

**Achievement First Brooklyn Charter Schools**

**Combined Financial Statements,  
Internal Control and Compliance  
and Independent Auditor's Reports**

**June 30, 2016**

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# Achievement First Brooklyn Charter Schools

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## Independent Auditor's Report

To the Board of Trustees  
Achievement First Brooklyn Charter Schools

### *Report on the Financial Statements*

We have audited the accompanying combined financial statements of Achievement First Brooklyn Charter Schools, which comprise the combined statement of financial position as of June 30, 2016, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Achievement First Brooklyn Charter Schools as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Report on Summarized Comparative Information*

We have previously audited Achievement First Brooklyn Charter Schools' 2015 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our reports dated October 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements of Achievement First Apollo Charter School, Achievement First Aspire Charter School, Achievement First Brownsville Charter School, Achievement First Bushwick Charter School, Achievement First Crown Heights Charter School, Achievement First East New York Charter School, and Achievement First Endeavor Charter School from which it has been derived.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information contained in the supplemental combining schedule of activities by charter and supplemental schedules of functional expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of Achievement First Brooklyn Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Achievement First Brooklyn Charter Schools' internal control over financial reporting and compliance.



Hartford, Connecticut  
October 31, 2016

**Achievement First Brooklyn Charter Schools**

**Combined Statement of Financial Position  
June 30, 2016  
(With Comparative Totals for 2015)**

	2016	2015
<u>Assets</u>		
Cash	\$ 78,214	\$ 3,077,864
Restricted cash	350,000	486,315
Grants and other receivables	2,066,349	1,933,082
Prepaid expenses and other assets	860,213	332,611
Due from related party	257,564	1,488,249
Construction in process	165,531	24,713
Property and equipment, net	5,742,133	3,502,095
Lease acquisition costs, net	5,450,576	5,676,988
	<u>\$ 14,970,580</u>	<u>\$ 16,521,917</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Cash overdraft	\$ -	\$ 313,690
Accounts payable and accrued expenses	1,760,412	1,366,986
Accrued salaries and other payroll related expenses	1,394,975	1,794,077
Due to other schools	34,732	16,847
Due to NYC Department of Education	37,120	22,075
Deferred revenue	10,456	36,099
Loans payable	1,233,821	1,425,821
	<u>4,471,516</u>	<u>4,975,595</u>
Total liabilities		
Net assets		
Unrestricted		
Undesignated	10,476,219	7,752,640
Board-designated	-	3,793,682
Temporarily restricted	22,845	-
	<u>10,499,064</u>	<u>11,546,322</u>
Total net assets		
	<u>\$ 14,970,580</u>	<u>\$ 16,521,917</u>
Total liabilities and net assets		

See Notes to Combined Financial Statements.

## Achievement First Brooklyn Charter Schools

### Combined Statement of Activities and Changes in Net Assets Year Ended June 30, 2016 (With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	2016	2015
Operating revenue				
State and local per pupil operating revenue	\$ 87,709,716	\$ -	\$ 87,709,716	\$ 77,461,943
Federal, state and local grants	4,325,569	-	4,325,569	5,354,945
Special education revenue	11,268,159	-	11,268,159	9,560,509
Total operating revenue	<u>103,303,444</u>	<u>-</u>	<u>103,303,444</u>	<u>92,377,397</u>
Expenses				
Program services	90,833,020	-	90,833,020	82,878,913
General and administrative	12,251,129	-	12,251,129	10,737,324
Fundraising	2,340,365	-	2,340,365	2,051,042
Total expenses	<u>105,424,514</u>	<u>-</u>	<u>105,424,514</u>	<u>95,667,279</u>
Deficit on school operations from government funding	<u>(2,121,070)</u>	<u>-</u>	<u>(2,121,070)</u>	<u>(3,289,882)</u>
Support and other revenue				
Contributions	1,030,825	22,845	1,053,670	820,094
Interest income	8,972	-	8,972	10,694
Other revenue	11,170	-	11,170	142,667
Total support and other revenue	<u>1,050,967</u>	<u>22,845</u>	<u>1,073,812</u>	<u>973,455</u>
Change in net assets	(1,070,103)	22,845	(1,047,258)	(2,316,427)
Net assets, beginning	<u>11,546,322</u>	<u>-</u>	<u>11,546,322</u>	<u>13,862,749</u>
Net assets, end	<u>\$ 10,476,219</u>	<u>\$ 22,845</u>	<u>\$ 10,499,064</u>	<u>\$ 11,546,322</u>

See Notes to Combined Financial Statements.

## Achievement First Brooklyn Charter Schools

### Combined Statement of Functional Expenses Year Ended June 30, 2016 (With Comparative Totals for 2015)

	Program services			General and administrative	Fundraising	2016 Total	2015 Total
	Regular education	Special education	Total program services				
Personnel services costs							
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 7,970,286	\$ -	\$ 7,970,286	\$ 7,038,625
Instructional personnel	47,541,399	6,350,974	53,892,373	-	-	53,892,373	48,829,554
Total personnel services costs	47,541,399	6,350,974	53,892,373	7,970,286	-	61,862,659	55,868,179
Fringe benefits and payroll taxes	8,112,010	1,071,439	9,183,449	1,357,150	-	10,540,599	9,239,088
Retirement	881,479	116,429	997,908	146,898	-	1,144,806	1,093,688
Management company fees	7,736,310	1,040,056	8,776,366	585,091	2,340,365	11,701,822	10,255,200
Legal services	-	-	-	85,000	-	85,000	74,076
Accounting/audit services	-	-	-	187,396	-	187,396	182,435
Other purchased/professional/consulting services	116,307	555,842	672,149	68,408	-	740,557	720,516
Building and land rent/lease	-	-	-	5,700	-	5,700	5,620
Repairs and maintenance	604,200	81,072	685,272	92,144	-	777,416	907,035
Insurance	305,498	40,470	345,968	49,899	-	395,867	366,402
Utilities	1,097,438	149,778	1,247,216	166,008	-	1,413,224	1,320,798
Supplies/materials	3,513,739	464,057	3,977,796	-	-	3,977,796	4,191,390
Equipment/furnishings	270,303	35,380	305,683	46,410	-	352,093	991,110
Staff development	1,388,439	182,340	1,570,779	99,410	-	1,670,189	1,287,865
Marketing/recruitment	133,162	17,383	150,545	-	-	150,545	179,846
Technology	2,387,566	309,673	2,697,239	140,657	-	2,837,896	3,022,303
Food service	719,876	94,779	814,655	-	-	814,655	562,570
Student services	1,487,231	194,434	1,681,665	-	-	1,681,665	1,463,591
Office expense	1,848,840	243,315	2,092,155	732,626	-	2,824,781	2,076,007
Depreciation and amortization	998,624	130,611	1,129,235	282,307	-	1,411,542	1,188,085
Other	384,429	51,180	435,609	214,882	-	650,491	516,893
Parental activities	156,776	20,182	176,958	-	-	176,958	114,813
Interest expense	-	-	-	20,857	-	20,857	39,769
Total expenses	<u>\$ 79,683,626</u>	<u>\$ 11,149,394</u>	<u>\$ 90,833,020</u>	<u>\$ 12,251,129</u>	<u>\$ 2,340,365</u>	<u>\$ 105,424,514</u>	<u>\$ 95,667,279</u>

See Notes to Combined Financial Statements.

