

Achievement First Brooklyn Charter Schools

**Financial Statements,
Federal Awards in Accordance
with the Uniform Guidance
and Independent Auditor's Reports**

June 30, 2020

CohnReznick
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Achievement First Brooklyn Charter Schools

Index

Page

Independent Auditor's Report

2

Financial Statements

Statement of Financial Position

4

Supplementary Information

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial

Independent Auditor's Report on Compliance for Each Major Federal Program and

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2020
(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets		
Cash	\$ 20,262,532	\$ 9,930,462
Restricted cash	350,000	350,000
Grants and other receivables	3,260,597	2,239,916
Prepaid expenses and other assets	84,515	1,013,081
Due from related party	-	1,411,160
Due from other school	-	18,456
Due from NYC Department of Education	57,786	51,899
Total current assets	<u>24,015,430</u>	<u>15,014,974</u>
Non-current assets		
Construction in process	2,299,000	1,939,280
Property and equipment, net	7,654,704	7,032,421
Lease acquisition costs, net	4,544,925	4,771,338
Total non-current assets	<u>14,498,629</u>	<u>13,743,039</u>
Total assets	<u>\$ 38,514,059</u>	<u>\$ 28,758,013</u>

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Achievement First Brooklyn Charter Schools

Statement of Activities and Changes in Net Assets Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Without donor restriction	With donor restriction	2020	2019
Change in unrestricted net assets				
Operating revenue				
State and local per pupil operating revenue	\$ 137,211,220	\$ -	\$ 137,211,220	\$ 124,957,023
Federal, state and local grants	6,511,362	-	6,511,362	6,162,849
Special education revenue	16,276,752	-	16,276,752	15,331,739
Total operating revenue	<u>159,999,334</u>	<u>-</u>	<u>159,999,334</u>	<u>146,451,611</u>
Expenses				
Program services	132,443,931	-	132,443,931	125,707,076
General and administrative	17,440,268	-	17,440,268	16,775,664
Fundraising	5,000	-	5,000	5,000
Total expenses	<u>149,889,199</u>	<u>-</u>	<u>149,889,199</u>	<u>142,487,740</u>
Surplus on school operations from government funding	<u>10,110,135</u>	<u>-</u>	<u>10,110,135</u>	<u>3,963,871</u>
Support and other revenue				
Contributions	209,108	500	209,608	328,429
In-kind contributions	432,842	-	432,842	589,890
Interest income	20,218	-	20,218	-
Other revenue	57,013	-	57,013	84,777
Total support and other revenue	<u>719,181</u>	<u>500</u>	<u>719,681</u>	<u>1,003,096</u>
Change in net assets	10,829,316	500	10,829,816	4,966,967
Net assets, beginning	<u>20,288,690</u>	<u>-</u>	<u>20,288,690</u>	<u>15,321,723</u>
Net assets, end	<u>\$ 31,118,006</u>	<u>\$ 500</u>	<u>\$ 31,118,506</u>	<u>\$ 20,288,690</u>

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2020

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, 2020.

Cash and cash equivalents

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

	2020	2019
Cash	\$ 20,262,532	\$ 9,930,462
Restricted cash	350,000	350,000
Total	<u>\$ 20,612,532</u>	<u>\$ 10,280,462</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 \$3,260,597 at June 30, 2020. The School has determined that no allowance for uncollectible accounts for receivables is necessary as of June 30, 2020. 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 statements of activities as net assets released from restrictions. Donor

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2020**

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2020

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 - Concentrations

The School received approximately 86%

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2020

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, 2024. The outstanding balance due to Charter School Growth Fund at June 30, 2020 was \$1,395,578 including accrued interest of \$40,910. Interest expense of \$19,325 is included in interest expense on the statement of functional expenses.

Loan payable to Peak Demand Energy is non-interest 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 until the loan is paid in full in July 2024. The outstanding balance due to Peak Demand Energy at June 30, 2020 was \$106,881.

