

**BROOKLYN EMERGING LEADERS ACADEMY
CHARTER SCHOOL**

Audited Financial Statements In Accordance
With Government Auditing Standards

June 30, 2021

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 – 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 13
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14 – 15
Schedule of Findings and Questioned Costs	16

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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

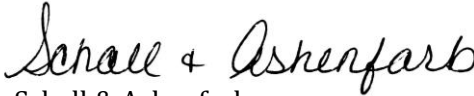
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Emerging Leaders Academy Charter School as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2020. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 15, 2021

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(With comparative totals as of June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Cash and cash equivalents	\$1,522,514	\$1,042,494
Government grants receivable - per pupil funding (Note 3)	2,785	0
Government grants receivable - other	172,726	128,297
Prepaid expenses and other assets	9,024	3,000
Restricted cash (Note 4)	75,048	75,041
Fixed assets (Note 5)	<u>91,929</u>	<u>152,803</u>
Total assets	<u><u>\$1,874,026</u></u>	<u><u>\$1,401,635</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$250,576	\$152,250
Government grants advance - per pupil funding (Note 3)	0	37,952
Paycheck Protection Program loan (Note 6)	<u>0</u>	<u>394,522</u>
Total liabilities	<u><u>250,576</u></u>	<u><u>584,724</u></u>
Net assets:		
Without donor restrictions	1,523,450	716,911
With donor restrictions (Note 7)	<u>100,000</u>	<u>100,000</u>
Total net assets	<u><u>1,623,450</u></u>	<u><u>816,911</u></u>
Total liabilities and net assets	<u><u>\$1,874,026</u></u>	<u><u>\$1,401,635</u></u>

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

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/21</u>	<u>Total 6/30/20</u>
Public support and revenue:				
Public school district revenue: (Note 3)				
Resident student enrollment	\$3,824,343		\$3,824,343	\$2,918,014
Students with special education services	355,785		355,785	309,165
Total public school district revenue	4,180,128	0	4,180,128	3,227,179
Government grants - other	252,312		252,312	294,348
Government grant - Paycheck Protection Program loan (Note 6)	394,522		394,522	0
Contributions	196,954		196,954	178,833
Other income	7,856		7,856	23,462
Total public support and revenue	<u>5,031,772</u>	<u>0</u>	<u>5,031,772</u>	<u>3,723,822</u>
Expenses:				
Program services				
Regular education	3,249,115		3,249,115	2,226,125
Special education	244,752		244,752	374,895
Total program services	<u>3,493,867</u>	<u>0</u>	<u>3,493,867</u>	<u>2,601,020</u>
Supporting services:				
Management and general	711,436		711,436	552,417
Fundraising	19,930		19,930	17,606
Total expenses	<u>4,225,233</u>	<u>0</u>	<u>4,225,233</u>	<u>3,171,043</u>
Change in net assets	806,539	0	806,539	552,779
Net assets - beginning of year	<u>716,911</u>	<u>100,000</u>	<u>816,911</u>	<u>264,132</u>
Net assets - end of year	<u>\$1,523,450</u>	<u>\$100,000</u>	<u>\$1,623,450</u>	<u>\$816,911</u>

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

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

(With comparative totals for the year ended June 30, 2020)

	<u>Program Services</u>			<u>Supporting Services</u>		Total Expenses 6/30/21	Total Expenses 6/30/20
	<u>Regular Education</u>	<u>Special Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$2,298,564	\$120,783	\$2,419,347	\$216,589	\$15,939	\$2,651,875	\$1,852,696
Payroll taxes and benefits	459,994	24,171	484,165	43,344	3,191	530,700	385,999
 Total personnel costs	 2,758,558	 144,954	 2,903,512	 259,933	 19,130	 3,182,575	 2,238,695
Professional fees	61,882	29,575	91,457	263,076		354,533	301,598
Curriculum and classroom expenses	100,900	20,667	121,567			121,567	120,501
Food services	19,391	3,972	23,363			23,363	119,112
Facilities expense	15,301	3,134	18,435			18,435	5,763
Equipment	4,335	888	5,223	98,022		103,245	78,322
Office expenses	66,706	4,611	71,317	10,947	411	82,675	92,220
Professional development	60,917	12,477	73,394	43		73,437	27,607
Insurance	56,006	2,943	58,949	5,277	389	64,615	41,606
Recruitment	33,971	6,958	40,929			40,929	28,274
Other expenses	11,433	2,342	13,775	54,206		67,981	22,101
Bad debt expenses			0	19,932		19,932	0
Depreciation	59,715	12,231	71,946			71,946	95,244
 Total expenses	 <u>\$3,249,115</u>	 <u>\$244,752</u>	 <u>\$3,493,867</u>	 <u>\$711,436</u>	 <u>\$19,930</u>	 <u>\$4,225,233</u>	 <u>\$3,171,043</u>