**Achievement First Brooklyn Charter Schools**

**Combined Statement of Cash Flows  
Year Ended June 30, 2016  
(With Comparative Totals for 2015)**

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (1,047,258)	\$ (2,316,427)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,411,542	1,188,085
Bad debt expense	173,172	5,948
Accrued interest	8,000	6,011
Changes in operating assets and liabilities		
Grants and other receivables	(306,439)	2,771,997
Prepaid expenses and other assets	(527,602)	154,971
Due from related party	1,230,685	(888,922)
Due from other schools	-	3,099
Due from NYC Department of Education	-	(69)
Cash overdraft	(313,690)	13,366
Accounts payable and accrued expenses	393,426	698,537
Accrued salaries and other payroll related expenses	(399,102)	390,482
Due to other schools	17,885	2,614
Due to NYC Department of Education	15,045	40,629
Deferred revenue	(25,643)	14,209
	630,021	2,084,530
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(3,565,986)	(1,904,283)
Cash restricted by the state for dissolution costs	136,315	(50,353)
	(3,429,671)	(1,954,636)
Net cash used in investing activities		
Cash flows from financing activities		
Payments of line of credit	-	(700,000)
Payments of long-term debt	(200,000)	(300,000)
Proceeds from long-term debt	-	800,000
	(200,000)	(200,000)
Net cash used in financing activities		
Net decrease in cash	(2,999,650)	(70,106)
Cash - beginning	3,077,864	3,147,970
Cash - end	\$ 78,214	\$ 3,077,864
Supplemental disclosure of cash flow information		
Interest paid	\$ 20,857	\$ 31,758

See Notes to Combined Financial Statements.

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

#### Note 1 - Nature of operations

Achievement First Bushwick Charter School was incorporated to focus on strengthening the academic and character skills needed for all students to excel in top-tier colleges, to achieve success in a competitive world, and to serve as the next generation of leaders in their communities. The Board of Regents of the University of the State of New York ("SUNY") granted the Achievement First Bushwick Charter School a charter valid for a term of five years and renewable upon expiration. On June 29, 2015, the Board of Regents approved the merger of Achievement First Bushwick Charter School with Achievement First Brownsville Charter School, Achievement First Apollo Charter School and Achievement First Aspire Charter School that took effect on July 1, 2015, at which time Achievement First Bushwick Charter School changed its name to Achievement First Brooklyn Charter Schools ("the School"). On February 16, 2016, the Board of Regents approved a merger of Achievement First Brooklyn Charter Schools with Achievement First Crown Heights Charter School, Achievement First East New York Charter School and Achievement First Endeavor Charter School that took effect on April 1, 2016. The combined financial statements reflect the activities of the seven charter schools for the fiscal year ended June 30, 2016.

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

During the year ended June 30, 2016, the School operated classes for students in K-12. Charters that share space with New York City Department of Education ("NYCDOE") schools are not responsible for rent, utilities, custodial services, or maintenance. Charters that share space with other charter schools or do not share space are responsible for operating occupancy costs.

#### Note 2 - Summary of significant accounting policies

##### Principles of combining financial statements

The accompanying combined financial statements as of June 30, 2016 include the financial statements of Achievement First Brooklyn Charter Schools and Achievement First Crown Heights Charter School, Achievement First East New York Charter School and Achievement First Endeavor Charter School for the period July 1, 2015 through March 31, 2016; the period prior to their merger into Achievement First Brooklyn Charter Schools. Intercompany transactions and balances have been eliminated in the combination.

##### Basis of presentation

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

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

Temporarily restricted - Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets. However, if a restriction is fulfilled in the same period in which the contribution is received, the School reports the support as unrestricted.

Permanently restricted - Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School.

The Board of Trustees (the "Board") enacted a Board Designated Reserve Policy (the "Reserve") in which unrestricted net assets are set aside to be used only with the approval of the Board. The Reserve is calculated by netting the current year's current assets against the current year's current liabilities and reducing that difference by any assets whose use is contractually limited. There was no Reserve at June 30, 2016.

#### **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, 2016.

#### **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 unconditional promises to give. Grants receivable that are expected to be collected within one year, and recorded at net realizable value, are \$1,979,296 at June 30, 2016. The School has determined that no allowance for uncollectible accounts for grants receivable is necessary as of June 30, 2016. Such an 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**

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying statement of financial position. Receivables are recognized to the extent costs have been incurred, but not reimbursed.

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Contributions are recognized by the School when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor, but whose restrictions are met in the same period, are reported as increases to unrestricted net assets. All other donor restricted contributions are reported as increases to temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

#### **Donated goods and services**

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

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

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

#### **Property and equipment**

Property and equipment are stated at cost. The School has established a \$1,000 threshold above which assets are capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

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

<u>Asset</u>	<u>Estimated lives</u>
Leasehold improvements	5 - 20 years
Furniture and fixtures	5 - 8 years
Computers and hardware	3 - 7 years
Musical instruments	4 - 5 years
Equipment	3 - 7 years
Software	3 - 5 years

#### **Long-lived assets**

The School recognizes an impairment loss when the carrying amount of a long-lived asset exceeds its fair value. In the event that facts and circumstance indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. The evaluation process consists of comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down is required. If the review indicates that the asset will not be recoverable, the carrying value of the asset would be reduced to its estimated realizable value. There was no impairment losses recognized for the year ended June 30, 2016.

## **Achievement First Brooklyn Charter Schools**

### **Notes to Combined Financial Statements June 30, 2016**

#### **Functional allocation of expenses**

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable.

#### **Income taxes**

The School is classified by the Internal Revenue Service ("IRS") as exempt from income tax under Section 501(a) of the IRC as a public education academy described in Section 501(c)(3).

The School has no unrecognized tax benefits at June 30, 2016. The School's federal tax returns prior to fiscal year 2013 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the School would recognize interest and penalties associated with tax matters as part of general and administrative expenses in the combined statement of activities and changes in net assets and include accrued interest and penalties in accrued expenses in the combined statement of financial position. The School did not recognize any interest or penalties associated with tax matters for the year ended June 30, 2016.

#### **Prior year summarized information**

The combined financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements of Achievement First Apollo Charter School, Achievement First Aspire Charter School, Achievement First Brownsville Charter School, Achievement First Bushwick Charter School, Achievement First Crown Heights Charter School, Achievement First East New York Charter School, and Achievement First Endeavor Charter School for the year ended June 30, 2015, from which the summarized information was derived.

#### **Use of estimates**

The preparation of combined 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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Concentrations of credit risk**

The School maintains cash and cash equivalent balances in several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. From time to time, the School's balances may exceed these limits. As of June 30, 2016, the School had uninsured bank balances of \$984,058. The School limits its credit risk by selecting financial institutions considered to be highly creditworthy.

