

**Brooklyn Emerging Leaders Academy
Charter School**

**Audited Financial Statements in Accordance
With Government Auditing Standards
June 30, 2019**

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Emerging Leaders Academy Charter School as of June 30, 2019, 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.

Emphasis of Matter

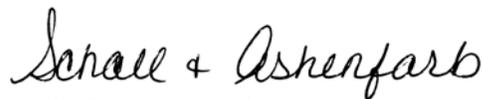
As discussed in Note 2 to the financial statements, the School adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the School’s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2018. In our opinion, the summarized comparative information presented herein as of inception through June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 22, 2019

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

(With comparative totals as of June 30, 2018)

| | <u>6/30/19</u> | <u>6/30/18</u> |
|--|-------------------------|-------------------------|
| Assets | | |
| Cash and cash equivalents | \$169,858 | \$160,724 |
| Restricted cash (Note 3) | 50,015 | 25,000 |
| Grants receivable - New York City (Note 4) | 5,602 | 6,723 |
| Government grants receivable | 109,685 | 35,913 |
| Prepaid expenses and other assets | 0 | 3,000 |
| Fixed assets (Note 5) | <u>203,872</u> | <u>140,871</u> |
| Total assets | <u><u>\$539,032</u></u> | <u><u>\$372,231</u></u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | <u>\$274,900</u> | <u>\$123,540</u> |
| Net assets: | | |
| Without donor restrictions | <u>264,132</u> | <u>248,691</u> |
| Total liabilities and net assets | <u><u>\$539,032</u></u> | <u><u>\$372,231</u></u> |

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, 2019**

(With comparative totals for the period from inception through June 30, 2018)

| | <u>6/30/19</u> | <u>6/30/18</u> |
|---------------------------------------|-------------------------|-------------------------|
| Without donor restrictions: | | |
| Public support and revenue: | | |
| Public school district: (Note 4) | | |
| Revenue - resident student enrollment | \$1,786,847 | \$887,948 |
| Revenue - students with disabilities | 228,829 | 153,055 |
| Total public school district revenue | <u>2,015,676</u> | <u>1,041,003</u> |
| Government grants - other | 574,059 | 882,287 |
| Contributions | 168,686 | 793,414 |
| Other income | 2,869 | 2,657 |
| Total revenue and public support | <u>2,761,290</u> | <u>2,719,361</u> |
| Expenses: | | |
| Program services | | |
| Regular education | 1,853,961 | 1,404,790 |
| Special education | 434,883 | 457,262 |
| Total program services | <u>2,288,844</u> | <u>1,862,052</u> |
| Supporting services: | | |
| Management and general | 434,894 | 587,305 |
| Fundraising | 22,111 | 21,313 |
| Total expenses | <u>2,745,849</u> | <u>2,470,670</u> |
| Change in net assets | 15,441 | 248,691 |
| Net assets - beginning | <u>248,691</u> | <u>0</u> |
| Net assets - ending | <u><u>\$264,132</u></u> | <u><u>\$248,691</u></u> |

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, 2019

(With comparative totals for the period from inception through June 30, 2018)

| | Program Services | | | Supporting Services | | Total Expenses 6/30/19 | Total Expenses 6/30/18 |
|-----------------------------------|----------------------|----------------------|------------------------------|------------------------------|-----------------|------------------------------|------------------------------|
| | Regular Education | Special Education | Total Program Services | Management and General | Fundraising | | |
| Salaries | \$1,204,209 | \$282,469 | \$1,486,678 | \$187,898 | \$17,789 | \$1,692,365 | \$1,370,663 |
| Payroll taxes and benefits | 252,220 | 59,163 | 311,383 | 39,355 | 3,725 | 354,463 | 271,120 |
| Total personnel costs | 1,456,429 | 341,632 | 1,798,061 | 227,253 | 21,514 | 2,046,828 | 1,641,783 |
| Professional fees | 33,379 | 7,830 | 41,209 | 174,058 | | 215,267 | 207,580 |
| Curriculum and classroom expenses | 96,086 | 22,539 | 118,625 | | | 118,625 | 123,812 |
| Food services | 105,695 | 24,793 | 130,488 | | | 130,488 | 131,363 |
| Facilities expense | 10,397 | 2,438 | 12,835 | | | 12,835 | 43,738 |
| Equipment | 1,013 | 238 | 1,251 | 16,996 | | 18,247 | 47,069 |
| Office expenses | 23,507 | 5,515 | 29,022 | 6,660 | 309 | 35,991 | 85,206 |
| Professional development | 34,340 | 8,055 | 42,395 | 103 | | 42,498 | 56,898 |
| Insurance | 19,513 | 4,577 | 24,090 | 3,045 | 288 | 27,423 | 26,193 |
| Recruitment | 15,259 | 3,580 | 18,839 | | | 18,839 | 50,343 |
| Other expenses | 3,264 | 766 | 4,030 | 6,779 | | 10,809 | 15,087 |
| Depreciation | 55,079 | 12,920 | 67,999 | | | 67,999 | 41,598 |
| Total expenses | \$1,853,961 | \$434,883 | \$2,288,844 | \$434,894 | \$22,111 | \$2,745,849 | \$2,470,670 |