The scheduled principal payments for the next five years are as follows:

	\$	753,334
		253,334
		426,000
2024		26,000
		2,881

Subtotal

Note 12 -

Achievement First Brooklyn Charter Schools

Supplementary Information

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Achievement First Brooklyn Charter Schools
Supplemental Schedule of Functional Expenses - Bushwick
Year Ended June 30, 2020

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Crown Heights
Year Ended June 30, 2020**

	Program services			General and administrative	Fundraising	2020 Total	2019 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,935,709	\$ -	\$ 1,935,709	\$ 1,769,050
Instructional personnel	10,684,860	1,463,929	12,148,789	-	-	12,148,789	11,822,618
Total personnel services costs	10,684,860	1,463,929	12,148,789	1,935,709	-	14,084,498	13,591,668
Fringe benefits and payroll taxes	1,832,362	251,051	2,083,413	331,958	-	2,415,371	2,416,744
Retirement	125,273	17,164	142,437	22,695	-	165,132	184,975
Management company fees	2,271,609	256,775	2,528,384	133,182	2,070	2,663,636	2,639,880
Accounting/audit services	-	-	-	20,348	-	20,348	19,826
Other purchased/professional/ consulting services	-	25,765	25,765	14,636	-	40,401	76,885
Repairs and maintenance	52,386	7,177	59,563	9,490	-	69,053	74,047
Insurance	85,598	11,728	97,326	15,507	-	112,833	107,029
Utilities	772,615	105,856	878,471	139,970	-	1,018,441	1,048,509
Supplies/materials	328,937	45,068	374,005	-	-	374,005	418,084
Equipment/furnishings	56,131	7,690	63,821	10,169	-	73,990	73,682
Staff development	139,336	19,091	158,427	9,281	-	167,708	252,211
Marketing/recruitment	12,753	1,747	14,500	-	-	14,500	17,347
Technology	452,967	62,061	515,028	17,852	-	532,880	564,989
Food service	28,409	3,892	32,301	-	-	32,301	25,831
Student services	352,382	48,280	400,662	-	-	400,662	538,376
Office expense	267,241	36,615	303,856	99,298	-	403,154	489,098
Depreciation and amortization	77,105	10,564	87,669	21,917	-	109,586	148,223
Other	74,053	10,146	84,199	18,143	-	102,342	100,100
Parental activities	11,105	1,522	12,627	-	-	12,627	26,278
Total expenses	<u>\$ 17,625,122</u>	<u>\$ 2,386,121</u>	<u>\$ 20,011,243</u>	<u>\$ 2,800,155</u>	<u>\$ 2,070</u>	<u>\$ 22,813,468</u>	<u>\$ 22,813,782</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - East New York
Year Ended June 30, 2020**

	Program services			General and administrative	Fundraising	2020 Total	2019 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,562,280	\$ -	\$ 1,562,280	\$ 1,385,319
Instructional personnel	10,039,849	1,375,555	11,415,404	-	-	11,415,404	10,552,470
Total personnel services costs	10,039,849	1,375,555	11,415,404	1,562,280	-	12,977,684	11,937,789
Fringe benefits and payroll taxes	1,712,799	234,670	1,947,469	266,525	-	2,213,994	2,084,206
Retirement	153,358	21,012	174,370	23,864	-	198,234	212,707
Management company fees	2,017,450	227,959	2,245,409	118,236	1,075	2,364,720	2,226,612
Accounting/audit services	-	-	-	20,348	-	20,348	19,826
Other purchased/professional/ consulting services	929	97,450	98,379	11,720	-	110,099	203,996
Repairs and maintenance	54,694	7,494	62,188	8,511	-	70,699	31,669
Insurance	40,547	5,555	46,102	6,309	-	52,411	51,168
Utilities	19,100	2,617	21,717	2,972	-	24,689	19,097
Supplies/materials	410,336	56,220	466,556	-	-	466,556	441,130
Equipment/furnishings	52,942	7,254	60,196	8,238	-	68,434	55,652
Staff development	114,809	15,729	130,538	7,976	-	138,514	202,109
Marketing/recruitment	6,246	856	7,102	-	-	7,102	17,878
Technology	443,449	60,759	504,208	21,830	-	526,038	436,952
Food service	217,833	29,845	247,678	-	-	247,678	214,289
Student services	237,814	32,583	270,397	-	-	270,397	363,081
Office expense	280,131	38,380	318,511	88,614	-	407,125	385,325
Depreciation and amortization	293,537	40,217	333,754	83,439	-	417,193	458,018
Other	75,491	10,344	85,835	18,606	-	104,441	108,146
Parental activities	6,040	827	6,867	-	-	6,867	10,418
Interest expense	-	-	-	3,550	-	3,550	5,550
Total expenses	<u>\$ 16,177,354</u>	<u>\$ 2,265,326</u>	<u>\$ 18,442,680</u>	<u>\$ 2,253,018</u>	<u>\$ 1,075</u>	<u>\$ 20,696,773</u>	<u>\$ 19,485,618</u>

