

Achievement First Brooklyn Charter Schools

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports**

June 30, 2024

Achievement First Brooklyn Charter Schools

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Independent Auditor's Report

To the Board of Trustees
Achievement First Brooklyn Charter Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Achievement First Brooklyn Charter Schools, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Achievement First Brooklyn Charter Schools as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Achievement First Brooklyn Charter Schools and to meet our other ethical responsibilities, in accordance with the 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 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 Achievement First Brooklyn Charter Schools' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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 Achievement First Brooklyn 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 Achievement First Brooklyn 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 Summarized Comparative Information

We have previously audited Achievement First Brooklyn Charter Schools' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the combining schedule of activities by charter and schedules of functional expenses are presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards, combining schedule of activities by charter and schedules of functional expenses are 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 30, 2024, on our consideration of Achievement First Brooklyn Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Achievement First Brooklyn 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 Achievement First Brooklyn Charter Schools' internal control over financial reporting and compliance.



Hartford, Connecticut
October 30, 2024

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)**

| | <u>Assets</u> | |
|---|-----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Current assets | | |
| Cash | \$ 66,483,083 | \$ 46,790,717 |
| Restricted cash | 350,000 | 350,000 |
| Grants and other receivables | 17,558,075 | 10,443,859 |
| Receivable from related party - revolving lines of credit | 8,807,270 | 7,142,270 |
| Prepaid expenses and other assets | 2,086,464 | 186,356 |
| Due from other school | - | 6,039 |
| | <u>95,284,892</u> | <u>64,919,241</u> |
| Total current assets | | |
| Noncurrent assets | | |
| Construction in process | 330,129 | 1,425,984 |
| Property and equipment, net | 6,530,598 | 6,136,877 |
| Lease acquisition costs, net | 3,639,403 | 3,865,687 |
| Operating lease right-of-use assets | 60,331,154 | 5,955,315 |
| | <u>70,831,284</u> | <u>17,383,863</u> |
| Total noncurrent assets | | |
| Total assets | <u>\$ 166,116,176</u> | <u>\$ 82,303,104</u> |

Achievement First Brooklyn Charter Schools

**Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)**

Liabilities and Net Assets

| | 2024 | 2023 |
|--|----------------|---------------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 3,630,511 | \$ 2,543,646 |
| Accrued salaries and other payroll related expenses | 1,432,443 | 1,207,043 |
| Due to related party | 4,317,328 | 931,604 |
| Due to other schools | 56,587 | 560 |
| Due to NYC Department of Education | 249,937 | 83,560 |
| Due to NYS Education Department - current portion | 464,034 | 464,034 |
| Refundable advance | 4,149 | 87,253 |
| Current maturities of operating lease liabilities | 2,787,796 | 4,466,041 |
| Total current liabilities | 12,942,785 | 9,783,741 |
| Long-term liabilities | | |
| Operating lease liabilities - net of current portion | 58,490,338 | 2,304,911 |
| Total liabilities | 71,433,123 | 12,088,652 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 87,683,053 | 63,214,452 |
| Board-designated reserve | 7,000,000 | 7,000,000 |
| Total net assets | 94,683,053 | 70,214,452 |
| Total liabilities and net assets | \$ 166,116,176 | \$ 82,303,104 |

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024
(With Comparative Totals for 2023)

| | 2024 | 2023 |
|--|----------------|----------------|
| Change in unrestricted net assets | | |
| Operating revenue | | |
| State and local per pupil operating revenue | \$ 149,022,585 | \$ 146,761,477 |
| Federal, state and local grants | 19,976,738 | 14,828,382 |
| Special education revenue | 14,991,587 | 16,015,798 |
| Total operating revenue | 183,990,910 | 177,605,657 |
| Expenses | | |
| Program services | 144,650,359 | 149,450,073 |
| General and administrative | 21,274,985 | 20,559,854 |
| Fundraising | 12,817 | 19,000 |
| Total expenses | 165,938,161 | 170,028,927 |
| Surplus on school operations from government funding | 18,052,749 | 7,576,730 |
| Support and other revenue | | |
| Contributions | - | 348,372 |
| In-kind contributions | 395,204 | 497,630 |
| Interest income | 3,276,628 | 860,090 |
| Realized and unrealized gains on investments | - | 295,983 |
| Other revenue | 2,750,334 | 2,254,706 |
| Loss on disposal of assets | (6,314) | (48,054) |
| Total support and other revenue | 6,415,852 | 4,208,727 |
| Change in net assets | 24,468,601 | 11,785,457 |
| Net assets, beginning | 70,214,452 | 58,428,995 |
| Net assets, end | \$ 94,683,053 | \$ 70,214,452 |