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, 2019

(With comparative totals for the period from inception through June 30, 2018)

| | 6/30/19 | 6/30/18 |
|---|-----------|-----------|
| Cash flows from operating activities: | | |
| Change in net assets | \$15,441 | \$248,691 |
| Adjustments to reconcile change in net assets to net cash provided by for operating activities: | | |
| Depreciation | 67,999 | 41,598 |
| Changes in assets and liabilities: | | |
| Restricted cash | (25,015) | (25,000) |
| Grants receivable - New York City | 1,121 | (6,723) |
| Government grants receivable | (73,772) | (35,913) |
| Prepaid expenses and other assets | 3,000 | (3,000) |
| Accounts payable and accrued expenses | 151,360 | 123,540 |
| Total adjustments | 124,693 | 94,502 |
| Net cash flows provided by operating activities | 140,134 | 343,193 |
| Cash flows from investing activities: | | |
| Purchases of furniture and equipment | (131,000) | (182,469) |
| Net cash used for investing activities | (131,000) | (182,469) |
| Cash flows from financing activities: | | |
| Loan proceeds | 0 | 30,000 |
| Loan repayment | 0 | (30,000) |
| Net cash flows provided by financing activities | 0 | 0 |
| Net increase in cash and cash equivalents | 9,134 | 160,724 |
| Cash and cash equivalents - beginning | 160,724 | 0 |
| Cash and cash equivalents - ending | \$169,858 | \$160,724 |
| Supplemental disclosures: | | |
| Interest paid | \$0 | \$357 |
| Taxes paid | \$0 | \$0 |

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, 2019

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 Board of Regents of the State of New York. The School provides a full range of educational services appropriate for high school. The School completed the 2018-2019 fiscal year with an average enrollment of approximately 110 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). On October 11, 2016, the School was granted a provisional charter for a term up to and including June 30, 2021.

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 Presentation

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.

Effective July 1, 2018, the School adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 9).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

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

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use.

- *Net Assets with Donor Restrictions* – represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time. 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. The School did not have any net assets with donor restrictions at June 30, 2019 or June 30, 2018.

b. Cash and Cash Equivalents

The School considers all liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Restricted cash has been classified separately.

c. Concentration of Credit

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At June 30, 2019, there were no significant uninsured balances.

d. Capitalization Policy

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

e. Contributions

Contributions are recorded as revenue upon the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions have been recorded in the class of net assets with donor restrictions. Other contributions have been recorded in the class of net assets without donor restrictions.

Contributions 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 discount rate. Conditional contributions are recognized as income when the conditions have been substantially met.

f. Revenue – Public School District and Government Grants

Public school district revenue is recognized based on student attendance using rates established by the School's funding source in the period during which services are provided.

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

g. 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 tasks that assist the School. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries

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

- Employee benefits and payroll taxes
- Office expenses
- Insurance

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

i. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. 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.

k. 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, 2018, the School's initial filing, and later are subject to examination by applicable taxing authorities.

l. 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 period from inception through June 30, 2018 from which the summarized information was derived.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 22, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

n. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the June 30, 2020 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied. This ASU does not apply to contributions.

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

Note 3 - Restricted Cash

An escrow account has been established to meet the requirement of the Board of Regents of the State of New York. 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 4 - Grants Receivable – New York City Department of Education

Grants receivable on the contract with the NYCDOE at June 30, 2019 can be summarized as follows:

| | <u>6/30/19</u> | <u>6/30/18</u> |
|---------------------------------|--------------------|--------------------|
| Beginning grants receivable | \$6,723 | \$0 |
| Funding based on allowable FTEs | 2,015,676 | 1,041,003 |
| Advances received | <u>(2,016,797)</u> | <u>(1,034,280)</u> |
| Ending grants receivable | <u>\$5,602</u> | <u>\$6,723</u> |

Note 5 - Fixed Assets

Fixed assets consist of the following:

| | <u>6/30/19</u> | <u>6/30/18</u> |
|-----------------------------------|------------------|------------------|
| Furniture, fixtures and equipment | \$313,469 | \$182,469 |
| Less: accumulated depreciation | <u>(109,597)</u> | <u>(41,598)</u> |
| Total fixed assets, net | <u>\$203,872</u> | <u>\$140,871</u> |

Note 6 - Significant Concentrations

The School and New York City Department of Education (“NYCDOE”) signed an agreement, which permits the school to operate the charter. Approximately 73% and 38% of the School’s total public support and revenue was received from NYCDOE in for the years ended 2019 and 2018, respectively. If NYCDOE were to discontinue funding, it would have a severe economic impact on the School’s ability to operate.

