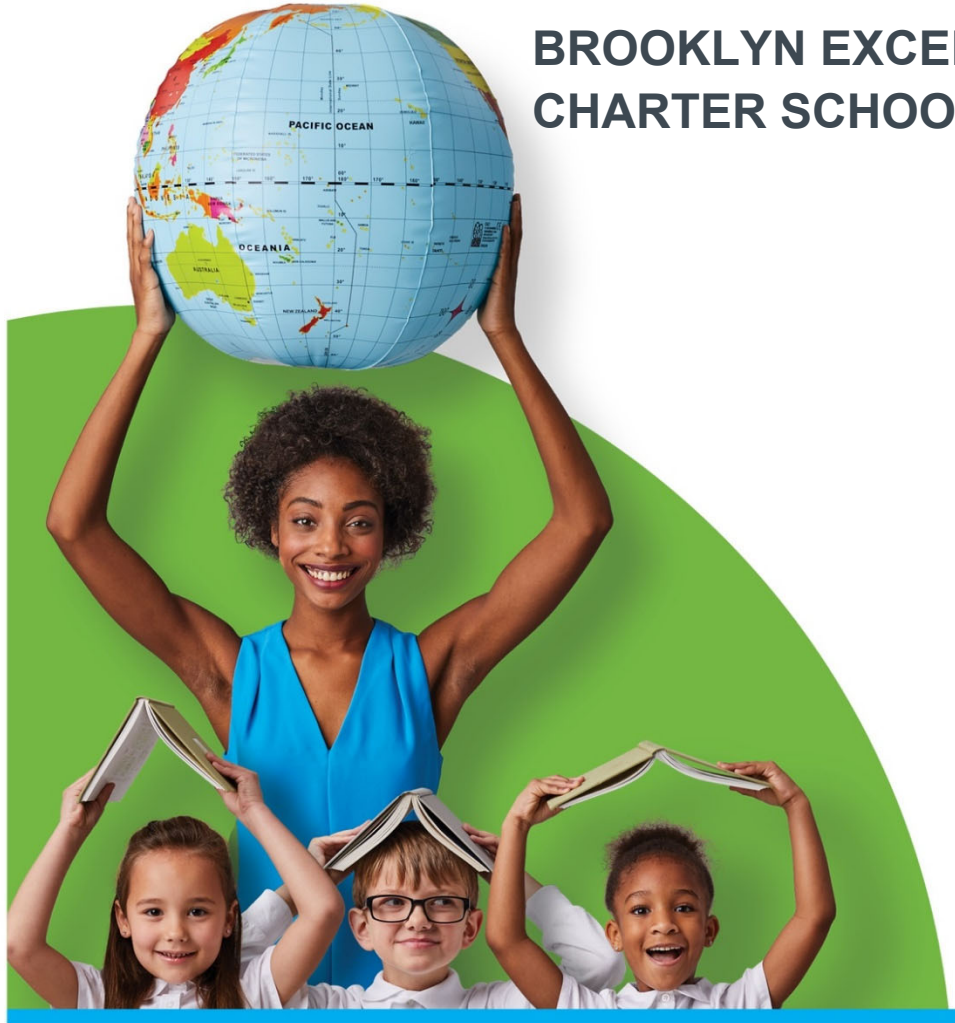


BROOKLYN EXCELSIOR CHARTER SCHOOL



Financial Statements, Additional
Information, and Federal Awards
Supplemental information as of and for the
Years Ended June 30, 2021 and 2020, and
Independent Auditor's Reports

**NATIONAL
HERITAGE
ACADEMIES®**

The logo for National Heritage Academies, featuring a stylized white outline of an open book to the right of the text.

BROOKLYN EXCELSIOR CHARTER SCHOOL

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Independent Auditor's Report

To the Board of Trustees
Brooklyn Excelsior Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn Excelsior Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statement of activities and changes in net assets, statement of cash flows, and schedule of functional expenses for the years 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 audits. We conducted our audits 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 audits 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 Excelsior Charter School as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Brooklyn Excelsior Charter School

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Brooklyn Excelsior Charter School's financial statements. The schedule of expenditures of federal awards, as identified in the table of contents, and as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and supplemental New York Education Department schedule of functional expenses, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021 on our consideration of Brooklyn Excelsior Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 Brooklyn Excelsior Charter School's internal control over financial reporting and compliance.