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

**Statement of Functional Expenses
Year Ended June 30, 2024
(With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|-----------------------|----------------------|------------------------|----------------------------|------------------|-----------------------|-----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 13,072,557 | \$ - | \$ 13,072,557 | \$ 13,984,689 |
| Instructional personnel | 71,145,429 | 6,582,671 | 77,728,100 | - | - | 77,728,100 | 88,313,269 |
| Total personnel services costs | 71,145,429 | 6,582,671 | 77,728,100 | 13,072,557 | - | 90,800,657 | 102,297,958 |
| Fringe benefits and payroll taxes | 13,793,667 | 1,161,200 | 14,954,867 | 1,097,105 | - | 16,051,972 | 16,056,606 |
| Retirement | 696,485 | 62,866 | 759,351 | 34,765 | - | 794,116 | 1,198,133 |
| Management company fees | 16,074,763 | 1,379,440 | 17,454,203 | 2,696,942 | 12,817 | 20,163,962 | 19,280,832 |
| Accounting/audit services | - | - | - | 173,856 | - | 173,856 | 163,654 |
| Other purchased/professional/consulting services | 2,258,668 | 531,786 | 2,790,454 | 353,810 | - | 3,144,264 | 680,676 |
| Repairs and maintenance | 1,882,208 | 168,525 | 2,050,733 | 314,629 | - | 2,365,362 | 2,957,446 |
| Insurance | 604,343 | 53,246 | 657,589 | 101,184 | - | 758,773 | 763,779 |
| Occupancy costs | 5,753,427 | 591,550 | 6,344,977 | 1,099,902 | - | 7,444,879 | 3,199,825 |
| Supplies/materials | 5,241,224 | 24,176 | 5,265,400 | 14,650 | - | 5,280,050 | 3,315,424 |
| Equipment/furnishings | 1,434,346 | 124,278 | 1,558,624 | 253,904 | - | 1,812,528 | 1,011,140 |
| Staff development | 1,152,333 | 37,808 | 1,190,141 | 75,981 | - | 1,266,122 | 1,352,767 |
| Marketing/recruitment | 201,247 | 18,260 | 219,507 | 35,245 | - | 254,752 | 199,001 |
| Technology | 4,812,430 | 416,541 | 5,228,971 | 633,037 | - | 5,862,008 | 5,428,290 |
| Food service | - | - | - | - | - | - | 2,433,623 |
| Student services | 2,880,940 | 87,903 | 2,968,843 | 174,890 | - | 3,143,733 | 2,633,775 |
| Office expense | 2,841,516 | 236,653 | 3,078,169 | 760,402 | - | 3,838,571 | 4,243,625 |
| Depreciation and amortization | 1,634,830 | 147,632 | 1,782,462 | 291,216 | - | 2,073,678 | 2,111,897 |
| Other | 565,047 | 48,653 | 613,700 | 90,910 | - | 704,610 | 695,804 |
| Interest expense | - | - | - | - | - | - | 4,672 |
| Bad debt | 3,754 | 514 | 4,268 | - | - | 4,268 | - |
| Total expenses | <u>\$ 132,976,657</u> | <u>\$ 11,673,702</u> | <u>\$ 144,650,359</u> | <u>\$ 21,274,985</u> | <u>\$ 12,817</u> | <u>\$ 165,938,161</u> | <u>\$ 170,028,927</u> |

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Statement of Cash Flows Year Ended June 30, 2024 (With Comparative Totals for 2023)

