</u>	<u>454,811</u>	<u>4,058,517</u>
Professional fees	-	-	-	248,488	-	248,488	325,569
Curriculum and classroom expenses	166,293	27,895	194,188	-	-	-	288,214
Food services	105,493	17,695	123,188	-	-	-	117,397
Facilities expense	13,225	2,219	15,444	-	-	-	4,627
Contributed space	846,224	43,531	889,755	104,051	6,194	110,245	1,000,000
Equipment	-	-	-	7,721	-	7,721	7,107
Office expenses	134,787	9,874	144,661	40,161	803	40,964	148,573
Professional development	38,702	6,492	45,194	30,500	-	30,500	197,364
Insurance	62,985	3,240	66,225	7,745	461	8,206	76,129
Recruitment	21,429	3,595	25,024	-	-	-	52,478
Other expenses	38,884	6,522	45,406	23,721	-	23,721	82,877
Finance lease amortization	58,162	2,992	61,154	7,152	426	7,578	46,696
Depreciation	85,997	4,424	90,421	10,574	630	11,204	117,759
<b>Total expenses for statement of activities</b>	<b><u>\$ 5,063,243</u></b>	<b><u>\$ 308,064</u></b>	<b><u>\$ 5,371,307</u></b>	<b><u>\$ 909,372</u></b>	<b><u>\$ 34,066</u></b>	<b><u>\$ 943,438</u></b>	<b><u>\$ 6,314,745</u></b>
						<b><u>\$ 6,523,307</u></b>	

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

# Brooklyn Emerging Leaders Academy Charter School

## Statement of Cash Flows

For the Year Ended June 30, 2025  
(With comparative totals for the year ended June 30, 2024)

	June 30,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (254,838)	\$ (529,071)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	101,625	117,759
Finance lease amortization	68,732	46,696
Unrealized gain on investments	(42,799)	(37,160)
Changes in assets and liabilities:		
Government grants receivable/advance - per pupil funding	(5,605)	18,677
Government grants receivable - other	32,496	365,158
Prepaid expenses and other assets	(105,196)	(11,559)
Accounts payable and accrued expenses	(93,854)	118,216
<b>Net cash flows (used for)/provided by operating activities</b>	<b>(299,439)</b>	<b>88,716</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(96,059)	-
Proceeds from redemption of bond	1,000,000	-
Purchase of investments	(1,004,390)	(1,002,191)
<b>Net cash flows used for investing activities</b>	<b>(100,449)</b>	<b>(1,002,191)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance lease liability	(67,952)	(45,338)
<b>Net cash flows used for financing activities</b>	<b>(67,952)</b>	<b>(45,338)</b>
 <b>Net decrease in cash, cash equivalents and restricted cash</b>	 <b>(467,840)</b>	 <b>(958,813)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year</b>	<b>1,109,380</b>	<b>2,068,193</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED, end of year</b>	<b>\$ 641,540</b>	<b>\$ 1,109,380</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Cash and cash equivalents	\$ 566,462	\$ 1,034,310
Restricted cash	75,078	75,070
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 641,540</b>	<b>\$ 1,109,380</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<b>\$ 3,993</b>	<b>\$ 3,490</b>
Cash paid during the year for taxes	<b>\$ -</b>	<b>\$ -</b>

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

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 1 - Organization

Brooklyn Emerging Leaders Academy Charter School (the "School") located in Brooklyn, New York, is a not-for-profit education corporation chartered by The State University of New York Charter Schools Institute. The School provides a full range of educational services appropriate for high school. The School completed the 2023-2024 fiscal year with an average enrollment of approximately 219 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). The School's charter was renewed on January 11, 2022 for a five-year, full-term through July 31, 2027. The School's primary sources of revenue are public school district revenue, government grants, and contributions.

The School has the following programs:

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

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

### Note 2 - Summary of Significant Accounting Policies

#### a. Basis of Accounting

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

#### b. Basis of Presentation

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

- *Net Assets Without Donor Restrictions* - represents all activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Donor restricted contributions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. See Note 9.

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *c. Revenue Recognition*

The School follows the requirements of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) ASC 958-605 for recording contributions, which are recognized at the time they become unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

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

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

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discounted rate. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2025 and 2024. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

#### *d. Cash and Cash Equivalents*

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

#### *e. Investments*

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the School has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *f. Concentration of Credit Risk*

Financial instruments that potentially subject the School to a concentration of credit risk consist of cash, money market accounts, and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the School. At year end and at various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

#### *g. Property and Equipment*

Computer hardware, furniture and equipment are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes property and equipment in excess of \$1,000 that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful life of each asset, which generally is between three and seven years.

#### *h. Leases*

The School determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Finance lease amortization is recognized on a straight-line basis over the lease term. The School does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

#### *i. Advertising*

The cost of advertising is expensed as incurred.

#### *j. Donated Services*

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

#### *k. Contributed Space*

The School's operations are located in a facility provided by the NYCDOE at no charge. The School utilizes approximately 25,000 square feet and recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the School's service area. The total amount recognized for donated facilities is approximately \$1,000,000 for each of the years ended June 30, 2025 and 2024.

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *l. Functional Allocation of Expenses*

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

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

- Salaries

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

- Payroll taxes and benefits
- Contributed space
- Office expenses
- Insurance
- Finance lease amortization
- Depreciation

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

#### *m. Management Estimates*

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

#### *n. Contingencies*

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

#### *o. Accounting for Uncertainty in Income Taxes*

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2022 and later are subject to examination by applicable taxing authorities.