Note 7- Donated Space

The School is located in a NYCDOE facility and utilizes approximately 10,000 square feet at no charge. As there is no market available for this type of unique space, no value has been assigned and no amounts have been recorded as in-kind contributions.

Note 8 - 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 and contribute to this plan up to statutory amounts and receive an 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 \$32,000 in 2019 and \$16,000 in 2018 to the 403(b) plan. The following vesting periods apply:

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

Note 9 - Availability and Liquidity

At June 30, 2019, the School’s financial assets available to meet cash needs for general expenditures within one year are \$285,145, which consist of cash and cash equivalents of \$169,858 and government grants receivable due within one year of \$115,287. There are no external or internal limits imposed on these balances. 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.

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 of
Brooklyn Emerging Leaders Academy Charter School

Report on the Financial Statements

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, 2019, 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 22, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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 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.

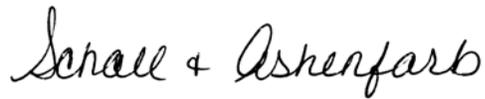
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Schall & Ashenfarb
Certified Public Accountants, LLC

October 22, 2019

**BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Current Year:

None

Prior Year:

None – There were no findings in the prior year.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the management of Brooklyn Emerging Leaders Academy Charter School, the SUNY, and the New York State Education Department solely to assist the specified parties in evaluating the School's assertion to New York State Education Department that it has maintained compliance with the requirements of the CSP grant and Federal and NYSED guidelines in managing the CSP grant for the year ended June 30, 2019. The school's management is responsible for these procedures. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which the report has been requested or for any other purpose.

The procedures we performed and the related results are as follows:

Procedure #1: We obtained the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School's accounting software and reconciled to the grant revenue recorded by the Charter School.

Results: We obtained the detail of expenditures incurred for the year ended June 30, 2019 relating to the CSP grant. The expenses from the detail of expenditures reconciled to the CSP grant revenue recorded in the books.

Procedure #2: We obtained the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appeared reasonable.

Results: Based on the NYSED approved CSP grant award information, the revenue and expenditures recorded for the period appeared reasonable.

Procedure #3: We selected a sample of expenditures from the detail obtained in Procedure #1.

- a. Payroll – We selected the lesser of 10 items or 10% of the total number of payroll items charged to the grant.
- b. Other expenses – We selected the lesser of 10 items or 10% of the total number of other expense items charged to the grant.

- c. Using the above selected items, we:
 - i. Determined if the expenditure was in accordance with the purpose of the grant and that pre-opening expenditures were charged to pre-opening periods. (See non-regulatory guidance on the CSP grant at <http://www.p12.nysed.gov/psc/grants.html>).
 - ii. Determined if the expenditure fell into an approved budget category.
 - iii. Determined if the expenditure was charged to the appropriate fiscal period.

Results: There were 0 payroll items and 343 other expense items related to the CSP grant during the year ended June 30, 2019. Therefore, we did not select any payroll items and selected 10 other expense items charged to the grant and determined that:

The expenditures were in accordance with the purpose of the grant.

- a. The expenditures fell into approved budget categories.
- b. The expenditures were charged to the appropriate fiscal period.

Procedure #4: We obtained FS-25 form(s) submitted to NYSED during the period under review and performed the following:

- a. Traced expenditures selected in Procedure #3 to requests for reimbursement. Determined that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquired of responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable was recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we selected one FS-25 and determined if funds were expended within 1 month following the date of the request.

Results:

- a. We traced the expenditures selected in Procedure #3 to their corresponding FS-25 form submitted and determined that they all were either spent prior to or within one month following the request for reimbursement.
- b. We selected the FS-25 for the February 2019 period and noted that there was no amount reported on Line 4 for cash expenditures anticipated during the next month.

Procedure #5: For schools with a weighted lottery during the period under review we:

- a. Obtained documentation that the school received permission from the NYSED Charter School Office for the weighted lottery.

- b. Obtained the results of the weighted lottery.
 - Note that weighted lotteries must be conducted using the NYSED Weighted Lottery Generator (WLG). When the WLG is used, a copy of the “lottery PDF” should be observed. (This PDF is generated after the WLG has conducted the lottery.)

Result: Brooklyn Emerging Leaders Academy Charter School used a weighted lottery during the period.

- a. We obtained documentation that the school received permission for the weighted lottery.
- b. We obtained the results of the weighted lottery and noted that it was conducted using the WLG.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination, or review, the objective of which would be the expression of an opinion or conclusion, on these procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Brooklyn Emerging Leaders Academy Charter School, SUNY, and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 22, 2019