#### **Reclassifications**

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

#### Subsequent events

Management has reviewed subsequent events through October 31, 2016, which is the date the combined financial statements were approved and available for issuance.

Subsequent to June 30, 2016 the School entered into a loan agreement with CSGF Revolving Facilities Loan Fund, LLC in the amount of \$700,000 with an interest rate of 3%. Accrued interest is payable each July 1<sup>st</sup> along with payments of principal as follows: \$150,000 on July 1, 2017, \$250,000 on July 1, 2018, and the remaining balance plus all unpaid accrued interest payable on July 1, 2019. The loan is subordinated to all of School's deposit accounts, senior debt obligations and amounts owed to general trade creditors and all other unconditional, unsecured, senior and subordinated debt obligations of the School other than any subordinated debt obligations which expressly rank pari passu with or subordinate to this note and agreement. The loan requires certain covenants to be met. The loan is for tenant improvements at the public school facility located at 301 E. Vermont, Brooklyn, New York.

#### Note 3 - Business combination

SUNY provided the option and the Board evaluated and approved two mergers. The first was approved on June 29, 2015 and included the merger of Achievement First Bushwick Charter School with Achievement First Brownsville Charter School, Achievement First Apollo Charter School and Achievement First Aspire Charter School. The second merger was approved on February 16, 2016, and included a merger of Achievement First Brooklyn Charter Schools with Achievement First Crown Heights Charter School, Achievement First East New York Charter School and Achievement First Endeavor Charter School. These mergers were done in order to create operating efficiencies. The major classes of assets, liabilities and net assets of the various combined charters are as follows:

Charters merged as of July 1, 2015:

	Achievement First Apollo	Achievement First Aspire	Achievement First Brownsville	Achievement First Bushwick	Total Achievement First Brooklyn Schools
<b>Assets</b>					
Cash and restricted cash	\$ 184,636	\$ 177,516	\$ 615,290	\$ 493,818	\$ 1,471,260
Grants and other receivables	204,678	115,577	95,110	142,446	557,811
Property and equipment, net	539,216	229,464	607,128	563,105	1,938,913
Other assets	106,344	14,149	166,659	799,635	1,086,787
<b>Total assets</b>	<b>\$ 1,034,874</b>	<b>\$ 536,706</b>	<b>\$ 1,484,187</b>	<b>\$ 1,999,004</b>	<b>\$ 5,054,771</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 311,940	\$ 132,198	\$ 456,230	\$ 425,229	\$ 1,325,597
Loans payable	200,917	203,260	200,917	200,917	806,011
Other liabilities	20,634	32,363	124,782	434,520	612,299
<b>Total liabilities</b>	<b>\$ 533,491</b>	<b>\$ 367,821</b>	<b>\$ 781,929</b>	<b>\$ 1,060,666</b>	<b>\$ 2,743,907</b>
<b>Unrestricted net assets</b>					
Undesignated	\$ 413,299	\$ 79,464	\$ 481,211	\$ 437,188	\$ 1,411,162
Board designated	88,084	89,421	221,047	501,150	899,702
<b>Total unrestricted net assets</b>	<b>\$ 501,383</b>	<b>\$ 168,885</b>	<b>\$ 702,258</b>	<b>\$ 938,338</b>	<b>\$ 2,310,864</b>

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

Charters merged as of April 1, 2016:

	Achievement First Brooklyn Schools	Achievement First Crown Heights	Achievement First East New York	Achievement First Endeavor	Total Achievement First Brooklyn Schools
<b>Assets</b>					
Cash and restricted cash	\$ 4,642,370	\$ 1,365,733	\$ 356,882	\$ 1,220,666	\$ 7,585,651
Grants and other receivables	105,103	65,805	37,842	9,846	218,596
Property and equipment, net	2,153,750	617,918	2,578,640	198,175	5,548,483
Lease acquisition costs, net	-	-	-	5,507,179	5,507,179
Other assets	771,109	752,710	1,140,499	47,158	2,711,476
<b>Total assets</b>	<b>\$ 7,672,332</b>	<b>\$ 2,802,166</b>	<b>\$ 4,113,863</b>	<b>\$ 6,983,024</b>	<b>\$ 21,571,385</b>
<b>Liabilities</b>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	212,243	472,037	314,926	306,407	1,305,613
Loans payable	806,011	-	206,020	223,933	1,235,964
Other liabilities	5,154,428	1,496,603	1,273,143	1,845,967	9,770,141
<b>Total liabilities</b>	<b>\$ 6,172,682</b>	<b>\$ 1,968,640</b>	<b>\$ 1,794,089</b>	<b>\$ 2,376,307</b>	<b>\$ 12,311,718</b>
<b>Unrestricted net assets</b>					
Undesignated	\$ 1,499,650	\$ 617,918	\$ 2,319,774	\$ 4,606,717	\$ 9,044,059
Board designated	-	215,608	-	-	215,608
<b>Total unrestricted net assets</b>	<b>\$ 1,499,650</b>	<b>\$ 833,526</b>	<b>\$ 2,319,774</b>	<b>\$ 4,606,717</b>	<b>\$ 9,259,667</b>

#### Note 4 - Concentrations

The School received approximately 85% of its operating revenue, which is subject to specific requirements, from per pupil funding from the NYCDOE during the year ended June 30, 2016.

The School's grants and other receivables consist of approximately 68% of per pupil funding from the NYCDOE and 30% from the Federal and State Departments of Education at June 30, 2016.

#### Note 5 - Agreement for School facility

The School has entered into verbal agreements with the NYCDOE for dedicated and shared space at a cost of \$1 per year or less. In accordance with industry standards, the fair value of the rent has not been recorded. The School will be responsible for any overtime-related cost for services provided beyond the regular opening hours. The School also entered into an Administrative Cost Management Agreement that requires the School to pay Uncommon Crown Heights, LLC for its share of the building costs for the facilities located at 1485 Pacific Street, Brooklyn, New York. The fair value of the rent has not been included in the accompanying financial statements as the agreement is non-binding, the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice. For the year ended June 30, 2016, the School incurred no overtime and incurred permit fees of \$664.

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

#### Note 6 - Property and equipment

The following is a summary of property and equipment at June 30, 2016:

Leasehold Improvements	\$ 5,941,039
Furniture and fixtures	1,268,283
Computers and other hardware	1,027,358
Equipment	2,022,161
Software	53,789
Musical instruments	78,890
	<hr/>
	10,391,520
Less accumulated depreciation	<hr/> (4,649,387)
	<hr/>
	\$ 5,742,133

Depreciation expense was \$1,185,130 for the year ended June 30, 2016.