| | 2024 | 2023 |
|--|---------------|---------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 24,468,601 | \$ 11,785,457 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 2,073,678 | 2,111,897 |
| Net changes in operating lease right-of-use assets and liabilities | 131,343 | 815,637 |
| Loss on disposal of assets | 6,314 | 7,354 |
| Write-off of construction in process | - | 40,700 |
| Bad debt expense | 4,268 | - |
| Accrued interest | - | (16,878) |
| Changes in operating assets and liabilities | | |
| Grants and other receivables | (7,118,484) | (1,567,282) |
| Prepaid expenses and other assets | (1,900,108) | 6,663 |
| Due from related party | - | 79,680 |
| Due from other school | 6,039 | (3,792) |
| Accounts payable and accrued expenses | 1,237,480 | (821,595) |
| Accrued salaries and other payroll related expenses | 225,400 | (133,882) |
| Due to related party | 3,385,724 | 931,604 |
| Due to other schools | 56,027 | (23,847) |
| Due to NYC Department of Education | 166,377 | (255,549) |
| Due to NYS Education Department | - | 306,266 |
| Deferred rent | - | (724,034) |
| Refundable advance | (83,104) | (2,574,502) |
| Net cash provided by operating activities | 22,659,555 | 9,963,897 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (1,302,189) | (1,087,298) |
| Cash paid out on revolving lines of credit | (1,665,000) | (500,000) |
| Net cash used in investing activities | (2,967,189) | (1,587,298) |
| Cash flows from financing activities | | |
| Payments of long-term debt | - | (442,240) |
| Net increase in cash and restricted cash | 19,692,366 | 7,934,359 |
| Cash and restricted cash, beginning | 47,140,717 | 39,206,358 |
| Cash and restricted cash, end | \$ 66,833,083 | \$ 47,140,717 |
| Cash paid during the year for interest | \$ - | \$ 6,783 |
| Supplemental disclosure of noncash investing and financing transactions | | |
| Transfer of construction in process to fixed assets | \$ 1,425,985 | \$ 43,850 |
| Purchase of fixed assets with accounts payable | \$ - | \$ 6,022 |
| Purchase of construction in process with accounts payable | \$ 39,702 | \$ 184,295 |

See Notes to Financial Statements.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Note 1 - Nature of operations

Achievement First Brooklyn Charter Schools (the "School") focus on strengthening the academic and character skills needed for all students to excel in top-tier colleges, to achieve success in a competitive world, and to serve as the next generation of leaders in their communities. The Board of Regents of the State University of New York ("SUNY") originally granted individual charters to the schools (Achievement First Apollo Charter School, Achievement First Aspire Charter School, Achievement First Brownsville Charter School, Achievement First Bushwick Charter School, Achievement First Crown Heights Charter School, Achievement First East New York Charter School and Achievement First Endeavor Charter School). These charters were valid for a term of five years and renewable upon expiration. Additional charters were subsequently granted to Achievement First Linden Charter School, Achievement First North Brooklyn Charter School, Achievement First Voyager Charter School and Achievement First Legacy Charter School. The supplemental schedules to the financial statements provide additional operating activity by charter. The schools operate under one legal entity. The financial statements reflect the activities of the eleven charter schools for the fiscal year ended June 30, 2024.

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

During the year ended June 30, 2024, the School operated classes for students in K-12. Charters that share space with New York City Department of Education ("NYCDOE") schools are not responsible for rent, utilities, custodial services, or maintenance. Charters that share space with other charter schools or do not share space are responsible for operating occupancy costs.

Note 2 - Summary of significant accounting policies

Basis of presentation

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

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Board-designated net assets represent net assets established by the Board of Trustees, which represents funds without donor restrictions set aside for future needs of the School. Cash basis operating surpluses, if they exist at year-end, may be used to accumulate in the board-designated reserve. Utilization of the reserve may be approved by the Board of Trustees and used for emergency funds in case of an unexpected financial crises, start-up costs for growth needs, facility capital requirements, principal-in-residence salaries and one-time projects which have significant future potential. The reserve balance will be generated from the School's budgeted per-pupil operating revenue, excluding state and federal nonoperating grants.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Net assets with donor restrictions are subject to donor- (or certain grantor-) imposed restrictions which are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Statement of cash flows

For purposes of reporting cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2024.

Cash and cash equivalents

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amount shown in the statement of cash flows:

| | 2024 | 2023 |
|-----------------|----------------------|----------------------|
| Cash | \$ 66,483,083 | \$ 46,790,717 |
| Restricted cash | 350,000 | 350,000 |
| Total | <u>\$ 66,833,083</u> | <u>\$ 47,140,717</u> |

Restricted cash

The School has designated \$350,000 to be set aside for contingency purposes as required by the Board of Trustees of the State University of New York.

Grants and other receivables

Grants receivable represent amounts owed to the School for federal or state funding. Grants receivable that are expected to be collected within one year, and recorded at net realizable value, are \$17,558,075 at June 30, 2024. The School has determined that no allowance for uncollectible accounts for receivables is necessary as of June 30, 2024. Such estimate is based on management's assessments of the creditworthiness of its donors, the aging of its receivables as well as current economic conditions and historical information.

Revenue recognition

The School reports unconditional promises to give as revenue when the promise is received. Conditional promises to give are recognized as revenue when the condition is met. Grants and contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose conditions and restrictions are met in the same reporting period have been reported as support increasing net assets without donor restrictions in the statement of activities and changes in net assets.