October 20, 2021

BROOKLYN EXCELSIOR CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash	\$ 26,498	\$ 23,801
Due from governmental revenue sources	<u>718,428</u>	<u>321,293</u>
Total current assets	<u>744,926</u>	<u>345,094</u>
NON-CURRENT ASSETS:		
Capital assets (net)	883	11,464
Restricted cash	<u>77,287</u>	<u>77,266</u>
Total non-current assets	<u>78,170</u>	<u>88,730</u>
TOTAL	<u>\$ 823,096</u>	<u>\$ 433,824</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Deferred revenue	\$ 1,778	\$ 3,228
Accounts payable	1,120	1,120
Contracted service fee payable	<u>793,943</u>	<u>395,337</u>
Total liabilities	<u>796,841</u>	<u>399,685</u>
NET ASSETS - Net Assets without Donor Restriction	<u>26,255</u>	<u>34,139</u>
TOTAL	<u>\$ 823,096</u>	<u>\$ 433,824</u>

See notes to financial statements.

BROOKLYN EXCELSIOR CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUES, GAINS AND OTHER SUPPORT:		
Public School District		
Resident Student Enrollment	\$ 11,125,076	\$ 10,490,458
Students with disabilities	1,283,573	978,170
Grants, Contracts, and other:		
State and local	-	129,600
Federal - Title and IDEA	829,450	372,846
Other	36,656	69,197
Child Nutrition Program - Federal	118,093	234,884
Child Nutrition Program - State	<u>3,126</u>	<u>5,372</u>
Total revenues, gains and other support	13,395,974	12,280,527
EXPENSES:		
Contracted service fee:		
Program services	9,923,976	9,373,222
Management and general	3,436,998	2,872,305
Board expenses	32,303	16,185
Depreciation	<u>10,581</u>	<u>10,959</u>
Total expenses	<u>13,403,858</u>	<u>12,272,671</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	(7,884)	7,856
NET ASSETS:		
Beginning of year	<u>34,139</u>	<u>26,283</u>
End of year	<u>\$ 26,255</u>	<u>\$ 34,139</u>

See notes to financial statements.

BROOKLYN EXCELSIOR CHARTER SCHOOL

STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
State aid	\$ 12,453,307	\$ 11,313,388
Other state sources	(18,026)	171,858
Federal sources	526,902	613,259
Private sources	35,206	70,377
Payments for services rendered	<u>(12,994,671)</u>	<u>(12,150,886)</u>
Net cash and restricted cash provided by operating activities	<u>2,718</u>	<u>17,996</u>
NET INCREASE IN CASH AND RESTRICTED CASH	2,718	17,996
CASH AND RESTRICTED CASH — Beginning of year	<u>101,067</u>	<u>83,071</u>
CASH AND RESTRICTED CASH — End of year	<u>\$ 103,785</u>	<u>\$ 101,067</u>

See notes to financial statements.

BROOKLYN EXCELSIOR CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS

Brooklyn Excelsior Charter School (the “School”) is a public charter school as defined by Article 56 of the New York State Education Law which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under a charter approved by the State University of New York Charter School Institute, which is responsible for oversight of the School’s operations. The charter expires June 30, 2023 and is subject to renewal. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School’s primary source of revenue is provided by the State of New York and consists of an amount per student multiplied by weighted average student counts.

The Board of Trustees of the School has entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until termination or expiration of the charter, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources and NHA allocates to the Board of Trustees an amount equal to the lesser of two percent of state per pupil aid or \$35,000. These funds are property of the School and may be used by the School at the discretion of the board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements of the school are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America for not-for-profit organizations.

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

Cash — Cash as of June 30, 2021 and 2020 represents bank deposits which are covered by federal depository insurance.