#### Note 7 - Lease acquisition costs

The NYCDOE, through the New York State Construction Authority ("NYSCA"), agreed to help finance the development and construction of 510 Waverly Avenue, Brooklyn, New York provided that Civic Builders (the construction manager) and Achievement First Endeavor Charter School collectively contributed 20% of the costs of the construction. In December of 2012, the School entered into a sublease with AF Waverly LLC for a 30-year term at an annual lease of \$1 plus operating costs. The lease acquisition costs of \$6,792,379 include the costs incurred by Achievement First Endeavor Charter School in meeting the obligation; these costs are amortized over the 30 year lease term. Accumulated amortization at June 30, 2016 was \$1,341,803 and amortization expense for each of the next five years is \$226,412.

#### Note 8 - Related party transactions

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

Pursuant to the terms of the Agreement, the School pays a service fee equivalent to 10% of all public revenues received by the School during or for that school year. Public revenues include all sources of revenue from a public source, but specifically exclude in-kind contributions such as student transportation, start-up funding, funding for student meals, and funding from competitive public grants. The initial term of the Agreement is for 5 years ending on June 30, 2016 and automatically renews to coincide with the charter renewals for each school. The Agreement was also modified to incorporate additional services provided to the School by AF. These services include bookkeeping, facilities acquisition and management, special education delivery support, data analysis management support, and tutoring program support. The School is to pay AF an ancillary services fee that is mutually negotiated by the School and AF. For the year ended June 30, 2016, the School incurred management and ancillary services fees of \$11,701,822, which is

**Achievement First Brooklyn Charter Schools**

**Notes to Combined Financial Statements  
June 30, 2016**

included in the accompanying statement of functional expenses. The amount due from AF at June 30, 2016 was \$257,564.

The School entered into unsecured loan agreements ("facility loan payable") with AF which are detailed in Note 8.

**Note 9 - Due to/from other schools**

The following amounts were due to related schools and consist of the following at June 30, 2016:

Achievement First Elm City Charter School	\$ 1,057
Achievement First Hartford Charter School	10,863
Amistad Academy Charter School	22,534
Achievement First Providence Charter School	278
	<u>\$ 34,732</u>

**Note 10 - Loans payable**

Loans payable to AF bear interest at 1% and 6%, no payments are required until maturity. Loans mature on June 30 2016 and June 30, 2019. The past due loan was paid in full in September 2016. The outstanding balance due to AF at June 30, 2016 was \$626,070 including accrued interest of \$11,780. Interest expense of \$13,689 is included in interest expense on the combined statement of functional expenses.

Loans payable to Charter School Growth Fund bear interest at 1%, no payments are required until maturity. Loans mature on June 30, 2020. The outstanding balance due to Charter School Growth Fund at June 30, 2016 was \$608,751 including accrued interest of \$8,751. Interest expense of \$7,168 is included in interest expense on the combined statement of functional expenses.

On June 28, 2016 the School entered into a subordinated loan agreement with Charter Fund, Inc. in the amount of \$500,000 with an interest rate of 1%. Principal and accrued unpaid interest is due June 30, 2021. No amounts were drawn as of June 30, 2016.

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

<u>Year Ending June 30,</u>	
2017	\$ 214,290
2018	-
2019	400,000
2020	600,000
	<u>\$ 1,214,290</u>

**Note 11 - Line of credit**

The School had a revolving line of credit with a financial institution in which they could borrow up to \$50,000. The line of credit carries an interest rate at the Bank's Prime rate plus 1% (4.5% as of June 30, 2016). The loan is collateralized by the equipment and fixtures, inventory, and receivables for the Crown Heights Charter. The line has certain covenants. There was no outstanding balance as of June 30, 2016. The line expires April 30, 2017.

## Achievement First Brooklyn Charter Schools

### Notes to Combined Financial Statements June 30, 2016

#### Note 12 - Due to NYC Department of Education

The NYCDOE paid the School per-pupil grant funds in six installments, based on estimates from the School. At the end of each year, the NYCDOE reconciles the total amount paid against the full-time-equivalent enrollment for the year and determines if an overpayment or underpayment has been made. As of June 30, 2016, an overpayment totaling \$37,120 had been made. An adjustment for this amount will be reflected in the succeeding year's third payment.

#### Note 13 - Temporarily restricted net assets

Temporarily restricted net assets as of June 30, 2016 are available for the meals program.

#### Note 14 - Operating leases

The School leases office equipment under non-cancelable operating lease agreements expiring through March 2021. The future minimum payments are as follows:

2017	\$	643,716
2018		477,637
2019		273,916
2020		102,177
2021		42,120
		<hr/>
	\$	<u>1,539,566</u>

The lease expense for the year ended June 30, 2016 was \$711,010.

#### Note 15 - Pension plan

Effective September 1, 2006, the School adopted a 403(b) profit sharing plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan upon employment. Those employees who have completed at least 1 full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 4% of an employee's salary, up to a maximum match of \$2,500 per year, per employee. The School contribution is not vested until the employee's third year, when they become fully vested. For the year ended June 30, 2016, pension expense for the School was approximately \$1,145,000, which is included in retirement in the accompanying combining statement of functional expenses.

#### Note 16 - Risk management

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

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

## Achievement First Brooklyn Charter Schools

### Supplemental Combining Schedule of Activities by Charter Year Ended June 30, 2016

	Achievement First Apollo	Achievement First Aspire	Achievement First Brownsville	Achievement First Bushwick	Achievement First Crown Heights	Achievement First East New York	Achievement First Endeavor	Achievement First Linden Elementary	Achievement First North Brooklyn	Total
Operating revenues										
State and local per pupil operating revenue	\$ 9,328,967	\$ 5,224,133	\$ 11,469,318	\$ 14,884,781	\$ 14,082,287	\$ 11,811,942	\$ 14,058,655	\$ 3,454,472	\$ 3,395,161	\$ 87,709,716
Federal, state and local grants	535,493	234,809	395,277	1,103,825	455,108	528,515	427,462	313,761	331,319	4,325,569
Special education revenue	835,007	391,478	1,388,883	2,343,180	2,082,326	1,341,457	2,206,672	268,162	410,994	11,268,159
Total operating revenues	10,699,467	5,850,420	13,253,478	18,331,786	16,619,721	13,681,914	16,692,789	4,036,395	4,137,474	103,303,444
Expenses										
Program services	8,671,206	4,661,116	11,522,143	16,512,848	14,954,408	12,071,586	15,743,628	3,358,557	3,337,528	90,833,020
General and administrative	1,222,465	673,945	1,577,955	2,041,613	1,903,877	1,822,286	1,927,365	605,527	476,096	12,251,129
Fundraising	246,156	133,979	299,465	407,342	373,545	315,527	374,605	94,687	95,059	2,340,365
Total expenses	10,139,827	5,469,040	13,399,563	18,961,803	17,231,830	14,209,399	18,045,598	4,058,771	3,908,683	105,424,514
Surplus (deficit) on school operations from government funding	559,640	381,380	(146,085)	(630,017)	(612,109)	(527,485)	(1,352,809)	(22,376)	228,791	(2,121,070)
Support and other revenue										
Contributions	-	-	5,037	136,559	77,938	24,531	808,835	751	19	1,053,670
Interest income	257	92	1,121	1,719	1,529	1,238	1,596	860	560	8,972
Other revenue	-	-	-	-	11,170	-	-	-	-	11,170
Total support and other revenue	257	92	6,158	138,278	90,637	25,769	810,431	1,611	579	1,073,812
Change in net assets	559,897	381,472	(139,927)	(491,739)	(521,472)	(501,716)	(542,378)	(20,765)	229,370	(1,047,258)
Net assets (deficit), beginning	501,383	168,885	791,807	588,684	1,418,787	2,770,712	5,045,959	349,654	(89,549)	11,546,322
Net assets, end	\$ 1,061,280	\$ 550,357	\$ 651,880	\$ 96,945	\$ 897,315	\$ 2,268,996	\$ 4,503,581	\$ 328,889	\$ 139,821	\$ 10,499,064