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement. The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2024**

Donated goods and services

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

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

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

Property and equipment

Property and equipment are stated at cost. The School has established a threshold for review of expenditures equal to or greater than \$3,000 for potential capitalization as a fixed asset. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

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

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

Long-lived assets

The School recognizes an impairment loss when the carrying amount of a long-lived asset exceeds its fair value. In the event that facts and circumstance indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. The evaluation process consists of comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down is required. If the review indicates that the asset will not be recoverable, the carrying value of the asset would be reduced to its estimated realizable value. There was no impairment loss recognized for the year ended June 30, 2024.

Functional allocation of expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's assessment. Health and retirement benefits and payroll taxes are allocated to programs and supporting services based on the percentage of salary expense of the program to total salary expense.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Tax-exempt status

The School is exempt under Section 501(c)(3) of the IRC and is exempt from private foundation status under IRC Section 509(a)(3) and as such is not subject to federal or state income taxes.

Management has analyzed the tax positions taken by the School and has concluded that, as of June 30, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The School's federal information returns prior to fiscal year 2021 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the School has unrelated business income taxes, it will recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements of Achievement First Brooklyn Charter Schools for the year ended June 30, 2023, from which the summarized information was derived.

Use of estimates

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

Concentrations of credit risk

The School maintains cash and cash equivalent balances in various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Company ("FDIC") or Securities Investor Protection Corporation ("SIPC"). From time to time, the School's balances may exceed these limits. As of June 30, 2024, the School had balances of approximately \$66 million in excess of these limits. Additional protection is provided through the custodian's excess-SIPC coverage through various syndicates of Lloyd's, a London based firm. The School limits its credit risk by selecting financial institutions considered to be highly creditworthy.

Reclassification

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

Subsequent events

Management has reviewed subsequent events through October 30, 2024, which is the date the financial statements were approved and available for issuance.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Note 3 - Liquidity

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2024, the School has financial assets available to meet annual operating needs for the subsequent fiscal year as follows:

| | | |
|---|----|--------------------------|
| Cash | \$ | 66,483,083 |
| Grants and other receivables | | 17,558,075 |
| Receivable from related party - revolving lines of credit | | <u>8,807,270</u> |
| Total financial assets | | 92,848,428 |
| Less | | |
| Receivable from related party - revolving lines of credit | | (8,807,270) |
| Board-designated reserve | | <u>(7,000,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | | <u>\$ 77,041,158</u> |

These financial assets are not subject to any grantor or contractual restrictions. The School supports its general operations primarily with federal and state grants, which are recognized as purpose restrictions are met. The balances due to the NYC Department of Education and NYS Education Department represent advances received that are due back to the State based on the fiscal year reconciliation and do not represent operating expenses. In addition, there are \$7,000,000 of Board-designated funds that could be used to fund operating needs should the Board determine this is necessary.

Note 4 - Receivable from related party - unsecured revolving line of credit

The School has entered into unsecured revolving lines of credit established with entities that are wholly owned by Achievement First, Inc. ("AF"). See Note 9 for the relationship between the School and AF. AF lines bear interest at a fixed rate of 2.6%. Funds are available upon written request. The School may demand repayment of principal and/or accrued interest in part or in full at any time and such repayments shall be due 45 business days thereafter. Balances on the lines are as follows as of June 30, 2024:

| | <u>Credit limit</u> | <u>Amount drawn</u> |
|-------------------------|----------------------|---------------------|
| AF Brooklyn HS4, LLC | \$ 5,000,000 | \$ 3,549,327 |
| AF Queens ES1, LLC | 4,000,000 | 2,705,693 |
| AF Glenmore Avenue, LLC | <u>4,000,000</u> | <u>2,552,250</u> |
| | <u>\$ 13,000,000</u> | <u>\$ 8,807,270</u> |

Note 5 - Concentrations

The School received approximately 81% of its operating revenue, which is subject to specific requirements, from per pupil funding from the NYCDOE during the year ended June 30, 2024.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

The School's grants and other receivables consist of 98% from the State of New York as of June 30, 2024.

Note 6 - Property and equipment

The following is a summary of property and equipment at June 30, 2024:

| | |
|-------------------------------|---------------------|
| Leasehold improvements | \$ 17,822,659 |
| Furniture and fixtures | 343,416 |
| Computers and other hardware | 143,182 |
| Equipment | <u>1,331,073</u> |
| | 19,640,330 |
| Less accumulated depreciation | <u>(13,109,732)</u> |
| | <u>\$ 6,530,598</u> |

Depreciation expense was \$1,847,394 for the year ended June 30, 2024.

