

October 22, 2020

To the Board of Trustees  
Brooklyn Scholars Charter School

We have audited the financial statements of Brooklyn Scholars Charter School (the "School") as of and for the year ended June 30, 2020 and have issued our report thereon dated October 22, 2020. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 16, 2020, our responsibility, as described by professional standards under the Code of Professional Conduct, is to express an opinion on the financial statements based on the audit. We are not a party to the financial statements and we do not assume any liability for the accuracy or completeness of the financial statements or for any loss or damage resulting from their use.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Brooklyn Scholars Charter School are described in Note 2 to the financial statements.

As described in Note 2, the School adopted the provisions of ASU No. 2018-08, . The new guidance is effective as of July 1, 2019 and was applied on a modified prospective basis. The School noted the standard did not have a significant impact on the timing of revenue recognition for government and individual grants and contracts. The School also adopted the provisions of ASU No. 2016-18, . The new guidance is effective as of July 1, 2019 and was applied on the modified prospective basis.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear. The most significant disclosure relates to the ongoing global pandemic known as COVID-19, as described in Note 8.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

***Significant Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 22, 2020.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge there were no such consultations with other accountants.

This information is intended solely for the use of the board of trustees and management of Brooklyn Scholars Charter School and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the preceding communo6.6 (i)2.(en)10.5(t)-6.6 ilons

A young girl in a purple leotard is holding a large, ornate trophy with both arms raised in celebration. The trophy has a circular top and a base decorated with flowers. The background is a bright, colorful outdoor setting with a blue sky and green grass.

# BROOKLYN SCHOLARS CHARTER SCHOOL

Financial Statements and Additional Information  
as of and for the Year Ended June 30, 2020,  
and Independent Auditor's Reports

# BROOKLYN SCHOLARS CHARTER SCHOOL

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## Independent Auditor's Report

To the Board of Trustees  
Brooklyn Scholars Charter School

### Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn Scholars Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and change in net assets 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 entity'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 entity'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 Scholars Charter School as of June 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
Brooklyn Scholars Charter School

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brooklyn Scholars Charter School's financial statements. The supplemental New York Education Department schedule of functional expenses, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental New York Education Department schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2020 on our consideration of Brooklyn Scholars Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Brooklyn Scholars Charter School's internal control over financial reporting and compliance.

October 22, 2020

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**BROOKLYN SCHOLARS CHARTER SCHOOL**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED JUNE 30, 2020**

REVENUES, GAINS AND OTHER SUPPORT:

Public School District:

    Resident Student Enrollment

\$ 11,175,782

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# **BROOKLYN SCHOLARS CHARTER SCHOOL**

## **NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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### **1. NATURE OF OPERATIONS**

Brooklyn Scholars Charter School (the "School") is a public charter school as defined by

**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 disclosures 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.

**Cash** — Cash as of June 30, 2020 represents bank deposits which are covered by federal depository insurance.

**Restricted Cash** — Under the requirements of NYSED, the School has agreed to establish a reserve cash account and maintain a minimum balance of \$70,000. At June 30, 2020, \$77,267 of cash is restricted for that purpose. In the event of dissolution of the School, the reserve cash account would be used to pay for legal and audit expenses associated with the dissolution.

**Contracted Service Fee Payable** — Contracted service fee payable represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

**The Financial Statements** — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- x Net Assets without Donor Restrictions — Net assets which are not subject to donor imposed or governmental stipulations. All net assets as of June 30, 2020 are considered to be without donor restrictions.

Revenues and contributions are reported as follows:

- x Revenues, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses that are reported as decreases in net asset restrictions. Ext latio Å of Å wh ns s t dOno  
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## **ADDITIONAL INFORMATION**

**BROOKLYN SCHOLARS CHARTER SCHOOL**

**NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	No. of Positions	Regular Education	Special Education	Other Education	Total	Fund-raising	Management and General	Total	Total
Personnel Services Costs									
Administrative Staff Personnel	-	\$ 637,520	\$ -	\$ -	\$ 637,520	\$ -	\$ -	\$ -	\$ 637,520
Instructional Personnel	-	2,943,093	688,815	-	3,631,908	-	-	-	3,631,908
Non-Instructional Personnel	-	94,799	-	-	94,799	-	-	-	94,799
Total Salaries and Staff	-	3,675,412	688,815	-	4,364,227	-	-	-	4,364,227
Fringe Benefits & Payroll Taxes		764,792	138,450	-	903,242	-	-	-	903,242
Retirement		73,578	15,568	-	89,146	-	-	-	89,146
Management Company Fees		-	-	-	-	-	-	-	-
Legal Service		9,251	-	-	9,251	-	-	-	9,251
Accounting / Audit Services									

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 Management and the Board of Trustees  
Brooklyn Scholars 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 Scholars Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and change in net assets and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated October 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brooklyn Scholars Charter 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 of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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To Management and the Board of Trustees  
Brooklyn Scholars Charter School

#### 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 22, 2020





Brooklyn Scholars Charter School  
A Resolution of the Board of Trustees  
2020-2021 Initial Budget

Fiscal Year 2020-2021.