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Apollo  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 812,360	\$ -	\$ 812,360
Instructional personnel	4,679,550	385,446	5,064,996	-	-	5,064,996
<b>Total personnel services costs</b>	<b>4,679,550</b>	<b>385,446</b>	<b>5,064,996</b>	<b>812,360</b>	<b>-</b>	<b>5,877,356</b>
Fringe benefits and payroll taxes	793,213	65,335	858,548	137,700	-	996,248
Retirement	86,013	7,085	93,098	14,932	-	108,030
Management company fees	848,155	74,930	923,085	61,539	246,156	1,230,780
Legal services	-	-	-	10,000	-	10,000
Accounting/audit services	-	-	-	19,820	-	19,820
Other purchased/ professional/consulting services	-	7,463	7,463	5,700	-	13,163
Repairs and maintenance	31,675	2,609	34,284	5,499	-	39,783
Insurance	27,428	2,259	29,687	4,761	-	34,448
Utilities	11,040	909	11,949	1,917	-	13,866
Supplies/materials	336,232	27,695	363,927	-	-	363,927
Equipment/furnishings	31,102	2,562	33,664	5,399	-	39,063
Staff development	159,864	13,168	173,032	8,536	-	181,568
Marketing/recruitment	18,329	1,510	19,839	-	-	19,839
Technology	346,648	28,554	375,202	18,480	-	393,682
Food service	76,622	6,311	82,933	-	-	82,933
Student services	176,909	14,572	191,481	-	-	191,481
Office expense	197,303	16,252	213,555	74,854	-	288,409
Depreciation and amortization	121,181	9,981	131,162	32,790	-	163,952
Other	32,711	2,694	35,405	6,178	-	41,583
Parental activities	25,773	2,123	27,896	-	-	27,896
Interest expense	-	-	-	2,000	-	2,000
<b>Total expenses</b>	<b>\$ 7,999,748</b>	<b>\$ 671,458</b>	<b>\$ 8,671,206</b>	<b>\$ 1,222,465</b>	<b>\$ 246,156</b>	<b>\$ 10,139,827</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Aspire  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 447,870	\$ -	\$ 447,870
Instructional personnel	2,450,194	356,443	2,806,637	-	-	2,806,637
<b>Total personnel services costs</b>	<b>2,450,194</b>	<b>356,443</b>	<b>2,806,637</b>	<b>447,870</b>	<b>-</b>	<b>3,254,507</b>
Fringe benefits and payroll taxes	396,606	57,696	454,302	72,495	-	526,797
Retirement	42,387	6,166	48,553	7,748	-	56,301
Management company fees	434,361	68,062	502,423	33,495	133,979	669,897
Legal services	-	-	-	5,000	-	5,000
Accounting/audit services	-	-	-	20,286	-	20,286
Other purchased/ professional/consulting services	-	40,948	40,948	3,800	-	44,748
Repairs and maintenance	2,532	368	2,900	463	-	3,363
Insurance	13,258	1,929	15,187	2,424	-	17,611
Utilities	2,576	375	2,951	471	-	3,422
Supplies/materials	119,710	17,415	137,125	-	-	137,125
Equipment/furnishings	5,311	773	6,084	971	-	7,055
Staff development	100,144	14,568	114,712	7,079	-	121,791
Marketing/recruitment	16,555	2,409	18,964	-	-	18,964
Technology	176,507	25,676	202,183	8,432	-	210,615
Food service	39,733	5,780	45,513	-	-	45,513
Student services	39,511	5,748	45,259	-	-	45,259
Office expense	92,882	13,512	106,394	36,258	-	142,652
Depreciation and amortization	48,675	7,081	55,756	13,939	-	69,695
Other	35,034	5,096	40,130	13,214	-	53,344
Parental activities	13,178	1,917	15,095	-	-	15,095
<b>Total expenses</b>	<b>\$ 4,029,154</b>	<b>\$ 631,962</b>	<b>\$ 4,661,116</b>	<b>\$ 673,945</b>	<b>\$ 133,979</b>	<b>\$ 5,469,040</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Brownsville  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,057,332	\$ -	\$ 1,057,332
Instructional personnel	5,955,142	815,913	6,771,055	-	-	6,771,055
<b>Total personnel services costs</b>	<b>5,955,142</b>	<b>815,913</b>	<b>6,771,055</b>	<b>1,057,332</b>	<b>-</b>	<b>7,828,387</b>
Fringe benefits and payroll taxes	1,004,904	137,681	1,142,585	178,430	-	1,321,015
Retirement	91,904	12,591	104,495	16,288	-	120,783
Management company fees	987,673	135,321	1,122,994	74,866	299,465	1,497,325
Legal services	-	-	-	10,000	-	10,000
Accounting/audit services	-	-	-	18,927	-	18,927
Other purchased/ professional/consulting services	-	39,410	39,410	7,600	-	47,010
Repairs and maintenance	2,644	362	3,006	458	-	3,464
Insurance	30,054	4,118	34,172	5,327	-	39,499
Utilities	14,358	1,968	16,326	2,530	-	18,856
Supplies/materials	723,185	99,084	822,269	-	-	822,269
Equipment/furnishings	53,715	7,359	61,074	9,495	-	70,569
Staff development	262,217	35,926	298,143	15,960	-	314,103
Marketing/recruitment	12,269	1,681	13,950	-	-	13,950
Technology	317,090	43,442	360,532	17,452	-	377,984
Food service	96,878	13,273	110,151	-	-	110,151
Student services	129,882	17,796	147,678	-	-	147,678
Office expense	266,606	36,528	303,134	128,101	-	431,235
Depreciation and amortization	77,072	10,559	87,631	21,908	-	109,539
Other	34,535	4,732	39,267	13,281	-	52,548
Parental activities	38,936	5,335	44,271	-	-	44,271
<b>Total expenses</b>	<b>\$ 10,099,064</b>	<b>\$ 1,423,079</b>	<b>\$ 11,522,143</b>	<b>\$ 1,577,955</b>	<b>\$ 299,465</b>	<b>\$ 13,399,563</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Bushwick  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,351,875	\$ -	\$ 1,351,875
Instructional personnel	8,803,993	1,270,798	10,074,791	-	-	10,074,791
<b>Total personnel services costs</b>	<b>8,803,993</b>	<b>1,270,798</b>	<b>10,074,791</b>	<b>1,351,875</b>	<b>-</b>	<b>11,426,666</b>
Fringe benefits and payroll taxes	1,545,346	211,728	1,757,074	237,150	-	1,994,224
Retirement	152,144	20,845	172,989	22,517	-	195,506
Management company fees	1,343,463	184,067	1,527,530	101,835	407,342	2,036,707
Legal services	-	-	-	13,576	-	13,576
Accounting/audit services	-	-	-	26,659	-	26,659
Other purchased/ professional/consulting services	796	50,702	51,498	8,301	-	59,799
Repairs and maintenance	73,772	10,107	83,879	12,242	-	96,121
Insurance	44,524	6,100	50,624	6,696	-	57,320
Utilities	118,042	16,173	134,215	19,289	-	153,504
Supplies/materials	554,555	75,979	630,534	-	-	630,534
Equipment/furnishings	39,733	5,444	45,177	3,549	-	48,726
Staff development	239,241	32,779	272,020	19,265	-	291,285
Marketing/recruitment	14,679	2,010	16,689	-	-	16,689
Technology	321,093	43,993	365,086	19,829	-	384,915
Food service	248,563	34,055	282,618	-	-	282,618
Student services	390,050	53,440	443,490	-	-	443,490
Office expense	331,472	45,415	376,887	145,174	-	522,061
Depreciation and amortization	103,179	14,137	117,316	29,328	-	146,644
Other	82,935	11,364	94,299	23,160	-	117,459
Parental activities	14,188	1,944	16,132	-	-	16,132
Interest expense	-	-	-	1,168	-	1,168
<b>Total expenses</b>	<b>\$ 14,421,768</b>	<b>\$ 2,091,080</b>	<b>\$ 16,512,848</b>	<b>\$ 2,041,613</b>	<b>\$ 407,342</b>	<b>\$ 18,961,803</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Crown Heights  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,186,097	\$ -	\$ 1,186,097