Restricted Cash — Under the requirements of NYSED, the School has agreed to establish a reserve cash account and maintain a minimum balance of \$75,000. At June 30, 2021 and 2020, \$77,287 and \$77,266, respectively, of cash is restricted for that purpose. In the event of dissolution of the School, the reserve cash account would be used to pay for legal and audit expenses associated with the dissolution.

Deferred Revenue — Deferred revenue as of June 30, 2021 and 2020 consists of grant funds received in advance of eligible expenses incurred.

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

Capital Assets — Capital assets, which include other equipment, are reported at historical cost. Capital assets are defined by the School as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

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

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

- *Net Assets without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations. All net assets as of June 30, 2021 and 2020 are considered to be without donor restrictions.

Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or governmental restrictions. Expiration of restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets. For the years ended June 30, 2021 and 2020, all revenue sources were without donor restrictions.
- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Income Taxes — The School operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has received notification from the Internal Revenue Service (IRS) that they are considered

exempt from Federal income tax under Section 501(c)(3) of the internal revenue code. Accordingly, no provision for federal income taxes has been made.

Recent Accounting Pronouncements — In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statement of Operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the Statements of Operations and Cash Flows will be general consistent with the current guidance. The new lease guidance will be effective for the School's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined, but is expected to have minimal impact on the statement of activities and will include a right-of-use asset and related lease liability when adopted.

3. DUE FROM GOVERNMENTAL SOURCES

Receivables as of June 30, 2021 for the Academy included \$105,979 in state aid receivable and \$612,449 in federal grants receivable. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. LIQUIDITY

The School has \$744,926 and \$345,094 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$26,498 and \$23,801 and amounts due from governmental revenue sources of \$718,428 and \$321,293 at June 30, 2021 and 2020, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The School has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$2,253,000 and 2,044,000 at June 30, 2021 and 2020, respectively.

While the School does not currently carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required make contributions to the School if the School's expenditures exceed the school's revenue during the year.

5. FUNCTIONAL EXPENSES

The School provides educational services to its students. Expenses related to providing these services are as follows for the years ended June 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Program services		
Contracted service fee	\$ 9,923,976	\$ 9,373,222
Board expenses	32,303	16,185
Depreciation	<u>10,581</u>	<u>10,959</u>
Total program services	9,966,860	9,400,366
Management and general		
Contracted service fee	3,436,998	2,872,305
Total	<u>\$ 13,403,858</u>	<u>\$ 12,272,671</u>

The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function and require an allocation on a reasonable basis that is consistently applied. Management and general expenses consist of expenditures incurred by the School based on their usage of management company services. Usage of management company services are calculated on a variety of different allocation methods based on various cost centers.

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2021 or 2020, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

7. CONTINGENCIES

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

8. CAPITAL ASSETS

Capital asset activity of the school was as follows:

Year Ended June 30, 2021	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	\$ 105,813	\$ -	\$ -	\$ 105,813
Less accumulated depreciation — equipment	<u>94,349</u>	<u>10,581</u>	<u>-</u>	<u>104,930</u>
Total capital asset activity, net	<u>\$ 11,464</u>	<u>\$ (10,581)</u>	<u>\$ -</u>	<u>\$ 883</u>

Year Ended June 30, 2020	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	\$ 113,372	\$ -	\$ (7,559)	\$ 105,813
Less accumulated depreciation — equipment	<u>90,949</u>	<u>10,959</u>	<u>(7,559)</u>	<u>94,349</u>
Total capital asset activity, net	<u>\$ 22,423</u>	<u>\$ (10,959)</u>	<u>\$ -</u>	<u>\$ 11,464</u>

9. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from August 1, 2018 through July 31, 2023. Annual rental payments required by the lease were \$2,314,512 payable in twelve monthly payments of \$192,876. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

10. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2021 have been evaluated through October 20, 2021, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