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

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$806,539	\$552,779
Adjustments to reconcile change in net assets to net cash provided by for operating activities:		
Depreciation	71,946	95,244
Changes in assets and liabilities:		
Government grants receivable/advance - per pupil funding	(40,737)	43,554
Government grants receivable - other	(44,429)	(18,612)
Prepaid expenses and other assets	(6,024)	(3,000)
Accounts payable and accrued expenses	98,326	(122,650)
Paycheck Protection Program loan	(394,522)	394,522
Total adjustments	<u>(315,440)</u>	<u>389,058</u>
Net cash flows provided by operating activities	<u>491,099</u>	<u>941,837</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(11,072)</u>	<u>(44,175)</u>
Net cash used for investing activities	<u>(11,072)</u>	<u>(44,175)</u>
Net increase in cash, cash equivalents and restricted cash	480,027	897,662
Cash, cash equivalents and restricted cash - beginning of year	<u>1,117,535</u>	<u>219,873</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$1,597,562</u></u>	<u><u>\$1,117,535</u></u>
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$1,522,514	\$1,042,494
Restricted cash	<u>75,048</u>	<u>75,041</u>
Total cash, cash equivalents and restricted cash	<u><u>\$1,597,562</u></u>	<u><u>\$1,117,535</u></u>
Supplemental disclosures:		
Interest paid	<u>\$0</u>	<u>\$0</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

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

BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

Brooklyn Emerging Leaders Academy Charter School (the "School") located in Brooklyn, New York, is a not-for-profit education corporation chartered by The State University of New York Charter Schools Institute. The School provides a full range of educational services appropriate for high school. The School completed the 2020-2021 fiscal year with an average enrollment of approximately 235 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). On October 11, 2016, the School was granted a provisional charter for a term up to and including June 30, 2022.

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

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Donor restricted contributions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. See Note 7.

c. Revenue Recognition

The School follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2018-08 ("Topic 605") for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

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

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

The School records grants as revenue in the period they become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using an interest-free discount rate, when deemed material. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions and grants that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Pledges are reviewed for collectability. Based on knowledge of specific donors and funders and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2021 and 2020. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollected.

d. Cash and Cash Equivalents

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

The School follows ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This requires that restricted cash and cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows.

e. Concentration of Credit

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At June 30, 2021 and at various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

f. Capitalization Policy

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

g. Donated Services

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

h. Functional Allocation of Expenses

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

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

- Salaries

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

- Payroll taxes and benefits
- Office expenses
- Insurance

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

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. Contingencies

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

k. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2018, the School's initial filing, and later are subject to examination by applicable taxing authorities.

l. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

m. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

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

Note 3 - Government Grants Receivable/(Advance) - Per Pupil Funding

Grants receivable on the contract with the NYCDOE at June 30, 2021 and 2020 can be summarized as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
Beginning grants receivable	(\$37,952)	\$5,602
Funding based on allowable FTEs	4,180,128	3,227,179
Advances received	<u>(4,139,391)</u>	<u>(3,270,733)</u>
Ending grants receivable/(advance)	<u>\$2,785</u>	<u>(\$37,952)</u>

Note 4 - Restricted Cash

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

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Furniture, fixtures and equipment	\$368,716	\$357,644
Less: accumulated depreciation	<u>(276,787)</u>	<u>(204,841)</u>
Total fixed assets, net	<u>\$91,929</u>	<u>\$152,803</u>

Note 6 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the School obtained a loan from the Small Business Administration (“SBA”) in the amount of \$394,522 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. The School accounts for the PPP loan in accordance with Topic 605 as a conditional grant. The conditions for forgiveness on this loan were met during the year ended June 30, 2021 and the full amount has been recognized as revenue during the year then ended.

Note 7 - Net Assets With Donor Restrictions

During the year ended June 30, 2020, all donor restricted contributions received totaled \$100,000, which is for renovations to create a multi-media library. This project did not commence as of June 30, 2021; therefore, no releases were made. There were no contributions with donor restrictions received during the year ended June 30, 2021.

Note 8 - Significant Concentrations

The School and the New York City Department of Education (“NYCDOE”) signed an agreement, which permits the school to operate the charter. Approximately 83% and 87% of the School’s total public support and revenue was received from the NYCDOE in for the years ended June 30, 2021 and 2020, respectively. If the NYCDOE were to discontinue funding, it would have a severe economic impact on the School’s ability to operate.

Note 9 - Donated Space

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

Note 10 - Retirement Plan

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

The School contributed \$36,073 in 2021 and \$31,850 in 2020 to the 403(b) plan. The following vesting periods apply:

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

Note 11 - Availability and Liquidity

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

Cash and cash equivalents	\$1,522,514
Government Grants receivable – per pupil funding	2,785
Government grants receivable – other	<u>172,726</u>
Total financial assets	\$1,698,025

Less amounts not available for general expenditures:

Amounts included as financial assets that are restricted for future programs and periods	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,598,025</u>

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

Note 12 - Subsequent Events

Management has evaluated the impact of all subsequent events through October 15, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 13 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the School operates. As of the date of the financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 14 - Contingencies

In its normal course of business, the School may become a party to various claims related to operating the school and general employment matters. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters, as of June 30, 2021, cannot be ascertained. Management does not believe that there are any outstanding claims where the final outcome will have a material impact on the financial statements. Any such claim will be recorded in the period that it is deemed probable that a liability has been incurred.

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*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Schall & Ashenfarb
Certified Public Accountants, LLC

October 15, 2021

**BROOKLYN EMERGING LEADERS ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Current Year:

None

Prior Year:

None – There were no findings in the prior year.