Instructional personnel	7,822,157	1,075,247	8,897,404	-	-	8,897,404
<b>Total personnel services costs</b>	<b>7,822,157</b>	<b>1,075,247</b>	<b>8,897,404</b>	<b>1,186,097</b>	<b>-</b>	<b>10,083,501</b>
Fringe benefits and payroll taxes	1,384,125	189,639	1,573,764	209,796	-	1,783,560
Retirement	147,860	20,258	168,118	22,412	-	190,530
Management company fees	1,231,997	168,795	1,400,792	93,386	373,545	1,867,723
Legal services	-	-	-	12,226	-	12,226
Accounting/audit services	-	-	-	24,009	-	24,009
Other purchased/ professional/consulting services	-	164,692	164,692	4,646	-	169,338
Repairs and maintenance	12,788	1,752	14,540	1,938	-	16,478
Insurance	53,930	7,389	61,319	8,174	-	69,493
Utilities	356,515	48,846	405,361	54,038	-	459,399
Supplies/materials	560,690	76,820	637,510	-	-	637,510
Equipment/furnishings	12,111	1,659	13,770	1,836	-	15,606
Staff development	231,590	31,729	263,319	19,533	-	282,852
Marketing/recruitment	13,249	1,815	15,064	-	-	15,064
Technology	288,941	39,586	328,527	20,499	-	349,026
Food service	105,058	14,394	119,452	-	-	119,452
Student services	279,575	38,305	317,880	-	-	317,880
Office expense	323,310	44,296	367,606	126,615	-	494,221
Depreciation and amortization	99,243	13,597	112,840	28,210	-	141,050
Other	65,227	8,937	74,164	90,462	-	164,626
Parental activities	16,083	2,203	18,286	-	-	18,286
<b>Total expenses</b>	<b>\$ 13,004,449</b>	<b>\$ 1,949,959</b>	<b>\$ 14,954,408</b>	<b>\$ 1,903,877</b>	<b>\$ 373,545</b>	<b>\$ 17,231,830</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - East New York  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,216,855	\$ -	\$ 1,216,855
Instructional personnel	6,383,440	874,992	7,258,432	-	-	7,258,432
<b>Total personnel services costs</b>	<b>6,383,440</b>	<b>874,992</b>	<b>7,258,432</b>	<b>1,216,855</b>	<b>-</b>	<b>8,475,287</b>
Fringe benefits and payroll taxes	1,077,665	147,651	1,225,316	205,421	-	1,430,737
Retirement	123,250	16,886	140,136	23,493	-	163,629
Management company fees	1,040,647	142,579	1,183,226	78,882	315,527	1,577,635
Legal services	-	-	-	12,079	-	12,079
Accounting/audit services	-	-	-	23,719	-	23,719
Other purchased/ professional/consulting services	47,517	98,527	146,044	18,237	-	164,281
Repairs and maintenance	34,719	4,757	39,476	6,618	-	46,094
Insurance	30,134	4,129	34,263	5,744	-	40,007
Utilities	13,247	1,815	15,062	2,525	-	17,587
Supplies/materials	486,940	66,715	553,655	-	-	553,655
Equipment/furnishings	37,056	5,077	42,133	7,063	-	49,196
Staff development	131,122	17,964	149,086	10,101	-	159,187
Marketing/recruitment	16,623	2,277	18,900	-	-	18,900
Technology	299,856	41,083	340,939	21,226	-	362,165
Food service	60,525	8,292	68,817	-	-	68,817
Student services	190,744	26,134	216,878	-	-	216,878
Office expense	281,701	38,596	320,297	96,431	-	416,728
Depreciation and amortization	212,816	29,158	241,974	60,493	-	302,467
Other	56,831	7,788	64,619	32,567	-	97,186
Parental activities	10,847	1,486	12,333	-	-	12,333
Interest expense	-	-	-	832	-	832
<b>Total expenses</b>	<b>\$ 10,535,680</b>	<b>\$ 1,535,906</b>	<b>\$ 12,071,586</b>	<b>\$ 1,822,286</b>	<b>\$ 315,527</b>	<b>\$ 14,209,399</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Endeavor  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 1,172,004	\$ -	\$ 1,172,004
Instructional personnel	8,071,783	1,109,311	9,181,094	-	-	9,181,094
<b>Total personnel services costs</b>	<b>8,071,783</b>	<b>1,109,311</b>	<b>9,181,094</b>	<b>1,172,004</b>	<b>-</b>	<b>10,353,098</b>
Fringe benefits and payroll taxes	1,350,615	185,047	1,535,662	196,034	-	1,731,696
Retirement	170,126	23,309	193,435	24,693	-	218,128
Management company fees	1,224,208	180,560	1,404,768	93,651	374,605	1,873,024
Legal services	-	-	-	12,119	-	12,119
Accounting/audit services	-	-	-	34,694	-	34,694
Other purchased/ professional/consulting services	67,994	120,142	188,136	20,124	-	208,260
Repairs and maintenance	443,016	60,698	503,714	64,301	-	568,015
Insurance	86,705	11,879	98,584	12,585	-	111,169
Utilities	569,569	78,036	647,605	82,669	-	730,274
Supplies/materials	340,650	46,672	387,322	-	-	387,322
Equipment/furnishings	29,934	4,101	34,035	4,345	-	38,380
Staff development	181,579	24,878	206,457	10,800	-	217,257
Marketing/recruitment	11,725	1,607	13,332	-	-	13,332
Technology	371,638	50,921	422,559	16,754	-	439,313
Food service	60,234	8,253	68,487	-	-	68,487
Student services	248,547	34,053	282,600	-	-	282,600
Office expense	234,047	32,067	266,114	81,112	-	347,226
Depreciation and amortization	209,444	28,696	238,140	59,535	-	297,675
Other	50,060	6,858	56,918	29,088	-	86,006
Parental activities	12,899	1,767	14,666	-	-	14,666
Interest expense	-	-	-	12,857	-	12,857
<b>Total expenses</b>	<b>\$ 13,734,773</b>	<b>\$ 2,008,855</b>	<b>\$ 15,743,628</b>	<b>\$ 1,927,365</b>	<b>\$ 374,605</b>	<b>\$ 18,045,598</b>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - Linden Elementary  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 406,968	\$ -	\$ 406,968
Instructional personnel	1,677,049	230,171	1,907,220	-	-	1,907,220
Total personnel services costs	1,677,049	230,171	1,907,220	406,968	-	2,314,188
Fringe benefits and payroll taxes	274,341	37,587	311,928	66,560	-	378,488
Retirement	37,981	5,204	43,185	9,215	-	52,400
Management company fees	312,290	42,787	355,077	23,672	94,687	473,436
Legal services	-	-	-	5,000	-	5,000
Accounting/audit services	-	-	-	9,819	-	9,819
Other purchased/professional/ consulting services	-	28,366	28,366	3,800	-	32,166
Repairs and maintenance	926	127	1,053	225	-	1,278
Insurance	9,701	1,329	11,030	2,354	-	13,384
Utilities	5,454	747	6,201	1,323	-	7,524
Supplies/materials	214,451	29,382	243,833	-	-	243,833
Equipment/furnishings	40,724	5,580	46,304	9,880	-	56,184
Staff development	36,066	4,941	41,007	5,486	-	46,493
Marketing/recruitment	13,779	1,888	15,667	-	-	15,667
Technology	134,068	18,369	152,437	9,702	-	162,139
Food service	17,411	2,386	19,797	-	-	19,797
Student services	13,807	1,892	15,699	-	-	15,699
Office expense	69,895	9,576	79,471	30,614	-	110,085
Depreciation and amortization	56,691	7,767	64,458	16,115	-	80,573
Other	9,418	1,290	10,708	2,794	-	13,502
Parental activities	4,500	616	5,116	-	-	5,116
Interest expense	-	-	-	2,000	-	2,000
Total expenses	<u>\$ 2,928,552</u>	<u>\$ 430,005</u>	<u>\$ 3,358,557</u>	<u>\$ 605,527</u>	<u>\$ 94,687</u>	<u>\$ 4,058,771</u>