* * * * *

ADDITIONAL INFORMATION

BROOKLYN EXCELSIOR CHARTER SCHOOL

**NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2020**

	No. of Positions	2021				2020				
		Program Services			Total	Supporting Services		Total		
		Regular Education	Special Education	Other Education		Fund-raising	Management and General			
Personnel Services Costs										
Administrative Staff Personnel	-	\$ 566,835	\$ -	\$ -	\$ 566,835	\$ -	\$ -	\$ -	\$ 566,835	\$ 599,365
Instructional Personnel	-	2,822,848	773,869	-	3,596,717	-	-	-	3,596,717	3,250,841
Non-Instructional Personnel	-	223,899	-	-	223,899	-	-	-	223,899	246,983
Total Salaries and Staff	-	3,613,582	773,869	-	4,387,451	-	-	-	4,387,451	4,097,189
Fringe Benefits & Payroll Taxes		714,084	159,083	-	873,167	-	-	-	873,167	787,991
Retirement		74,114	14,240	-	88,354	-	-	-	88,354	74,966
Management Company Fees		-	-	-	-	-	-	-	-	-
Legal Service		3,815	-	-	3,815	-	-	-	3,815	12,521
Accounting / Audit Services		12,336	-	-	12,336	-	301,553	301,553	313,889	209,209
Other Purchased / Professional / Consulting Services		154,948	250,063	-	405,011	-	704,781	704,781	1,109,792	803,566
Building and Land Rent / Lease		2,434,603	-	-	2,434,603	-	-	-	2,434,603	2,434,035
Repairs & Maintenance		402,976	-	-	402,976	-	60,824	60,824	463,800	420,401
Insurance		43,467	-	-	43,467	-	-	-	43,467	42,772
Utilities		167,606	-	-	167,606	-	-	-	167,606	198,304
Supplies / Materials		353,063	11	-	353,074	-	-	-	353,074	130,413
Equipment / Furnishings		181,338	-	-	181,338	-	-	-	181,338	129,869
Staff Development		30,655	900	-	31,555	-	93,446	93,446	125,001	126,343
Marketing / Recruitment		118,218	-	-	118,218	-	457,171	457,171	575,389	463,571
Technology		111,924	-	-	111,924	-	752,133	752,133	864,057	849,550
Food Service		133,239	-	-	133,239	-	-	-	133,239	243,422
Student Services		121,182	-	-	121,182	-	123,483	123,483	244,665	211,780
Office Expense		51,963	-	-	51,963	-	11,471	11,471	63,434	74,700
Depreciation		10,581	-	-	10,581	-	-	-	10,581	10,959
Other		35,000	-	-	35,000	-	932,136	932,136	967,136	951,110
Total Expenses		<u>\$ 8,768,694</u>	<u>\$ 1,198,166</u>	<u>\$ -</u>	<u>\$ 9,966,860</u>	<u>\$ -</u>	<u>\$ 3,436,998</u>	<u>\$ 3,436,998</u>	<u>\$ 13,403,858</u>	<u>\$ 12,272,671</u>

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Brooklyn Excelsior 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 Excelsior Charter School (the "School"), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statement of activities and changes in net assets, statement of cash flows, and schedule of functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2021.

Internal Control Over Financial Reporting

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

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 School'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 Brooklyn Excelsior Charter School's 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.

To Management and the Board of Trustees
Brooklyn Excelsior Charter School


The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding 2021-001.

The School's Response to the Finding

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we express no opinion on it.

Purpose of This Report

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



October 20, 2021

SUPPLEMENTAL INFORMATION

Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Brooklyn Excelsior Charter School

Report on Compliance for Each Major Federal Program

We have audited Brooklyn Excelsior Charter School's (the "School") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2021. Brooklyn Excelsior Charter School's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brooklyn Excelsior Charter School's 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* (the "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 Brooklyn Excelsior Charter School's 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 Brooklyn Excelsior Charter School's compliance.

Opinion on Each Major Federal Program

In our opinion, Brooklyn Excelsior Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

To the Board of Trustees
Brooklyn Excelsior Charter School

Report on Internal Control Over Compliance

Management of Brooklyn Excelsior Charter School 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 Brooklyn Excelsior Charter School's 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 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 the School's 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 a 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 a 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.