	General	School Services	Total (Memorandum Only)
<b>REVENUE</b>			
State Aid	11,184,413	-	11,184,413
Other State Sources	848,538	7,401	855,939
Local Sources	-	-	-
Federal Grants	528,522	318,216	846,738
Private Sources	72,200	-	72,200
Total Revenues and Transfers	12,633,673	325,617	12,959,290
<b>EXPENDITURES - CONTRACTED SERVICE FEE:</b>			
<b>Instruction</b>			
Basic Instruction	3,672,870	-	3,672,870
Added Needs	414,836	-	414,836
Special Education	931,073	-	931,073
<b>Support Services</b>			
Pupil Services	194,311	-	194,311
Instructional Staff Support	1,609,019	-	1,609,019
Board of Education	215,410	-	215,410
Executive Administration	125,027	-	125,027
Grant Procurement	100,777	-	100,777
School Admin - Office of the Principal	303,575	-	303,575
Other School Administration	551,199	-	551,199
Business & Internal Services	331,425	-	331,425
Central Services	1,309,054	-	1,309,054
Operations & Maintenance	2,824,430	-	2,824,430
Pupil Transportation Services	27,850	-	27,850
Food Services	-	348,434	348,434
Total Expenditures	12,610,856	348,434	12,959,290
EXCESS OF REVENUES OVER EXPENDITURES	22,817	(22,817)	-
Transfer Between Funds	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
CURRENT FUND BALANCE	22,817	(22,817)	-

# Business Premium Money Market Account Statement



Page 1 of 2

Account Number: [REDACTED]

For the period 05/30/2020 to 06/30/2020

BROOKLYN SCHOLARS CHARTER SCHOOL  
RESERVE ACCOUNT  
C/O NATIONAL HERITAGE ACADEMIES  
3850 BROADMOOR AVE SE STE 201  
GRAND RAPIDS MI 49512-3975

Number of enclosures: 0

Tax ID Number: [REDACTED]

For Client Services:  
Call 1-800-669-1518

Visit us at PNC.com/treasury

Write to: Treas Mgmt Client Care  
One Financial Parkway  
Locator Z1-Yb42-03-1  
Kalamazoo MI 49009

## Account Summary Information

### Balance Summary

Beginning balance	Deposits and other credits	Checks and other debits	Ending balance
77,263.16	3.38	.00	77,266.54

### Interest Summary

Annual Percentage Yield Earned (APYE)	Number of days in interest period	Average collected balance for APYE	Interest paid this period	Interest paid year-to-date
0.05	32	77,263.26	3.38	197.69

### Cyber Security Awareness

Do you know what to do if you receive a fraudulent email, text or phone call that appears to come from PNC? Forward the message to PNC at [abuse@pnc.com](mailto:abuse@pnc.com). If you responded to a fraudulent text or email, clicked on a link, opened an attachment and/or disclosed personal information, immediately change your online banking password, using another device if possible. Then contact PNC Bank's Online Banking Team at 1-800-762-2035, select 1 for personal account or 2 for a business account, then select option 3.

### Deposits and Other Credits

Description	Items	Amount
Deposits	0	.00
National Lockbox	0	.00
ACH Credits	0	.00
Funds Transfers In	0	.00
Trade Services	0	.00
Investments	0	.00
Zero Balance Transfers	0	.00
Adjustments	0	.00
Other Credits	1	3.38
<b>Total</b>	<b>1</b>	<b>3.38</b>

### Checks and Other Debits

Description	Items	Amount
Checks	0	.00
Returned Items	0	.00
ACH Debits	0	.00
Funds Transfers Out	0	.00
Trade Services	0	.00
Investments	0	.00
Zero Balance Transfers	0	.00
Adjustments	0	.00
Other Debits	0	.00
<b>Total</b>	<b>0</b>	<b>.00</b>

### Ledger Balance

Date	Ledger balance	Date	Ledger balance
05/30	77,263.16	06/30	77,266.54

**Business Premium Money Market Account  
Statement**