Note 7 - Lease acquisition costs

The NYCDOE, through the New York State Construction Authority ("NYSCA"), agreed to help finance the development and construction of 510 Waverly Avenue, Brooklyn, New York provided that Civic Builders (the "construction manager") and Achievement First Endeavor Charter School collectively contributed 20% of the costs of the construction.

In December 2012, NYSCA, the landlord, entered into an agreement to lease the building to Civic Builders for a 30-year term. Civic Builders entered into an agreement to sublease the building to AF Waverly LLC. AF is the sole member, which in turn leases the building to the School under the same terms at an annual lease of \$1 plus operating costs. The lease acquisition costs of \$6,792,379 include the costs incurred by Achievement First Endeavor Charter School in meeting its obligation to NYCDOE to fund 20% of the costs of construction; these costs are amortized over the 30-year lease term. Amortization expense for the year ended June 30, 2024 was \$226,284 and accumulated amortization at June 30, 2024 was \$3,152,976. Amortization expense for each of the next five years is \$226,412.

Note 8 - Related party transactions

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

Pursuant to the terms of the Agreement, the School pays a service fee equivalent to 10% of public revenues received by the School during or for that school year. Public revenues include all sources of revenue from a public source, but specifically exclude in-kind contributions such as student transportation, start-up funding, funding for student meals, and funding from competitive public grants. The Agreement automatically renews to coincide with the charter renewals for each school. The Agreement covers services including bookkeeping, facilities acquisition and management, special education delivery support, data analysis management support, and tutoring program support. The School is to pay AF an ancillary services fee that is mutually negotiated by the School and AF. For the year ended June 30, 2024, the School incurred management and ancillary services

Achievement First Brooklyn Charter Schools

**Notes to Financial Statements
June 30, 2024**

fees of \$20,163,962, which are included in the accompanying statement of functional expenses. AF is also the recipient of grant funds that are passed through AF to the School. The amount due to AF at June 30, 2024 was \$4,317,328.

See Note 12 for related party leases.

Note 9 - Due from/to other schools

The following amounts were due from/to related schools and consist of the following at June 30, 2024:

| | | |
|---|-----------|-----------------|
| Achievement First Providence Charter School | \$ | (3,354) |
| Achievement First Bridgeport Academy | | (14,529) |
| Achievement First Elm City Charter School | | (7,813) |
| Achievement First Hartford Charter School | | (19,437) |
| Amistad Academy Charter School | | <u>(11,454)</u> |
| | <u>\$</u> | <u>(56,587)</u> |

Note 10 - Due to NYC Department of Education and the New York State Education Department

The NYCDOE paid the School per pupil grant funds in six installments, based on estimates from the School. At the end of each year, the NYCDOE reconciles the total amount paid against the full-time-equivalent enrollment for the year and determines if an overpayment or underpayment has been made. As of June 30, 2024, an overpayment totaling \$249,937 had been made; an adjustment for this amount will be reflected in the third payment from NYCDOE in FY 2025.

The School discontinued its involvement in the National School Lunch Program as of June 30, 2023. As a result, the School owes the NYSED \$457,457 for unexpended funds. As of June 30, 2024, the School also owes the NYSED \$6,577 for an overpayment of Title I funding.

Note 11 - Contributed nonfinancial assets

For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included:

| 2024 | | | | |
|------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------|
| | Revenue recognized | Utilization in programs/activities | Donor restrictions | Valuation techniques and inputs |
| Digital learning | \$ 198,144 | Regular education | None | Donor's purchase cost |
| Textbooks | 164,068 | Regular education | None | Donor's purchase cost |
| Library books | <u>32,992</u> | Regular education | None | Donor's purchase cost |
| | <u>\$ 395,204</u> | | | |

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Note 12 - Leases

The School leases buildings and office equipment. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the School recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. The School has elected and applies the practical expedient available to lessees to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The School remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The School determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the School estimates the risk-free rate as the discount rate. The School's risk-free rate, which is determined at either lease commencement or when a lease liability is remeasured, is the rate on the U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the School's leases commence on the earlier of (i) the date upon which the School obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the School's building leases coincides with the contractual effective date. The commencement date for most of the School's office equipment leases coincides with when the School obtains control of the underlying assets. The School's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the School and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the School determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The School includes variable rental payments based on a rate or an index such as the Consumer Price index (CPI) in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

Leases involving real estate

Leases of facilities have three-year terms, except for related party leases noted below. Terms have been incorporated into the measurement of the related right-of-use assets and lease liabilities. Although most of the real estate leases include one or more options to renew that can extend the contractual terms from one to three years, those renewal options are exercisable solely at the School's discretion and have been excluded from lease term measurements. The real estate leases generally require reimbursement of real estate taxes, common area maintenance, and insurance. The School leases these facilities from two limited liability companies wholly owned by AF. Such leases provide for below market rentals, are cancellable at any time, and do not provide purchase options.