Alante Morse, PC

October 20, 2021

BROOKLYN EXCELSIOR CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Expenditures	Current Year Cash Transferred to Subrecipient
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the New York State Department of Education:				
Cash Assistance:				
National School Lunch Program 2020-21	211960	10.555	\$ 76,979	\$ -
National School Breakfast Program 2020-21	211970	10.553	41,114	-
Total Child Nutrition Cluster			118,093	-
Special Education Cluster - U.S. Department of Education - Passed through the Syracuse City School District:				
IDEA Flowthrough:				
IDEA Flowthrough 2021	N/A	84.027	90,991	-
Total Special Education Cluster			90,991	-
Other federal awards:				
Passed through the New York State Department of Education:				
Title I Part A:				
Title I Part A 1920	0021204232	84.010	45,672	-
Title I Part A 2021	0021214232	84.010	260,819	-
Total Title I Part A		84.010	306,491	-
Title II Part A - Improving Teacher Quality:				
Title II Part A 2021	0147214232	84.367	29,393	-
Title IV - SSAE:				
Title IV 2021	0204214232	84.424	19,900	-
Education Stabilization Fund Program - U.S. Department of Education Passed through New York State Department of Education				
COVID-19 ESSER Formula Fund I	5890214232	84.425D	223,602	-
COVID-19 ESSER Formula Fund II	5891214232	84.425D	158,255	-
COVID-19 ESSER Formula Fund III ARP		84.425U	818	-
Total Education Stabilization Fund Program		84.425	382,675	-
Total noncluster programs passed through the New York State Department of Education			738,459	-
Total federal awards			\$ 947,543	\$ -

BROOKLYN EXCELSIOR CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Brooklyn Excelsior Charter School (the "School") under programs of the federal government for the year ended June 30, 2021. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

The School has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is included in the schedule of expenditures of federal awards.

BROOKLYN EXCELSIOR CHARTER SCHOOL

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, 10.556, 10.559 84.010	Child Nutrition Cluster Title 1, Part A	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

BROOKLYN EXCELSIOR CHARTER SCHOOL

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Section II - Financial Statement Audit Findings

Reference Number	Finding	
2021-001	Finding Type:	Material noncompliance with laws and regulations
	Criteria -	Section 4 of the NY Charter School Audit Guide states that “To test the calculation of the core pupil aid received, the auditor should first verify the rate used in the calculation. To recalculate the core aid in total, the auditor should multiply the rate by the number of full-time equivalents as determined on the FTE reconciliation form or equivalent by the district and compare to the total core pupil aid for the fiscal year being audited.”
	Condition -	The School was found to have used incorrect District Rates used in calculating State Aid Revenue received for the New York City Schools.
	Context -	Section 4 of the NY Charter School Audit Guide requires the auditor to verify the District Rates used in the calculation of total State Aid Revenue. Upon review of the State Aid Revenue calculation by the auditor, it was identified that the incorrect rates were used.
	Cause -	The School did not properly pull the District Rates for its calculation of State Aid Revenue, and the proper controls were not in place to identify the error.
	Effect -	As a result of the improper District Rates used, the School recorded the improper revenue amount as of year-end, which was subsequently corrected.
	Recommendation -	The School should work closely with the State of New York to ensure that the proper district rate is used to calculate State Aid Revenue.
	Views of Responsible Officials and Planned Corrective Actions -	The School will now ensure that the correct District Rate is being used for each School.

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	



**Brooklyn Excelsior Charter School
Fiscal Year Ended June 30, 2021
Corrective Action Plan**

Finding Number: 2021-001

Condition: The School was found to have used incorrect District Rates used in calculating State Aid Revenue received for the New York City Schools.

Planned Corrective Action: The School will now ensure that the correct District Rate is being used for the School.

Contact person responsible for corrective action: Janet Thatcher, Audit Manager

Anticipated Completion Date: 12/1/2021