

# **Ascend Charter Schools**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2024 and 2023

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Uniform Guidance Schedules  
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## **Independent Auditors' Report**

**Board of Trustees**  
**Ascend Charter Schools**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Ascend Charter Schools (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ascend Charter Schools as of June 30, 2024 and 2023, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ascend Charter Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ascend Charter Schools' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ascend Charter Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ascend Charter Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by school, for the year ended June 30, 2024 on pages 21 through 30 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 31 and 32 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated in all material respects in relation to the 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, 2024, on our consideration of Ascend 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 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 Ascend Charter Schools' 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 Ascend Charter Schools' internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

## Ascend Charter Schools

### Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash	\$ 12,430,222	\$ 9,575,298
Certificates of deposit	10,475,751	7,674,900
Grants and contracts receivable	15,081,561	15,994,676
Due from related party	9,227,617	4,675,447
Prepaid expenses	341,493	186,955
Total Current Assets	47,556,644	38,107,276
Right of use assets - operating leases, net	416,896,979	369,024,004
Property and equipment, net	16,690,157	16,776,732
Security deposits	549,940	549,030
Restricted cash	325,435	325,451
	<b>\$ 482,019,155</b>	<b>\$ 424,782,493</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 4,867,623	\$ 2,222,279
Accrued payroll and payroll taxes	5,891,573	4,701,122
Refundable advances	130,521	306,372
Loan payable, current portion	1,792,502	145,572
Operating lease liabilities, current portion	16,234,575	15,411,567
Due to related party	2,620,202	1,480,749
Total Current Liabilities	31,536,996	24,267,661
Loan payable	-	1,802,184
Operating lease liabilities	436,350,399	384,791,872
Total Liabilities	467,887,395	410,861,717
Net assets, without donor restrictions	14,131,760	13,920,776
	<b>\$ 482,019,155</b>	<b>\$ 424,782,493</b>

See notes to financial statements

## Ascend Charter Schools

### Statements of Activities

	Year Ended June 30,	
	2024	2023
<b>OPERATING REVENUE</b>		
State and local per pupil operating revenue		
General and special education	\$ 107,983,625	\$ 108,329,707
Facilities	16,944,764	16,385,234
Federal grants	10,327,238	14,520,848
Federal E-Rate and IDEA	3,044,320	3,359,710
State grants	459,976	614,703
Total Operating Revenue	138,759,923	143,210,202
<b>EXPENSES</b>		
Program Services		
Regular education	101,691,844	103,384,132
Special education	10,514,427	17,150,413
Total Program Services	112,206,271	120,534,545
Supporting Services		
Management and general	26,836,629	25,410,975
Total Expenses	139,042,900	145,945,520
(Deficit) Surplus from Operations	(282,977)	(2,735,318)
<b>SUPPORT AND OTHER REVENUE</b>		
Contributions and private grants	122,454	201,066
Interest and other revenue	371,507	544,219
Rental income	-	68,831
Contributions from Ascend Learning, Inc.	-	3,500,000
Gain on transfer of lease to related party	-	2,108,983
Total Support and Other Revenue	493,961	6,423,099
Change in Net Assets	210,984	3,687,781
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	13,920,776	10,232,995
End of year	\$ 14,131,760	\$ 13,920,776

See notes to financial statements

## Ascend Charter Schools

### Statement of Functional Expenses Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	177	\$ 7,211,027	\$ 749,517	\$ 7,960,544	\$ 6,589,257	\$ 14,549,801
Instructional personnel	506	31,284,867	3,073,687	34,358,554	-	34,358,554
Non-instructional personnel	27	-	-	-	375,143	375,143
<b>Total Personnel Services Costs</b>	<b>710</b>	<b>38,495,894</b>	<b>3,823,204</b>	<b>42,319,098</b>	<b>6,964,400</b>	<b>49,283,498</b>
Employee benefits and payroll taxes		8,825,038	884,440	9,709,478	1,635,223	11,344,701
Professional fees		5,006,179	322,617	5,328,796	713,105	6,041,901
Management fees		5,958,184	883,068	6,841,252	9,844,728	16,685,980
Legal fees		-	-	-	487,040	487,040
Curriculum and classroom supplies		4,837,908	610,966	5,448,874	-	5,448,874
Office supplies		-	-	-	243,187	243,187
Non-capitalized furniture and equipment		116,650	11,935	128,585	21,133	149,718
Leased equipment, furniture and fixtures		527,709	51,558	579,267	97,432	676,699
Communications		3,115,319	314,434	3,429,753	583,315	4,013,068
Occupancy		26,050,427	2,811,289	28,861,716	4,969,745	33,831,461
Insurance		599,448	61,358	660,806	108,283	769,089
Repairs and maintenance		223,329	11,360	234,689	43,072	277,761
Security		84,105	11,913	96,018	14,435	110,453
Marketing and recruiting		1,365,013	143,620	1,508,633	234,522	1,743,155
Staff development		2,682,021	192,667	2,874,688	124,214	2,998,902
Travel and meals		294,066	27,435	321,501	54,860	376,361
Postage, printing and copying		17,915	1,874	19,789	3,596	23,385
Dues and subscriptions		365,419	37,735	403,154	68,906	472,060
Depreciation and amortization		3,109,433	310,397	3,419,830	605,391	4,025,221
Interest		17,787	2,557	20,344	4,285	24,629
Miscellaneous		-	-	-	15,757	15,757
<b>Total Expenses</b>		<b>\$ 101,691,844</b>	<b>\$ 10,514,427</b>	<b>\$ 112,206,271</b>	<b>\$ 26,836,629</b>	<b>\$ 139,042,900</b>