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Rental payments on these leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts.

The School entered into a facility lease with Glenmore Avenue, LLC, a limited liability company wholly owned by AF, which commenced in November 2023. Monthly rent payments are \$214,208 and are subject to a 2.6% increase each year. The agreement with Glenmore Avenue, LLC has a term of 30 years and allows the lease to be extended for an additional 19 years if the overlease is extended and requires the School to achieve certain financial covenants upon occupancy of the premises.

Leases involving equipment

Office equipment leases have lease terms that generally range from less than one year to five years and generally do not have renewal options. Rental payments on these leases have fixed payments.

Financial information

The following contains information about the School's right-of-use assets and lease liabilities for its operating leases as of June 30, 2024:

| | Statement of Financial Position Classification | June 30, 2024 |
|-------------------------|---|---------------|
| Right-of-use assets | | |
| Operating leases | Noncurrent assets | \$ 60,331,154 |
| Lease liabilities | | |
| Current | | |
| Operating leases | Current liabilities | \$ 2,787,796 |
| Noncurrent | | |
| Operating leases | Noncurrent liabilities | 58,490,338 |
| Total lease liabilities | | \$ 61,278,134 |

The components of the School's lease cost for the year ended June 30, 2024 are as follows:

| | Statement of Functional Expenses Classification | June 30, 2024 |
|---------------------------|--|---------------|
| Operating lease cost, net | | |
| Rent expense | Occupancy costs, Equipment/furnishings | \$ 6,427,592 |

Achievement First Brooklyn Charter Schools

Notes to Financial Statements June 30, 2024

Supplemental cash flow information related to the School's leases for the year ended June 30, 2024 is as follows:

| Year ended June 30, 2024 | Operating leases |
|--|------------------|
| Cash paid for amounts included in the measurement of lease liabilities | |
| Operating | \$ 6,296,245 |
| Right-of-use assets obtained in exchange for lease liabilities | |
| Operating | \$ 58,875,883 |

The weighted average remaining term and weighted average discount rate for the School's leases are as follows as of June 30, 2024:

| | |
|--|-------|
| Weighted average remaining term (in years) | 27.99 |
| Weighted average discount rate (1) | 4.75% |

- (1) The School has elected to use a risk-free rate as the discount rate for its leases. The School uses rates on U.S. government securities for comparable with lease terms as risk-free rates.

The annual maturity analysis of the School's lease liabilities as of June 30, 2024 is as follows:

| Calendar year | Operating leases |
|--|------------------|
| 2025 | \$ 5,606,934 |
| 2026 | 3,574,912 |
| 2027 | 3,292,662 |
| 2028 | 2,930,448 |
| 2029 | 2,894,344 |
| Thereafter | 103,059,243 |
| Total lease payments | 121,358,543 |
| Less: interest | 60,080,409 |
| Present value of lease liability | 61,278,134 |
| Less: current portion of lease liabilities | 2,787,796 |
| Noncurrent portion of lease liabilities | \$ 58,490,338 |

Note 13 - Agreement for School facilities

The School has entered into verbal agreements with the NYCDOE for dedicated and shared space at a cost of \$1 per year or less. In accordance with industry standards, the fair value of the rent has not been recorded. The School will be responsible for any overtime-related cost for services provided beyond the regular opening hours. For the year ended June 30, 2024, the School incurred no overtime and incurred no permit fees. The School also entered into an Administrative Cost Management Agreement that requires the School to pay Uncommon Crown Heights, LLC for its

Achievement First Brooklyn Charter Schools

Notes to Financial Statements

June 30, 2024

share of the building costs for the facilities located at 1485 Pacific Street, Brooklyn, New York. The fair value of the rent has not been included in the accompanying financial statements as the agreement is nonbinding, the premises are temporary in nature, the premises represent excess shared space whereby a fair value cannot be determined, and this is industry practice.

Note 14 - Pension plan

Effective September 1, 2006, the School adopted a 403(b) profit sharing plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan upon employment. Those employees who have completed at least one full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 4% of an employee's salary. The School contribution is not vested until the employee's third year, when he or she becomes fully vested. For the year ended June 30, 2024, pension expense for the School was approximately \$794,000, which is included in retirement in the accompanying statement of functional expenses.