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Endeavor
Year Ended June 30, 2020**

	Regular education	Special education	Total program services	General and administrative	Fundraising	2020 Total	2019 Total
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,041,317	\$ -	\$ 1,041,317	\$ 1,006,081
Instructional personnel	6,546,051	896,871	7,442,922	-	-	7,442,922	7,576,755
Total personnel services costs	6,546,051	896,871	7,442,922	1,041,317	-	8,484,239	8,582,836
Fringe benefits and payroll taxes	1,106,171	151,556	1,257,727	175,965	-	1,433,692	1,502,675
Retirement	98,063	13,436	111,499	15,600	-	127,099	153,949
Management company fees	1,510,417	170,772	1,681,189	88,575	1,728	1,771,492	1,688,421
Accounting/audit services	-	-	-	13,565	-	13,565	13,218
Other purchased/professional/ consulting services	76,093	126,358	202,451	19,822	-	222,273	251,480
Repairs and maintenance	433,119	59,342	492,461	68,899	-	561,360	651,836
Insurance	71,200	9,755	80,955	11,326	-	92,281	80,598
Utilities	147,015	20,142	167,157	23,387	-	190,544	268,943
Supplies/materials	192,467	26,370	218,837	-	-	218,837	306,547
Equipment/furnishings	19,516	2,674	22,190	3,105	-	25,295	19,527
Staff development	80,628	11,047	91,675	8,376	-	100,051	117,541
Marketing/recruitment	870	119	989	-	-	989	5,205
Technology	332,664	45,579	378,243	8,304	-	386,547	280,774
Food service	414,311	56,765	471,076	-	-	471,076	632,869
Student services	74,117	10,155	84,272	-	-	84,272	185,878
Office expense	153,686	21,057	174,743				

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools
Supplemental Schedule of Functional Expenses - Linden
Year Ended June 30, 2020

	Regular education	Special education	Total program services	General and administrative	Fundraising	2020 Total	2019 Total
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 862,947	\$ -	\$ 862,947	\$ 854,831
Instructional personnel	4,771,508	653,743	5,425,251	-	-	5,425,251	4,684,644
Total personnel services costs	4,771,508	653,743	5,425,251	862,947	-	6,288,198	5,539,475
Fringe benefits and payroll taxes	836,674	114,632	951,306	151,316	-	1,102,622	939,192
Retirement	48,003	6,577	54,580	8,682	-	63,262	77,234
Management company fees	1,193,318						

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - North Brooklyn
Year Ended June 30, 2020**

Regular education	Special education	Total program services	General and administrative	Fundraising
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See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools
Supplemental Schedule of Functional Expenses - Voyager
Year Ended June 30, 2020

	Regular education	Special education	Total program services	General and administrative	Fundraising	2020 Total	2019 Total
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 705,108	\$ -	\$ 705,108	\$ 673,177
Instructional personnel	3,026,531	414,664	3,441,195	-	-	3,441,195	2,691,560
Total personnel services costs	3,026,531	414,664	3,441,195	705,108	-	4,146,303	
Fringe benefits and payroll taxes	502,103	68,793	570,896	116,978	-	687,874	580,711
Retirement	23,670	3,243	26,913	5,515	-	32,428	

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 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 Achievement First Brooklyn Charter Schools (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 November 2, 2020.

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 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 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. 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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Achievement First Brooklyn Charter Schools in a separate letter dated November 2, 2020.

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
November 2, 2020.

Achievement First Brooklyn Charter Schools

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal grantor/pass-through grantor/ program or cluster title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Passed through Achievement First, Inc. Charter Schools	84.282	Not applicable	<u>-</u>	<u>877,351</u>
Total U.S. Department of Education			<u>-</u>	<u>5,850,672</u>
U.S. Department of Agriculture Passed through New York State Education Department Child Nutrition Cluster National School Lunch Program (NSLP)	10.555	Not applicable	<u>-</u>	<u>1,499,709</u>
Total Child Nutrition Cluster			<u>-</u>	<u>1,499,709</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 7,350,381</u>

See Notes to Schedule of Expenditures of Federal Awards.

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