See notes to financial statements

## Ascend Charter Schools

### Statement of Functional Expenses Year Ended June 30, 2023

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	125	\$ 6,151,128	\$ 1,130,531	\$ 7,281,659	\$ 6,369,681	\$ 13,651,340
Instructional personnel	521	40,429,336	6,470,731	46,900,067	-	46,900,067
Non-instructional personnel	22	-	-	-	357,747	357,747
Total Personnel Services Costs	<u>668</u>	<u>46,580,464</u>	<u>7,601,262</u>	<u>54,181,726</u>	<u>6,727,428</u>	<u>60,909,154</u>
Employee benefits and payroll taxes		8,923,585	1,648,255	10,571,840	1,444,817	12,016,657
Professional fees		817,112	149,805	966,917	1,062,976	2,029,893
Management fees		5,912,285	905,135	6,817,420	9,810,430	16,627,850
Consultants - education		4,077,444	38,810	4,116,254	-	4,116,254
Legal fees		-	-	-	1,304	1,304
Curriculum and classroom supplies		3,625,495	494,697	4,120,192	-	4,120,192
Office supplies		-	-	-	716,212	716,212
Non-capitalized furniture and equipment		255,338	50,653	305,991	43,617	349,608
Leased equipment, furniture and fixtures		598,069	113,108	711,177	100,122	811,299
Communications		3,583,763	649,211	4,232,974	592,781	4,825,755
Occupancy		22,028,914	4,320,270	26,349,184	3,803,451	30,152,635
Insurance		590,136	111,912	702,048	97,975	800,023
Repairs and maintenance		1,037,344	156,744	1,194,088	163,168	1,357,256
Security		1,425	316	1,741	266	2,007
Marketing and recruiting		229,726	42,723	272,449	34,073	306,522
Staff development		972,964	99,679	1,072,643	101,643	1,174,286
Travel and meals		393,815	75,228	469,043	65,951	534,994
Postage, printing and copying		57,972	9,940	67,912	9,777	77,689
Dues and subscriptions		635,955	123,145	759,100	106,157	865,257
Depreciation and amortization		2,968,280	537,387	3,505,667	502,315	4,007,982
Interest		94,046	22,133	116,179	19,171	135,350
Miscellaneous		-	-	-	7,341	7,341
Total Expenses		<u>\$ 103,384,132</u>	<u>\$ 17,150,413</u>	<u>\$ 120,534,545</u>	<u>\$ 25,410,975</u>	<u>\$ 145,945,520</u>

See notes to financial statements

## Ascend Charter Schools

### Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 210,984	\$ 3,687,781
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	4,025,221	4,007,982
Amortization of right of use assets - operating leases	19,123,369	17,177,193
Gain on transfer of lease to related party	-	(2,108,983)
Changes in operating assets and liabilities		
Grants and contracts receivable	913,115	(5,720,209)
Due from related party	(4,552,170)	(2,207,236)
Prepaid expenses	(154,538)	403,670
Security deposits	(910)	(16,485)
Accounts payable and accrued expenses	2,645,344	(1,340,757)
Accrued payroll and payroll taxes	1,190,451	571,701
Operating lease liabilities	(14,614,809)	(14,176,658)
Refundable advances	(175,851)	(1,484,230)
Due to related party	1,139,453	(2,706,792)
Net Cash from Operating Activities	9,749,659	(3,913,023)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,938,646)	(5,850,771)
Purchase of certificates of deposit	(2,500,000)	-
Interest reinvested	(300,851)	-
Redemption of certificates of deposit	-	7,338,998
Net Cash from Investing Activities	(6,739,497)	1,488,227
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Principal payments of loan payable	(155,254)	(128,058)
Net Change in Cash and Restricted Cash	2,854,908	(2,552,854)
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	9,900,749	12,453,603
End of year	\$ 12,755,657	\$ 9,900,749
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 24,629	\$ 135,230
Cash paid for amounts included in the measurement of operating lease liabilities	28,916,104	26,969,744
Operating lease right-of-use asset obtained in exchange for operating lease liability	66,996,344	-

See notes to financial statements

## **Ascend Charter Schools**

Notes to Financial Statements  
June 30, 2024 and 2023

### **1. Organization and Tax Status**

Ascend Charter Schools (the “School”) is a New York State, not-for-profit educational corporation that was incorporated to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School’s mission is to equip its students with the knowledge, confidence and character to succeed in college and beyond.

The accompanying financial statements include the following charter schools collectively forming the School:

Brooklyn Ascend Charter School (“Brooklyn Ascend”) – Brooklyn Ascend was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York (the “Board of Regents”).

Brownsville Ascend Charter School (“Brownsville Ascend”) – Brownsville Ascend was granted a provisional charter on January 13, 2009 valid for a term of five years and renewable upon expiration by the Board of Regents.

Bushwick Ascend Charter School (“Bushwick Ascend”) – Bushwick Ascend was granted a provisional charter on February 9, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents.

Canarsie Ascend Charter School (“Canarsie Ascend”) – Canarsie Ascend was granted a provisional charter on September 13, 2011 valid for a term of five years and renewable upon expiration by the Board of Regents.

Central Brooklyn Ascend Charter School (“Central Brooklyn Ascend”) – Central Brooklyn Ascend was granted a provisional charter on January 1, 2013 valid for a term of five years and renewable upon expiration by the Board of Regents.

Cypress Hills Ascend Charter School (“Cypress Hills Ascend”) – Cypress Hills Ascend was granted a provisional charter on July 19, 2017 valid for a term of five years and renewable upon expiration by the Board of Regents.

East Brooklyn Ascend Charter School (“East Brooklyn Ascend”) – East Brooklyn Ascend was granted a provisional charter on July 19, 2017 valid for a term of five years and renewable upon expiration by the Board of Regents.

East Flatbush Ascend Charter School (“East Flatbush Ascend”) – East Flatbush Ascend was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents.

East Flatbush Ascend Charter School (“East Flatbush Ascend”) – East Flatbush Ascend was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 1. Organization and Tax Status (*continued*)

Flatbush Ascend Charter School (“Flatbush Ascend”) – Flatbush Ascend, previously named Lefferts Gardens Ascend, was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents.

Brooklyn Ascend Charter School 6 was granted a provisional charter on March 8, 2019 valid for a term of five years and renewable upon expiration by the Board of Regents. Brooklyn Ascend Charter School 6 commenced operations on July 1, 2024.

The School obtained a five year renewal for all its above listed charters expiring July 31, 2029.

The School provided education to approximately 5,470 students in kindergarten through twelfth grades during the 2023-2024 academic year.

The School used outside vendors to serve breakfast and lunch to its students and files for reimbursement of expenses through the New York State and Federal school food program. The School covers the cost of breakfast and lunch for families who experience hardship and who do not qualify for free or reduced meals. The Office of Pupil Transportation provides free transportation to some of the students.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly actual results could differ from those estimates.

#### ***Net Assets Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* - consist of resources available for the general support of the School’s operations. Net assets without donor restrictions may be used at the discretion of the School’s management and/or the Board of Trustees.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Net Assets Presentation (continued)***

*Net assets with donor restrictions* – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2024 and 2023.