**Achievement First Brooklyn Charter Schools**

**Supplemental Schedule of Functional Expenses - North Brooklyn  
Year Ended June 30, 2016**

	Program services			General and administrative	Fundraising	Total
	Regular education	Special education	Total program services			
Personnel services costs						
Administrative staff personnel	\$ -	\$ -	\$ -	\$ 318,925	\$ -	\$ 318,925
Instructional personnel	1,698,091	232,653	1,930,744	-	-	1,930,744
<b>Total personnel services costs</b>	<b>1,698,091</b>	<b>232,653</b>	<b>1,930,744</b>	<b>318,925</b>	<b>-</b>	<b>2,249,669</b>
Fringe benefits and payroll taxes	285,195	39,075	324,270	53,564	-	377,834
Retirement	29,814	4,085	33,899	5,600	-	39,499
Management company fees	313,516	42,955	356,471	23,765	95,059	475,295
Legal services	-	-	-	5,000	-	5,000
Accounting/audit services	-	-	-	9,463	-	9,463
Other purchased/ professional/ consulting services	-	5,592	5,592	1,900	-	7,492
Repairs and maintenance	2,128	292	2,420	400	-	2,820
Insurance	9,764	1,338	11,102	1,834	-	12,936
Utilities	6,637	909	7,546	1,246	-	8,792
Supplies/materials	177,326	24,295	201,621	-	-	201,621
Equipment/furnishings	20,617	2,825	23,442	3,872	-	27,314
Staff development	46,616	6,387	53,003	2,650	-	55,653
Marketing/recruitment	15,954	2,186	18,140	-	-	18,140
Technology	131,725	18,049	149,774	8,283	-	158,057
Food service	14,852	2,035	16,887	-	-	16,887
Student services	18,206	2,494	20,700	-	-	20,700
Office expense	51,624	7,073	58,697	13,467	-	72,164
Depreciation and amortization	70,323	9,635	79,958	19,989	-	99,947
Other	17,678	2,421	20,099	4,138	-	24,237
Parental activities	20,372	2,791	23,163	-	-	23,163
Interest expense	-	-	-	2,000	-	2,000
<b>Total expenses</b>	<b>\$ 2,930,438</b>	<b>\$ 407,090</b>	<b>\$ 3,337,528</b>	<b>\$ 476,096</b>	<b>\$ 95,059</b>	<b>\$ 3,908,683</b>

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 combined financial statements of Achievement First Brooklyn Charter Schools, which comprise the combined statement of financial position as of June 30, 2016, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 31, 2016.

*Internal Control over Financial Reporting*

In planning and performing our audit of the combined financial statements, we considered Achievement First Brooklyn Charter Schools' 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 combined 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' combined 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 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*.

We noted certain matters that we reported to management of Achievement First Brooklyn Charter Schools in a separate letter dated October 31, 2016.

### *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.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
October 31, 2016

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## Achievement First Brooklyn Charter Schools

### Auditors Comments to Management and Management's Response June 30, 2016

#### **Policies and procedures up-dates**

Current written policies and procedures must be updated to specifically address policies and procedures for compliance with the OMB Uniform Regulations which are effective for the year beginning July 1, 2015. The Uniform Regulations supersedes prior OMB circulars A-110, A-122 and A-133 that previously provided guidance on administrative requirements, costs principles and audit requirements of nonprofit organizations. These policies have been written but were not approved as of the end of the fiscal year.

#### **Management's Response**

*We agree with this recommendation. These policies are included in a revised version of all fiscal policies that will be presented to the Board of Directors in the spring of 2017 for review and approval.*

#### **Operating leases**

Generally accepted accounting policies require disclosure for operating lease commitments over the term of the lease commitment. A schedule was provided; however, the initial schedule did not accurately reflect all the leases held by the School. We recommend the lease documentation be obtained and updated throughout the year as leases are approved. The lease activity in the general ledger should be agreed to the anticipated lease expense per the schedule throughout the year.