Note 15 - Risk management

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

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

Note 16 - Conditional contribution

AF received a conditional grant commencing April 2020 for expansion and minor repairs, for which it has allocated \$4,629,142 to the School. This grant is expected to cover periods through March 2025. Donor conditions specify that amounts must be spent on expenditures relevant to the approved grant purpose. Since this grant represents a conditional promise to give, amounts will not be recognized as contribution revenue until donor conditions are met. Prior to 2024, \$1,128,535 of the conditions were met. During 2024, \$225,232 was recorded as revenue related to this grant. The remaining conditional promise to give at June 30, 2024 was \$3,275,375.

During the year ended June 30, 2021, the School received conditional Elementary and Secondary School Relief Fund ("ESSER") grants of \$46,311,444. A portion of these funds were available to cover costs through September 2023. Remaining grants are expected to cover periods through September 2024. Donor conditions specify that amounts must be spent on expenditures relevant to the approved grant purpose. Since these grants represent a conditional promise to give, amounts will not be recognized as contribution revenue until donor conditions are met. Prior to 2024, \$18,795,809 of the conditions were met. During 2024, contribution revenue of \$13,522,313 and \$2,490,145 of contributions expired were recorded related to this grant. The remaining conditional promise to give at June 30, 2024 was approximately \$11,500,000.

Supplementary Information

Achievement First Brooklyn Charter Schools

Supplemental Combining Schedule of Activities by Charter Year Ended June 30, 2024