#### ***Restricted Cash***

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 12,430,222	\$ 9,575,298
Restricted cash	<u>325,435</u>	<u>325,451</u>
	<u>\$ 12,755,657</u>	<u>\$ 9,900,749</u>

#### ***Certificates of Deposit***

Certificates of deposit are carried at cost plus accrued interest.

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$5,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Property and Equipment (continued)***

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and technology	3 years
Equipment	3 and 5 years
Furniture and fixtures	5 and 7 years
Software	3 years
Website development	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2024 and 2023.

#### ***Leases***

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use ("ROU") assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the School made the short-term lease election.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School has lease agreements with lease and non-lease components, which are generally accounted for separately.

If rental payments are not made on a straight-line basis, rental expense shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used.

## **Ascend Charter Schools**

Notes to Financial Statements  
June 30, 2024 and 2023

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Refundable Advances***

The School records certain government grants and contracts as refundable advances until the related services are performed, at which time it is recognized as revenue.

#### ***Revenue and Support***

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

#### ***Marketing and Recruiting***

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Accordingly, all costs in marketing and recruitment are allocated to program and management and general expenditures and expensed as incurred. Marketing and recruiting expenses for the years ended June 30, 2024 and 2023 was \$1,743,155 and \$306,522.

#### ***Measure of Operations***

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental and other sources that include contributions revenue, rental income, contributions from Ascend Learning, Inc., return on investments and other activities considered to be of a non-recurring nature.

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses, such as personnel services cost, employee benefits and payroll taxes, occupancy expense, communications, and repairs and maintenance have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

## **Ascend Charter Schools**

Notes to Financial Statements  
June 30, 2024 and 2023

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2021.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 31, 2024.

### **3. Grants and Contracts Receivable**

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

### **4. Related Party Transactions (not disclosed elsewhere)**

The School contracts with Ascend Learning, Inc. ("Ascend"), a New York State not-for-profit corporation, to serve as the School's charter management organization. The School entered into a one year agreement with Ascend on July 1, 2023 which calls for Ascend to design, select and implement the School's educational program as well as the professional development activities for all the School personnel; recruit, supervise and evaluate the School's director; propose employment policies and practices relating to School personnel; and manage the School's business administration. The School renewed its agreement with Ascend through June 30, 2025.

For the years ended June 30, 2024 and 2023, each charter school paid Ascend an annual fee of 13.25% of the School's per pupil operating revenue, per pupil facilities revenue and federal Individuals with Disabilities Education Act revenue. The management fee for the years ended June 30, 2024 and 2023 amounted to \$16,685,980 and \$16,627,851.

The School entered into a sublease agreement with Ascend on July 1, 2011. There are two amendments to the agreement. The terms of the agreement permit Ascend to use the 6th floor of one of the buildings that the School occupies. Ascend increased use of the floor over the term of the lease, and rent increased accordingly. The sublease agreement terminated for the year ended June 30, 2023. Rental income for the year ended June 30, 2023 amounted to \$68,831.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 4. Related Party Transactions (not disclosed elsewhere) (continued)

The School is related to Friends of Ascend Charter Schools, Inc. ("FOA"), a New York State not-for-profit corporation, by common management. FOA's purpose is to support the operation of the School by managing the School's real estate and facilities-related needs, and by raising funds and resources that will enable FOA to provide support to the School and to enhance the experience of the School's students. The School entered into various sublease agreements with FOA for classroom facilities (Note 10). A lease agreement for a facility used by the School during the year ended June 30, 2023 was transferred to FOA and a new sublease agreement was entered into between FOA and the School. As a result of the transfer, an unamortized deferred rent liability was written off resulting in a non-operating gain of \$2,108,983 which is reported as gain on transfer of lease to related party on the statements of activities.

For operational efficiency and purchasing power, the School shares certain operating expenses with Ascend and FOA. The net balance due from/(to) the related parties consisted of the following at June 30:

	2024	2023
Ascend	\$ (2,620,202)	\$ (1,480,749)
FOA	9,227,617	4,675,447
	\$ 6,607,415	\$ 3,194,698

### 5. Property and Equipment

Property and equipment consist of the following as of June 30:

	2024	2023
Computers and technology	\$ 13,613,546	\$ 11,368,348
Equipment	1,696,534	1,511,271
Furniture and fixtures	7,668,650	5,431,171
Software	219,000	219,000
Website development	143,277	143,277
Leasehold improvements	18,011,873	16,035,842
Construction in progress	38,447	2,743,772
	41,391,327	37,452,681
Accumulated depreciation and amortization	(24,701,170)	(20,675,949)
	\$ 16,690,157	\$ 16,776,732

Construction in progress at June 30, 2024 is primarily comprised of costs related to the 2840 Atlantic Avenue facility. Construction in progress at June 30, 2023 primarily comprised of costs related to the 205 Rockaway Parkway facility which was placed into service during the year ended June 30, 2024 (See Note 10).

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 12,430,222	\$ 9,575,298
Certificates of deposit	10,475,751	7,674,900
Grants and contracts receivable	15,081,561	15,994,676
Due from related party	<u>9,227,617</u>	<u>4,675,447</u>
	<u>\$ 47,215,151</u>	<u>\$ 37,920,321</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in savings accounts and other liquid instruments until it is required for operational use. In the event of unanticipated liquidity need, the School could draw down upon certificates of deposit to cover any temporary shortfalls in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (See Note 9).

### 7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School will match employee contributions ranging from 1% to 5% of annual compensation. Total employer match for the years ended June 30, 2024 and 2023 was \$366,326 and \$318,729.

### 8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and certificates of deposit on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023, approximately \$21,814,000 and \$17,193,000 of cash was maintained with an institution in excess of FDIC limits.

### 9. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 90% and 83% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 10. Commitments

#### School Facilities

##### Brooklyn Ascend

On March 19, 2008, Brooklyn Ascend entered into an agreement to lease property at 205 Rockaway Parkway, Brooklyn, New York for a period of 15 years. The landlord has renovated the facility to conform to the School's specifications in phases. As of June 30, 2024, Brooklyn Ascend has reimbursed the landlord a total of \$3,508,850 for these renovations which are classified as leasehold improvements under property and equipment in the statements of financial position. Pursuant to the fourth lease amendment, annual fixed rent will be reduced for years 8 through 15 due to deletion of certain projects. On July 28, 2016, Brooklyn Ascend signed a fifth amendment to renew the lease for 10 years.

On January 19, 2011, Brooklyn Ascend entered into an agreement to lease property at 123 East 98<sup>th</sup> Street, Brooklyn, New York for a period of 20 years. This location became the home of Brooklyn Ascend Middle School starting with the 2012-2013 academic year.