#### *p. Comparative Financial Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 3 - Investments

The following summarizes the composition of investments:

	June 30, 2025		
	Level 1	Level 2	Total
Money Market Funds	\$ 20,958	\$ -	\$ 20,958
U.S. Treasury Bonds	-	1,065,582	1,065,582
Total	\$ 20,958	\$ 1,065,582	\$ 1,086,540

  

	June 30, 2024		
	Level 1	Level 2	Total
Money Market Funds	\$ 52,861	\$ -	\$ 52,861
U.S. Treasury Bonds	-	986,490	986,490
Total	\$ 52,861	\$ 986,490	\$ 1,039,351

Level 1 securities are valued at the closing price reported on the active market they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarized investment return:

	June 30,	
	2025	2024
Unrealized Gain	\$ 42,799	\$ 37,160
Interest and dividends	4,390	2,190
Total investment return	\$ 47,189	\$ 39,350

### Note 4 - Government Grants Receivable/(Advance) - Per Pupil Funding

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

	June 30,	
	2025	2024
Beginning grants (advance)/receivable	\$ (4,475)	\$ 14,202
Funding based on allowable FTEs	4,459,206	4,336,765
Advances received	(4,453,601)	(4,355,442)
Ending grants receivable/(advance)	\$ 1,130	\$ (4,475)

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 5 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2025	2024
Furniture, fixtures and equipment	\$ 820,696	\$ 1,028,348
Less: accumulated depreciation	(672,452)	(874,538)
Total property and equipment, net	\$ 148,244	\$ 153,810

### Note 6 - Finance Lease Right-of-Use (“ROU”) Assets and Finance Lease Liabilities

The ROU assets represent the School’s right to use underlying assets for the lease term, and the lease liabilities represent the School’s obligation to make lease payments arising from these leases.

The School has two lease agreements related to the acquisition of computers and related equipment. The first commenced June 2023, and the second commenced August 2024. Both leases have a term of 36 months and were determined to be finance leases. There is a purchase option at the end of both lease terms in the amount of \$1.

The ROU assets and lease liabilities, all of which arise from the two finance leases, were calculated based on the present value of future lease payments over the lease terms. The School has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities and the weighted average lease term as of June 30, 2025 was 3.35% and 1.68 years.

For the year ended June 30, 2025, total finance lease cost was \$72,725 of which \$68,732 is related to amortization of the right of use asset and \$3,993 is interest. For the year ended June 30, 2024, total finance lease cost was \$50,186 of which \$46,696 is related to amortization of the right of use asset and \$3,490 is interest. There were no short-term lease costs during the year ended June 30, 2025 and 2024.

Cash paid for finance leases for the year ended June 30, 2025 totaled \$71,945 of which \$67,952 is related to principal and \$3,993 is related to interest. Cash paid for finance leases for the year ended June 30, 2024 totaled \$48,828 of which \$45,338 is related to principal and \$3,490 is related to interest. There were no noncash investing and financing transactions related to leasing except for the right-of-use asset obtained in exchange for the lease liability recorded at the date of commencement.

The aggregate future minimum lease payments under these finance leases as of June 30, 2025 are as follows:

Year ending:		
June 30, 2026	\$	75,577
June 30, 2027		30,818
June 30, 2028		7,704
Total		114,099
Less: discount to present value at 3.35%		(2,967)
Total lease obligation	\$	111,132

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 7 - Restricted Cash

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

### Note 8 - Commitments and Contingencies

In its normal course of business, the School may become a party to various claims related to operating the school and general employment matters. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters, as of June 30, 2025, cannot be ascertained. Management does not believe that there are any outstanding claims where the final outcome will have a material impact on the financial statements. Any such claim will be recorded in the period that it is deemed probable that a liability has been incurred.

### Note 9 - Net Assets With Donor Restrictions

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

	June 30, 2025			
	Beginning Balance 7/1/24	Restricted Contributions	Released from Restrictions	Ending Balance 6/30/24
Multi-media library	\$ 57,881	\$ -	\$ (2,258)	\$ 55,623
Fellowship	3,394	-	-	3,394
Science lab	100,000	-	(88,359)	11,641
Total restrictions	\$ 161,275	\$ -	\$ (90,617)	\$ 70,658
	June 30, 2024			
	Beginning Balance 7/1/23	Restricted Contributions	Released from Restrictions	Ending Balance 6/30/24
Multi-media library	\$ 64,743	\$ -	\$ (6,862)	\$ 57,881
Fellowship	3,394	-	-	3,394
Science lab	-	100,000	-	100,000
Total restrictions	\$ 68,137	\$ 100,000	\$ (6,862)	\$ 161,275

### Note 10 - Significant Concentrations

The School and the NYCDOE signed an agreement, which permits the school to operate the charter. Approximately 88% and 87% of the School's total public support and revenue, excluding contributed space was received from the NYCDOE for the years ended June 30, 2025 and 2024, respectively. If the NYCDOE were to discontinue funding, it would have a severe economic impact on the School's ability to operate.

# Brooklyn Emerging Leaders Academy Charter School

## Notes to Financial Statements

June 30, 2025

### Note 11 - Retirement Plan

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

The School contributed \$106,079 in 2025 and \$100,060 in 2024 to the 403(b) plan. The following vesting periods apply:

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

### Note 12 - Availability and Liquidity

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

Cash and cash equivalents	\$ 566,462	
Investments	1,086,540	
Government grants receivable - per pupil funding	1,130	
Government grants receivable - other	<u>161,348</u>	
Total financial assets		\$ 1,815,480
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future programs and periods		<u>(70,658)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 1,744,822</u>

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

### Note 13 - Subsequent Events

Subsequent events have been evaluated through October 28, 2025, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 28, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Sax LLP*

New York, NY  
October 28, 2025

# Brooklyn Emerging Leaders Academy

## Schedule of Findings and Questioned Costs

June 30, 2025

Current Year:

None

Prior Year:

None - There were no findings in the prior year.