#### **Management's Response**

*We agree with this recommendation. The accurate schedule of leases was eventually prepared by a more senior member of Team Finance. A member of Team IT is in the process of renegotiating every copier lease in the network and providing copies of those new leases to Team Finance. The lease schedule prepared for FY16 will be maintained during FY17 using the information in those new leases.*

#### **Fixed asset reporting**

- Significant reconciliation of multiple reports generated by the new MIP fixed asset system was required by the auditor in order to adequately document the fixed assets and depreciation calculation.

We recommend that management seek additional assistance from the vendor to determine what pre-established reports can be generated at interim dates or whether there is a need to write a report that will provide asset description, life, method, opening balance, additions and deletions for both cost and accumulated depreciation.

- There should be a yearly review of the fixed asset listing for assets that have been disposed. A formal disposal policy should be implemented that requires approval for all disposed assets.

#### **Management's Response**

*We agree with these recommendations. The Team Finance member responsible for fixed assets will seek further assistance from the software support vendor to ensure that*

*we are using the software to its fullest capacity. We are working on the development of a disposal policy.*

**Accrual of invoices**

During our search for unrecorded liabilities there were invoices that were not posted to the correct year. Several of these invoices were for items received in 2016 for the 2017 calendar year while others were for 2016 expenses. We recommend that a more thorough review of invoices be performed after the fiscal year end to review for the proper recording of liabilities and expenses. Additionally, any items that have been purchased for the next year should be recorded as prepaid expenses.

**Management's Response**

*Management agrees with this observation. Team Finance will develop better and more frequent instructions to members of school operations teams who record the expense codes when invoices are submitted for payment.*

**Old outstanding checks**

The bank reconciliations include old outstanding checks that are currently being reviewed to determine if they are amounts due to vendors. We recommend these old checks are removed from the bank reconciliation and reported as liabilities within the accounting software until their status can be determined. They have been recorded as liabilities within the presentation of the audited financial statements.

**Management's Response**

*Management agrees with this recommendation. Outstanding checks in excess of 120 days will be removed from the June 2017 bank statement and reported as liabilities in the accounting system while we continue to research their status.*

**Management Fees**

Management fees were not correctly calculated based on the revenues received during the year. The management fee true-up by the client did not appropriately reflect the management fees recalculated per the agreement. We recommend a review of the management fee calculation be performed by someone other than the person preparing the calculation.

**Management's Response**

*Management agrees with this observation. We believe this was an aberration, albeit one that should not have taken place. We intend to hire accountants with more knowledge and experience so relatively simple transactions such as this are performed correctly.*

**Achievement First Brooklyn Charter Schools**

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

**June 30, 2016**

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# Achievement First Brooklyn Charter Schools

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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 combined financial statements of Achievement First Brooklyn Charter Schools, which comprise the combined statement of financial position as of June 30, 2016, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 31, 2016.

*Internal Control over Financial Reporting*

In planning and performing our audit of the combined financial statements, we considered Achievement First Brooklyn Charter Schools' 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 combined 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' combined 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 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*.

We noted certain matters that we reported to management of Achievement First Brooklyn Charter Schools in a separate letter dated October 31, 2016.

*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.

*CohnReznick LLP*

Hartford, Connecticut  
December 29, 2016

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

To the Board of Trustees  
Achievement First Brooklyn Charter Schools

Report on Compliance for Each Major Federal Program

We have audited Achievement First Brooklyn Charter Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Achievement First Brooklyn Charter Schools' major federal programs for the year ended June 30, 2016. Achievement First Brooklyn Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Achievement First Brooklyn Charter Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Achievement First Brooklyn Charter Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Achievement First Brooklyn Charter Schools' compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Achievement First Brooklyn Charter Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### Report on Internal Control over Compliance

Management of Achievement First Brooklyn Charter Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Achievement First Brooklyn Charter Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Achievement First Brooklyn Charter Schools' internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the combined financial statements of Achievement First Brooklyn Charter Schools as of and for the year ended June 30, 2016, and have issued our report thereon dated October 31, 2016, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.



Hartford, Connecticut  
December 29, 2016

**Achievement First Brooklyn Charter Schools**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016**

Federal grantor/pass-through grantor/ program or cluster title	Federal CFDA number	Pass-Through entity identifying number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Education				
Passed through New York State				
Education Department				
		0021-16-4324		
		0021-16-4555		
		0021-16-4940		
		0021-16-4375		
		0021-16-5085		
		0021-16-5000		
Title I Grants to Local		0021-16-4304		
Educational Agencies (LEAs)	84.010	0021-16-4308	\$ -	\$ 2,596,416
		0147-16-4324		
		0147-16-4555		
		0147-16-4940		
		0147-16-4375		
		0147-16-5085		
		0147-16-5000		
		0147-16-4304		
Improving Teacher		0147-16-4308		
Quality State Grants	84.367	0147-16-4326	-	112,199
English Language Acquisition				
State Grants	84.365	0293-16-4324	-	5,888
Special Education Cluster (IDEA)				
Special Education – Grants to				
States (IDEA, Part B)	84.027		-	555,977
Passed through Achievement First, Inc.				
Charter Schools	84.282		-	<u>666,786</u>
Total U.S. Department of Education			<u>-</u>	<u>3,937,266</u>

**Achievement First Brooklyn Charter Schools**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016**

Federal grantor/pass-through grantor/ program or cluster title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Agriculture Passed through New York State Education Department				
Child Nutrition Cluster				
School Breakfast				
Program (SBP)	10.553		\$ -	\$ 15,929
National School Lunch				
Program (NSLP)	10.555		<u>-</u>	<u>270,147</u>
Total Child Nutrition Cluster			<u>-</u>	<u>286,076</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 4,223,342</u>

See Notes to Schedule of Expenditures of Federal Awards.

## **Achievement First Brooklyn Charter Schools**

### **Notes to Schedule of Expenditures of Federal Awards June 30, 2016**

#### **Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Achievement First Brooklyn Charter Schools (the "Organization") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### **Note 2 - Summary of significant accounting policies**

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

#### **Note 3 - Indirect cost rate**

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

**Achievement First Brooklyn Charter Schools**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016**

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified opinion  
Internal control over financial reporting:  
Material weakness(es) identified?        yes   X   no  
Significant deficiency(ies) identified?        yes   X   none reported  
  
Noncompliance material to combined financial statements noted?        yes   X   no

Federal Awards:

Internal control over major programs:  
Material weakness(es) identified?        yes   X   no  
Significant deficiency(ies) identified?        yes   X   none reported  
  
Type of auditor's report issued on compliance for major programs: Unmodified opinion  
  
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?        yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies (LEAs)

Dollar threshold used to distinguish between type A and type B programs: \$750,000  
  
Auditee qualified as low-risk auditee?   X   yes        no

II. Findings - Financial Statement Audit

None

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

None

**Achievement First Brooklyn Charter Schools**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2016**

None noted.

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