Pursuant to each facility lease agreement, the School will also reimburse the landlords for the proportionate share of the real estate taxes and any other costs associated with the leasing of the premises.

On July 1, 2024, the operating leases for the 205 Rockaway Parkway and 123 East 98<sup>th</sup> Street locations were transferred to FOA and new sublease agreements between FOA and the School were entered into for periods of 9 years ending on August 31, 2033 for the 205 Rockaway Parkway location and 7 years ending on August 31, 2031 for the 123 East 98<sup>th</sup> Street location.

Upon commencement in fiscal 2024, a ROU asset and related lease liability will be recorded for these agreements. The future minimum lease payments under the new subleases are as follows for the years ending June 30:

2025	\$	3,916,560
2026		4,837,302
2027		4,963,188
2028		5,129,048
2029		5,263,554
Thereafter		18,547,948
	\$	<u>42,657,600</u>

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 10. Commitments *(continued)*

#### School Facilities *(continued)*

##### Subleases With FOA

Beginning in September 2017, the School began entering into sublease agreements with FOA for classroom and office space under non-cancelable leases for multiple schools. All properties are currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out the of the School's occupancy.

The following is the summary of the locations and terms of the sublease agreements the School had with FOA at June 30, 2024:

Charter	School	Location	Effective Date	Termination Date
Brooklyn Ascend	Brooklyn Ascend High School	1501 Pitkin Avenue	7/1/2022	6/30/2032
Brownsville Ascend	Brownsville Ascend Lower and Middle	1501 Pitkin Avenue	7/1/2022	6/30/2032
Bushwick Ascend	Bushwick Ascend Lower	751 Knickerbocker Avenue	7/1/2017	6/30/2045
Bushwick Ascend	Bushwick Ascend Middle	2 Aberdeen Street	7/1/2017	6/30/2045
Canarsie Ascend	Canarsie Ascend Lower	9719 Flatlands Avenue	7/1/2022	6/30/2033
Canarsie Ascend	Canarsie Ascend Middle	744 East 87th Street	7/1/2017	6/30/2047
Central Brooklyn Ascend	Central Brooklyn Ascend Lower	465 East 29th Street	7/1/2017	6/30/2045
Central Brooklyn Ascend	Central Brooklyn Ascend Middle	1886 Nostrand Avenue	7/1/2017	6/30/2045
Cypress Hills Ascend	Cypress Hills Ascend Lower	396 Grant Avenue	7/1/2018	6/30/2048
East Brooklyn Ascend	East Brooklyn Ascend Lower	260 Shepherd Avenue	7/1/2019	6/30/2048
East Flatbush Ascend	East Flatbush Ascend Lower	870 Albany Avenue	7/1/2019	6/30/2048
Flatbush Ascend	Flatbush Ascend Lower	123 Linden Boulevard	7/1/2021	6/30/2039
Flatbush Ascend	Flatbush Ascend Middle	1833 Nostrand Avenue	7/1/2023	6/30/2055

Occupancy expense for the years ended June 30, 2024 and 2023 was \$33,831,461 and \$30,152,635.

Right of use assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
ROU assets - operating lease	\$ 453,197,541	\$ 386,201,197
Accumulated amortization	<u>(36,300,562)</u>	<u>(17,177,193)</u>
	<u>\$ 416,896,979</u>	<u>\$ 369,024,004</u>
Weighted average remaining lease term	20.19 years	19.1 years
Weighted average discount rate	3.16%	3.16%

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 10. Commitments (*continued*)

#### School Facilities (*continued*)

##### Subleases With FOA (*continued*)

Future minimum lease payments are as follows for the years ending June 30:

2025	\$	30,174,533
2026		30,625,196
2027		31,888,786
2028		32,672,178
2029		33,663,886
Thereafter		<u>471,953,578</u>
Total minimum lease payments		630,978,157
Present value discount		<u>(178,393,183)</u>
Present value of operating lease liabilities		452,584,974
Current portion		<u>(16,234,575)</u>
Operating lease liabilities, less current portion	\$	<u><u>436,350,399</u></u>

On July 1, 2024, the School entered into a new sublease agreement with FOA for office and classroom for the upcoming Cypress Hills Ascend middle school location for a period of 30 years ending on June 30, 2056.

Upon commencement in fiscal 2024, a ROU asset and related lease liability will be recorded for this agreement. The future minimum lease payments under the new sublease are as follows for the year ending June 30:

2025	\$	1,220,058
2026		1,706,607
2027		2,194,207
2028		2,452,778
2029		2,656,234
Thereafter		<u>111,222,871</u>
	\$	<u><u>121,452,755</u></u>

### 11. Loan Payable

On October 17, 2019, the School entered into a \$2,500,000 loan agreement with Nonprofit Finance Fund (“NFF”) for the purpose of financing the cost of renovations and improvements to the building previously leased by the School at 1501 Pitkin Avenue, Brooklyn, NY. The loan matures on November 1, 2026, at which time the School can either pay the outstanding balance on the loan in full or refinance. The loan is payable on a monthly basis in the amount of \$21,872 commencing on July 1, 2020 and the loan bears interest at 6.25% per annum. The loan is guaranteed by the School and secured by the leasehold interests of the School in the building.

## Ascend Charter Schools

Notes to Financial Statements  
June 30, 2024 and 2023

### 11. Loan Payable (*continued*)

In addition, the School has granted a security interest in all of its other assets to secure the loan. Loan payments will be due on the first day of each succeeding month thereafter, until all amounts due under the loans are paid in full. The loan is a commitment that cannot be assigned without prior written approval from NFF. The School must maintain five financial performance covenants all of which were assessed starting with the fiscal year ended June 30, 2020. For the years ended June 30, 2024 and 2023, the School is in compliance with all financial covenants.

In connection with FOA's refinancing of its loans, the School repaid outstanding balance on the loan in full on July 9, 2024.

### 12. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

From time to time and in the ordinary course of business, the School may be subject to various claims, charges, and litigation. In the opinion of management, final judgement from such pending claims, charges, and litigations, if any, against the School would not have a material adverse effect on the School's financial position, changes in net assets or cash flows.

\* \* \* \* \*

# **Ascend Charter Schools**

Supplementary Information

June 30, 2024

**Ascend Charter Schools**

Schedule of Activities by School  
Year Ended June 30, 2024

	Brooklyn Ascend	Brownsville Ascend	Bushwick Ascend	Canarsie Ascend	Central Brooklyn Ascend	Cypress Hills Ascend	East Brooklyn Ascend	East Flatbush Ascend	Flatbush Ascend	Total
<b>OPERATING REVENUE</b>										
State and local per pupil operating revenue										
General and special education	\$ 24,620,160	\$ 14,495,659	\$ 15,309,119	\$ 17,423,402	\$ 15,289,753	\$ 7,807,201	\$ 2,594,138	\$ 4,239,792	\$ 6,204,401	\$ 107,983,625
Facilities	2,154,689	1,402,691	1,504,605	3,938,517	2,757,335	1,582,308	700,341	1,191,124	1,713,154	16,944,764
Federal grants	2,322,758	1,710,391	2,376,837	935,038	1,033,249	664,444	354,507	112,782	817,232	10,327,238
Federal E-Rate and IDEA	686,592	456,349	403,174	397,169	394,874	260,348	115,384	147,273	183,157	3,044,320
State grants	109,191	69,170	63,506	78,491	61,097	31,384	8,983	18,679	19,475	459,976
Total Operating Revenue	<u>29,893,390</u>	<u>18,134,260</u>	<u>19,657,241</u>	<u>22,772,617</u>	<u>19,536,308</u>	<u>10,345,685</u>	<u>3,773,353</u>	<u>5,709,650</u>	<u>8,937,419</u>	<u>138,759,923</u>
<b>EXPENSES</b>										
Program Services										
Regular education	23,333,300	13,314,140	14,232,178	13,728,714	13,577,235	6,923,357	4,457,011	4,436,709	7,689,200	101,691,844
Special education	1,209,112	2,456,001	1,762,931	1,292,642	639,936	1,149,485	344,125	882,127	778,068	10,514,427
Total Program Services	24,542,412	15,770,141	15,995,109	15,021,356	14,217,171	8,072,842	4,801,136	5,318,836	8,467,268	112,206,271
Supporting Services										
Management and general	6,206,734	4,287,216	3,191,887	3,954,671	3,234,311	1,949,659	974,327	1,121,196	1,916,628	26,836,629
Total Expenses	30,749,146	20,057,357	19,186,996	18,976,027	17,451,482	10,022,501	5,775,463	6,440,032	10,383,896	139,042,900
Surplus (Deficit) from Operations	(855,756)	(1,923,097)	470,245	3,796,590	2,084,826	323,184	(2,002,110)	(730,382)	(1,446,477)	(282,977)
<b>SUPPORT AND OTHER REVENUE</b>										
Contributions and private grants	29,478	16,256	15,885	19,888	15,989	8,875	3,200	5,722	7,161	122,454
Interest and other revenue	81,049	47,629	46,282	50,432	45,614	43,055	10,532	15,576	31,338	371,507
Total Support and Other Revenue	110,527	63,885	62,167	70,320	61,603	51,930	13,732	21,298	38,499	493,961
Change in Net Assets	(745,229)	(1,859,212)	532,412	3,866,910	2,146,429	375,114	(1,988,378)	(709,084)	(1,407,978)	210,984
<b>NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTION</b>										
Beginning of year	3,073,871	7,636,872	3,657,996	11,428,045	4,942,165	(2,249,554)	(7,436,129)	(1,834,565)	(5,297,925)	13,920,776
End of year	\$ 2,328,642	\$ 5,777,660	\$ 4,190,408	\$ 15,294,955	\$ 7,088,594	\$ (1,874,440)	\$ (9,424,507)	\$ (2,543,649)	\$ (6,705,903)	\$ 14,131,760

**Ascend Charter Schools**

Schedule of Functional Expenses  
Brooklyn Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	40	\$ 1,558,277	\$ 60,040	\$ 1,618,317	\$ 1,507,405	\$ 3,125,722
Instructional personnel	100	7,442,329	278,898	7,721,227	-	7,721,227
Non-instructional personnel	14	-	-	-	201,757	201,757
Total Personnel Services Costs	154	9,000,606	338,938	9,339,544	1,709,162	11,048,706
Employee benefits and payroll taxes		2,197,650	83,865	2,281,515	422,905	2,704,420
Professional fees		1,469,588	111,553	1,581,141	271,502	1,852,643
Management fees		1,273,505	193,942	1,467,447	2,111,693	3,579,140
Legal fees		-	-	-	107,550	107,550
Curriculum and classroom supplies		1,129,003	149,866	1,278,869	-	1,278,869
Office supplies		-	-	-	64,129	64,129
Non-capitalized furniture and equipment		20,470	789	21,259	3,977	25,236
Leased equipment, furniture and fixtures		97,110	3,742	100,852	18,868	119,720
Communications		776,084	29,902	805,986	150,787	956,773
Occupancy		4,988,868	192,218	5,181,086	969,300	6,150,386
Insurance		152,306	6,581	158,887	28,375	187,262
Repairs and maintenance		190,545	7,342	197,887	37,021	234,908
Security		6,247	241	6,488	1,214	7,702
Marketing and recruiting		335,636	16,140	351,776	59,732	411,508
Staff development		458,652	26,332	484,984	10,100	495,084
Travel and meals		93,442	3,599	97,041	18,157	115,198
Postage, printing and copying		7,705	297	8,002	1,497	9,499
Dues and subscriptions		89,189	3,436	92,625	17,325	109,950
Depreciation and amortization		1,039,971	40,070	1,080,041	202,063	1,282,104
Interest		6,723	259	6,982	1,306	8,288
Miscellaneous		-	-	-	71	71
Total Expenses		\$ 23,333,300	\$ 1,209,112	\$ 24,542,412	\$ 6,206,734	\$ 30,749,146

**Ascend Charter Schools**

Schedule of Functional Expenses  
Brownsville Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	26	\$ 681,861	\$ 141,653	\$ 823,514	\$ 932,216	\$ 1,755,730
Instructional personnel	61	3,725,943	711,487	4,437,430	-	4,437,430
Non-instructional personnel	13	-	-	-	173,386	173,386
Total Personnel Services Costs	<u>100</u>	<u>4,407,804</u>	<u>853,140</u>	<u>5,260,944</u>	<u>1,105,602</u>	<u>6,366,546</u>
Employee benefits and payroll taxes		1,018,543	207,802	1,226,345	269,295	1,495,640
Professional fees		731,731	23,087	754,818	73,367	828,185
Management fees		738,468	136,699	875,167	1,259,386	2,134,553
Legal fees		-	-	-	75,389	75,389
Curriculum and classroom supplies		620,095	87,885	707,980	-	707,980
Office supplies		-	-	-	31,086	31,086
Non-capitalized furniture and equipment		11,745	2,440	14,185	3,162	17,347
Leased equipment, furniture and fixtures		61,446	12,765	74,211	16,542	90,753
Communications		346,636	72,012	418,648	93,321	511,969
Occupancy		4,180,369	868,448	5,048,817	1,125,439	6,174,256
Insurance		70,308	14,539	84,847	18,134	102,981
Repairs and maintenance		4,084	848	4,932	1,099	6,031
Security		1,340	278	1,618	361	1,979
Marketing and recruiting		162,769	33,491	196,260	39,971	236,231
Staff development		372,245	20,713	392,958	9,776	402,734
Travel and meals		27,315	5,675	32,990	7,355	40,345
Postage, printing and copying		3,705	770	4,475	997	5,472
Dues and subscriptions		46,604	9,682	56,286	12,547	68,833
Depreciation and amortization		497,869	103,429	601,298	134,036	735,334
Interest		11,064	2,298	13,362	2,979	16,341
Miscellaneous		-	-	-	7,372	7,372
Total Expenses		<u>\$ 13,314,140</u>	<u>\$ 2,456,001</u>	<u>\$ 15,770,141</u>	<u>\$ 4,287,216</u>	<u>\$ 20,057,357</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
 Bushwick Ascend Charter School  
 Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	21	\$ 1,028,077	\$ 143,695	\$ 1,171,772	\$ 838,234	\$ 2,010,006
Instructional personnel	71	4,503,076	601,826	5,104,902	-	5,104,902
Total Personnel Services Costs	<u>92</u>	5,531,153	745,521	6,276,674	838,234	7,114,908
Employee benefits and payroll taxes		1,153,607	158,519	1,312,126	178,233	1,490,359
Professional fees		1,307,384	14	1,307,398	59,806	1,367,204
Management fees		793,486	128,790	922,276	1,327,178	2,249,454
Legal fees		-	-	-	58,050	58,050
Curriculum and classroom supplies		635,908	84,216	720,124	-	720,124
Office supplies		-	-	-	27,565	27,565
Non-capitalized furniture and equipment		22,935	3,206	26,141	3,604	29,745
Leased equipment, furniture and fixtures		68,187	9,531	77,718	10,716	88,434
Communications		414,334	57,912	472,246	65,114	537,360
Occupancy		3,279,549	458,384	3,737,933	515,389	4,253,322
Insurance		77,821	10,943	88,764	11,768	100,532
Repairs and maintenance		5,171	723	5,894	813	6,707
Security		43,502	6,080	49,582	6,836	56,418
Marketing and recruiting		177,574	25,140	202,714	25,676	228,390
Staff development		362,977	23,833	386,810	6,529	393,339
Travel and meals		33,020	4,615	37,635	5,190	42,825
Postage, printing and copying		1,791	250	2,041	281	2,322
Dues and subscriptions		49,635	6,937	56,572	7,800	64,372
Depreciation and amortization		274,144	38,317	312,461	43,082	355,543
Miscellaneous		-	-	-	23	23
<b>Total Expenses</b>		<u>\$ 14,232,178</u>	<u>\$ 1,762,931</u>	<u>\$ 15,995,109</u>	<u>\$ 3,191,887</u>	<u>\$ 19,186,996</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Canarsie Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	24	\$ 1,154,279	\$ 110,793	\$ 1,265,072	\$ 1,003,239	\$ 2,268,311
Instructional personnel	73	4,372,856	403,295	4,776,151	-	4,776,151
Total Personnel Services Costs	<u>97</u>	5,527,135	514,088	6,041,223	1,003,239	7,044,462
Employee benefits and payroll taxes		1,266,993	119,614	1,386,607	233,425	1,620,032
Professional fees		246,486	25,900	272,386	105,055	377,441
Management fees		1,053,851	112,548	1,166,399	1,678,476	2,844,875
Legal fees		-	-	-	65,700	65,700
Curriculum and classroom supplies		767,219	70,376	837,595	-	837,595
Office supplies		-	-	-	19,578	19,578
Non-capitalized furniture and equipment		11,077	1,063	12,140	2,075	14,215
Leased equipment, furniture and fixtures		91,837	8,815	100,652	17,202	117,854
Communications		464,558	44,590	509,148	87,018	596,166
Occupancy		3,232,617	310,282	3,542,899	605,512	4,148,411
Insurance		97,335	9,384	106,719	17,518	124,237
Repairs and maintenance		7,418	712	8,130	1,389	9,519
Security		2,637	253	2,890	494	3,384
Marketing and recruiting		206,005	19,956	225,961	35,421	261,382
Staff development		329,979	14,405	344,384	902	345,286
Travel and meals		34,180	3,281	37,461	6,404	43,865
Postage, printing and copying		551	53	604	103	707
Dues and subscriptions		52,149	5,005	57,154	9,768	66,922
Depreciation and amortization		336,687	32,317	369,004	63,066	432,070
Miscellaneous		-	-	-	2,326	2,326
Total Expenses		<u>\$ 13,728,714</u>	<u>\$ 1,292,642</u>	<u>\$ 15,021,356</u>	<u>\$ 3,954,671</u>	<u>\$ 18,976,027</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Central Brooklyn Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	19	\$ 1,060,238	\$ 35,175	\$ 1,095,413	\$ 840,303	\$ 1,935,716
Instructional personnel	79	4,590,156	150,500	4,740,656	-	4,740,656
Total Personnel Services Costs	<u>98</u>	<u>5,650,394</u>	<u>185,675</u>	<u>5,836,069</u>	840,303	<u>6,676,372</u>
Employee benefits and payroll taxes		1,242,521	41,004	1,283,525	185,569	1,469,094
Professional fees		428,241	44,031	472,272	64,512	536,784
Management fees		868,863	118,523	987,386	1,420,873	2,408,259
Legal fees		-	-	-	58,950	58,950
Curriculum and classroom supplies		824,924	93,315	918,239	-	918,239
Office supplies		-	-	-	35,338	35,338
Non-capitalized furniture and equipment		22,980	762	23,742	3,450	27,192
Leased equipment, furniture and fixtures		115,827	3,843	119,670	17,391	137,061
Communications		434,859	14,427	449,286	65,292	514,578
Occupancy		2,935,027	97,374	3,032,401	440,682	3,473,083
Insurance		84,588	3,115	87,703	12,252	99,955
Repairs and maintenance		4,912	163	5,075	738	5,813
Security		1,981	66	2,047	297	2,344
Marketing and recruiting		202,785	8,736	211,521	27,527	239,048
Staff development		380,395	16,324	396,719	1,684	398,403
Travel and meals		43,664	1,455	45,119	6,547	51,666
Postage, printing and copying		1,343	45	1,388	202	1,590
Dues and subscriptions		51,160	1,697	52,857	7,681	60,538
Depreciation and amortization		282,771	9,381	292,152	42,457	334,609
Miscellaneous		-	-	-	2,566	2,566
Total Expenses		<u>\$ 13,577,235</u>	<u>\$ 639,936</u>	<u>\$ 14,217,171</u>	<u>\$ 3,234,311</u>	<u>\$ 17,451,482</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Cypress Hills Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	22	\$ 628,252	\$ 108,773	\$ 737,025	\$ 526,727	\$ 1,263,752
Instructional personnel	45	2,292,241	385,460	2,677,701	-	2,677,701
Total Personnel Services Costs	<u>67</u>	2,920,493	494,233	3,414,726	526,727	3,941,453
Employee benefits and payroll taxes		683,573	117,224	800,797	124,931	925,728
Professional fees		257,131	28,604	285,735	63,018	348,753
Management fees		445,478	68,158	513,636	739,134	1,252,770
Legal fees		-	-	-	57,051	57,051
Curriculum and classroom supplies		289,764	42,902	332,666	-	332,666
Office supplies		-	-	-	24,792	24,792
Non-capitalized furniture and equipment		8,344	1,445	9,789	1,540	11,329
Leased equipment, furniture and fixtures		28,172	4,878	33,050	5,198	38,248
Communications		249,106	43,129	292,235	45,965	338,200
Occupancy		1,353,426	234,327	1,587,753	249,733	1,837,486
Insurance		40,487	6,977	47,464	7,174	54,638
Repairs and maintenance		3,687	638	4,325	680	5,005
Security		23,249	4,025	27,274	4,290	31,564
Marketing and recruiting		98,878	16,955	115,833	16,739	132,572
Staff development		315,395	50,294	365,689	43,553	409,242
Travel and meals		23,301	4,034	27,335	4,300	31,635
Postage, printing and copying		2,464	427	2,891	455	3,346
Dues and subscriptions		25,390	4,396	29,786	4,685	34,471
Depreciation and amortization		155,019	26,839	181,858	28,604	210,462
Miscellaneous		-	-	-	1,090	1,090
<b>Total Expenses</b>		<u>\$ 6,923,357</u>	<u>\$ 1,149,485</u>	<u>\$ 8,072,842</u>	<u>\$ 1,949,659</u>	<u>\$ 10,022,501</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
East Brooklyn Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	6	\$ 311,434	\$ 23,273	\$ 334,707	\$ 218,024	\$ 552,731
Instructional personnel	19	999,170	74,900	1,074,070	-	1,074,070
Total Personnel Services Costs	<u>25</u>	1,310,604	98,173	1,408,777	218,024	1,626,801
Employee benefits and payroll taxes		327,542	24,448	351,990	54,296	406,286
Professional fees		63,940	1,475	65,415	26,004	91,419
Management fees		157,506	22,349	179,855	258,816	438,671
Legal fees		-	-	-	16,200	16,200
Curriculum and classroom supplies		138,917	15,772	154,689	-	154,689
Office supplies		-	-	-	5,125	5,125
Non-capitalized furniture and equipment		9,038	675	9,713	1,500	11,213
Leased equipment, furniture and fixtures		15,348	1,147	16,495	2,547	19,042
Communications		116,190	8,683	124,873	19,282	144,155
Occupancy		1,914,451	143,061	2,057,512	317,716	2,375,228
Insurance		16,695	1,289	17,984	2,669	20,653
Repairs and maintenance		1,504	112	1,616	250	1,866
Security		371	28	399	62	461
Marketing and recruiting		42,966	3,450	46,416	6,539	52,955
Staff development		186,960	11,882	198,842	18,818	217,660
Travel and meals		10,589	791	11,380	1,757	13,137
Postage, printing and copying		293	22	315	49	364
Dues and subscriptions		10,998	822	11,820	1,825	13,645
Depreciation and amortization		133,099	9,946	143,045	22,089	165,134
Miscellaneous		-	-	-	759	759
<b>Total Expenses</b>		<u>\$ 4,457,011</u>	<u>\$ 344,125</u>	<u>\$ 4,801,136</u>	<u>\$ 974,327</u>	<u>\$ 5,775,463</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
East Flatbush Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	9	\$ 452,531	\$ 96,439	\$ 548,970	\$ 357,407	\$ 906,377
Instructional personnel	25	1,525,232	314,266	1,839,498	-	1,839,498
Total Personnel Services Costs	<u>34</u>	<u>1,977,763</u>	<u>410,705</u>	<u>2,388,468</u>	<u>357,407</u>	<u>2,745,875</u>
Employee benefits and payroll taxes		409,019	86,228	495,247	75,038	570,285
Professional fees		88,318	10,286	98,604	23,867	122,471
Management fees		218,338	25,470	243,808	350,845	594,653
Legal fees		-	-	-	21,150	21,150
Curriculum and classroom supplies		184,045	21,470	205,515	-	205,515
Office supplies		-	-	-	9,989	9,989
Non-capitalized furniture and equipment		5,338	1,138	6,476	990	7,466
Leased equipment, furniture and fixtures		19,564	4,169	23,733	3,628	27,361
Communications		128,931	27,477	156,408	23,911	180,319
Occupancy		1,116,316	237,898	1,354,214	207,026	1,561,240
Insurance		25,823	5,398	31,221	4,587	35,808
Repairs and maintenance		2,331	497	2,828	432	3,260
Security		4,167	888	5,055	773	5,828
Marketing and recruiting		59,670	12,200	71,870	10,074	81,944
Staff development		42,126	5,278	47,404	1,214	48,618
Travel and meals		11,723	2,499	14,222	2,175	16,397
Postage, printing and copying		31	7	38	6	44
Dues and subscriptions		17,643	3,760	21,403	3,272	24,675
Depreciation and amortization		125,563	26,759	152,322	23,286	175,608
Miscellaneous		-	-	-	1,526	1,526
<b>Total Expenses</b>		<u>\$ 4,436,709</u>	<u>\$ 882,127</u>	<u>\$ 5,318,836</u>	<u>\$ 1,121,196</u>	<u>\$ 6,440,032</u>

**Ascend Charter Schools**

Schedule of Functional Expenses  
Flatbush Ascend Charter School  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	10	\$ 336,078	\$ 29,676	\$ 365,754	\$ 365,702	\$ 731,456
Instructional personnel	33	1,833,864	153,055	1,986,919	-	1,986,919
Total Personnel Services Costs	<u>43</u>	<u>2,169,942</u>	<u>182,731</u>	<u>2,352,673</u>	<u>365,702</u>	<u>2,718,375</u>
Employee benefits and payroll taxes		525,590	45,736	571,326	91,531	662,857
Professional fees		413,360	77,667	491,027	25,974	517,001
Management fees		408,689	76,589	485,278	698,327	1,183,605
Legal fees		-	-	-	27,000	27,000
Curriculum and classroom supplies		248,033	45,164	293,197	-	293,197
Office supplies		-	-	-	25,585	25,585
Non-capitalized furniture and equipment		4,723	417	5,140	835	5,975
Leased equipment, furniture and fixtures		30,218	2,668	32,886	5,340	38,226
Communications		184,621	16,302	200,923	32,625	233,548
Occupancy		3,049,804	269,297	3,319,101	538,948	3,858,049
Insurance		34,085	3,132	37,217	5,806	43,023
Repairs and maintenance		3,677	325	4,002	650	4,652
Security		611	54	665	108	773
Marketing and recruiting		78,730	7,552	86,282	12,843	99,125
Staff development		233,292	23,606	256,898	31,638	288,536
Travel and meals		16,832	1,486	18,318	2,975	21,293
Postage, printing and copying		32	3	35	6	41
Dues and subscriptions		22,651	2,000	24,651	4,003	28,654
Depreciation and amortization		264,310	23,339	287,649	46,708	334,357
Miscellaneous		-	-	-	24	24
 Total Expenses		 <u>\$ 7,689,200</u>	 <u>\$ 778,068</u>	 <u>\$ 8,467,268</u>	 <u>\$ 1,916,628</u>	 <u>\$ 10,383,896</u>

See independent auditors' report

# **Ascend Charter Schools**

Uniform Guidance Schedules and Reports

June 30, 2024

## Ascend Charter Schools

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021-24-4395	\$ -	\$ 584,118
Title I Grants to Local Educational Agencies	84.010	0021-24-4585	-	371,478
Title I Grants to Local Educational Agencies	84.010	0021-24-4780	-	379,329
Title I Grants to Local Educational Agencies	84.010	0021-24-4965	-	368,371
Title I Grants to Local Educational Agencies	84.010	0021-24-5170	-	333,154
Title I Grants to Local Educational Agencies	84.010	0021-24-5430	-	155,641
Title I Grants to Local Educational Agencies	84.010	0021-24-5565	-	58,913
Title I Grants to Local Educational Agencies	84.010	0021-24-5555	-	90,792
Title I Grants to Local Educational Agencies	84.010	0021-24-5570	-	130,450
			<u>-</u>	<u>2,472,246</u>
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-4395	-	61,279
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-4585	-	33,344
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-4780	-	39,671
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-4965	-	41,177
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5170	-	41,532
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5430	-	20,166
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5565	-	6,170
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5555	-	9,490
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-23-5570	-	13,760
			<u>-</u>	<u>266,589</u>
Student Support and Academic Enrichment Program	84.424	0204-23-4395	-	52,299
Student Support and Academic Enrichment Program	84.424	0204-23-4585	-	33,948
Student Support and Academic Enrichment Program	84.424	0204-23-4780	-	30,323
Student Support and Academic Enrichment Program	84.424	0204-23-4965	-	37,364
Student Support and Academic Enrichment Program	84.424	0204-23-5170	-	27,901
Student Support and Academic Enrichment Program	84.424	0204-23-5430	-	14,396
Student Support and Academic Enrichment Program	84.424	0204-23-5565	-	10,000
Student Support and Academic Enrichment Program	84.424	0204-23-5555	-	10,000
Student Support and Academic Enrichment Program	84.424	0204-23-5570	-	10,000
			<u>-</u>	<u>226,231</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

## Ascend Charter Schools

### Schedule of Expenditures of Federal Awards *(continued)* Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education <i>(continued)</i>				
Pass-Through New York State Education Department: <i>(continued)</i>				
English Language Acquisition State Grants	84.365	0293-23-4780	\$ -	\$ 30,286
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-4395	-	1,063,518
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-4585	-	1,229,625
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-4780	-	1,864,631
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-4965	-	467,349
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5170	-	608,028
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5430	-	161,515
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5565	-	141,172
			-	5,535,838
Ascend Learning: Expansion and Replication of High-Achieving Charter Schools in Brooklyn, NY	84.282		-	656,203
Special Education Cluster (IDEA)-Cluster Pass-Through New York State Education Department: COVID-19 - Special Education Grants to States	84.027	not available	-	183,845
Total U.S. Department of Education			-	9,371,238
Federal Communications Commission				
Pass-Through Universal Service Administrative Company: COVID-19 Emergency Connectivity Fund Program	32.009	not available	-	956,000
Total Expenditures of Federal Awards			\$ -	\$ 10,327,238

See independent auditors' report and notes to schedule of expenditures of federal awards

## **Ascend Charter Schools**

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Ascend Charter Schools (the "School"), under programs of the federal government for the year ended June 30, 2024. 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 School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

#### **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.

#### **3. Indirect Cost Rate**

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

**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 Auditors' Report**

**Board of Trustees  
Ascend Charter Schools**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ascend Charter Schools (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 31, 2024.

**Report on 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 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 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

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

**Independent Auditors' Report**

**Board of Trustees**  
**Ascend Charter Schools**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Ascend Charter Schools' (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

**Ascend Charter Schools**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

**Section I - Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major federal programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
32.009	COVID-19 Emergency Connectivity Fund Program

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**Section II – Financial Statement Findings**

During our audit, we noted no material findings for the year ended June 30, 2024.

**Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.

## **Ascend Charter Schools**

### Summary Schedule of Prior Year Findings For the Year Ended June 30, 2024

#### **2023-001**

##### ***Condition***

Account analysis schedules for revenue and payroll were not fully reconciled before the start of the audit. We also noted that improvements are needed in the financial statement closing process to address the accuracy and timeliness of the School's year-end financial reporting.

##### ***Status***

The condition was corrected in fiscal year 2024.