| | Achievement First Apollo | Achievement First Aspire | Achievement First Brownsville | Achievement First Bushwick | Achievement First Crown Heights | Achievement First East New York | Achievement First Endeavor | Achievement First Linden | Achievement First North Brooklyn | Achievement First Voyager | Achievement First Legacy | Total |
|--|--------------------------------|--------------------------------|-------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|----------------------------------|--------------------------------|--|---------------------------------|--------------------------------|--------------------|
| Operating revenue | | | | | | | | | | | | |
| State and local per pupil operating revenue | \$ 13,984,250 | \$ 14,553,707 | \$ 14,503,731 | \$ 15,966,345 | \$ 24,467,852 | \$ 20,123,106 | \$ 12,114,945 | \$ 11,694,501 | \$ 15,304,730 | \$ 2,817,941 | \$ 3,491,477 | \$ 149,022,585 |
| Federal, state and local grants | 1,731,540 | 1,911,093 | 2,931,262 | 2,354,673 | 2,563,233 | 2,372,527 | 1,937,493 | 1,524,444 | 1,696,870 | 446,995 | 506,608 | 19,976,738 |
| Special education revenue | 1,014,395 | 1,170,496 | 1,333,416 | 2,860,663 | 2,492,819 | 1,455,196 | 1,569,623 | 1,118,847 | 1,444,634 | 311,658 | 219,840 | 14,991,587 |
| Total operating revenue | 16,730,185 | 17,635,296 | 18,768,409 | 21,181,681 | 29,523,904 | 23,950,829 | 15,622,061 | 14,337,792 | 18,446,234 | 3,576,594 | 4,217,925 | 183,990,910 |
| Expenses | | | | | | | | | | | | |
| Program services | 11,340,556 | 15,238,441 | 15,182,740 | 16,691,294 | 22,537,155 | 18,353,854 | 12,587,406 | 12,759,435 | 12,182,657 | 3,212,165 | 4,564,656 | 144,650,359 |
| General and administrative | 1,681,306 | 2,640,364 | 2,547,373 | 1,891,313 | 3,216,690 | 2,195,479 | 1,880,569 | 2,183,538 | 1,483,640 | 662,649 | 892,064 | 21,274,985 |
| Fundraising | - | - | 3,000 | 3,000 | - | - | 817 | - | - | 3,000 | 3,000 | 12,817 |
| Total expenses | 13,021,862 | 17,878,805 | 17,733,113 | 18,585,607 | 25,753,845 | 20,549,333 | 14,468,792 | 14,942,973 | 13,666,297 | 3,877,814 | 5,459,720 | 165,938,161 |
| Surplus (deficit) on school operations from government funding | 3,708,323 | (243,509) | 1,035,296 | 2,596,074 | 3,770,059 | 3,401,496 | 1,153,269 | (605,181) | 4,779,937 | (301,220) | (1,241,795) | 18,052,749 |
| Support and other revenue | | | | | | | | | | | | |
| In-kind contributions | 17,280 | 39,545 | 58,129 | 35,039 | 70,833 | 54,821 | 13,161 | 30,392 | 56,345 | 10,461 | 9,198 | 395,204 |
| Interest income | 256,417 | 476,908 | 384,625 | 256,417 | 384,625 | 384,625 | 256,417 | 314,826 | 256,417 | 128,208 | 177,143 | 3,276,628 |
| Other revenue | 21,772 | 1,286,159 | 30,901 | 27,156 | 165,029 | 78,687 | 31,095 | 25,739 | 33,587 | 8 | 1,050,201 | 2,750,334 |
| Loss on sale of assets | - | (266) | - | - | - | - | - | (2,324) | - | (3,724) | - | (6,314) |
| Total support and other revenue | 295,469 | 1,802,346 | 473,655 | 318,612 | 620,487 | 518,133 | 300,673 | 368,633 | 346,349 | 134,953 | 1,236,542 | 6,415,852 |
| Change in net assets | 4,003,792 | 1,558,837 | 1,508,951 | 2,914,686 | 4,390,546 | 3,919,629 | 1,453,942 | (236,548) | 5,126,286 | (166,267) | (5,253) | 24,468,601 |
| Net assets, beginning | 14,631,442 | 5,839,388 | 7,005,485 | 8,004,042 | 7,738,105 | 6,210,764 | 6,792,420 | 8,473,643 | 12,197,719 | (4,758,535) | (1,920,021) | 70,214,452 |
| Net assets, end | \$ 18,635,234 | \$ 7,398,225 | \$ 8,514,436 | \$ 10,918,728 | \$ 12,128,651 | \$ 10,130,393 | \$ 8,246,362 | \$ 8,237,095 | \$ 17,324,005 | \$ (4,924,802) | \$ (1,925,274) | \$ 94,683,053 |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Apollo
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|-------------------|------------------------|----------------------------|-------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,070,395 | \$ - | \$ 1,070,395 | \$ 1,159,099 |
| Instructional personnel | 6,244,722 | 333,052 | 6,577,774 | - | - | 6,577,774 | 7,876,677 |
| Total personnel services costs | 6,244,722 | 333,052 | 6,577,774 | 1,070,395 | - | 7,648,169 | 9,035,776 |
| Fringe benefits and payroll taxes | 1,220,006 | 56,615 | 1,276,621 | 98,225 | - | 1,374,846 | 1,466,672 |
| Retirement | 46,252 | 2,451 | 48,703 | 2,144 | - | 50,847 | 135,502 |
| Management company fees | 1,467,874 | 73,394 | 1,541,268 | 275,226 | - | 1,816,494 | 1,749,894 |
| Accounting/audit services | - | - | - | 14,488 | - | 14,488 | 13,638 |
| Other purchased/professional/ consulting services | 120,752 | 24,306 | 145,058 | 25,225 | - | 170,283 | 12,217 |
| Repairs and maintenance | 63,956 | 3,197 | 67,153 | 11,989 | - | 79,142 | 47,823 |
| Insurance | 39,759 | 1,988 | 41,747 | 7,455 | - | 49,202 | 57,986 |
| Occupancy costs | 1,716 | 86 | 1,802 | 322 | - | 2,124 | 2,006 |
| Supplies/materials | 455,456 | 1,612 | 457,068 | 272 | - | 457,340 | 335,271 |
| Equipment/furnishings | 130,073 | 6,502 | 136,575 | 24,384 | - | 160,959 | 84,511 |
| Staff development | 103,135 | 2,425 | 105,560 | 9,093 | - | 114,653 | 144,173 |
| Marketing/recruitment | 14,896 | 745 | 15,641 | 2,793 | - | 18,434 | 12,205 |
| Technology | 398,285 | 19,910 | 418,195 | 55,718 | - | 473,913 | 477,842 |
| Food service | - | - | - | - | - | - | 65,541 |
| Student services | 198,547 | 4,612 | 203,159 | 17,295 | - | 220,454 | 204,617 |
| Office expense | 185,760 | 8,582 | 194,342 | 46,486 | - | 240,828 | 366,744 |
| Depreciation and amortization | 68,069 | 3,403 | 71,472 | 12,763 | - | 84,235 | 94,027 |
| Other | 36,589 | 1,829 | 38,418 | 7,033 | - | 45,451 | 60,514 |
| Total expenses | <u>\$ 10,795,847</u> | <u>\$ 544,709</u> | <u>\$ 11,340,556</u> | <u>\$ 1,681,306</u> | <u>\$ -</u> | <u>\$ 13,021,862</u> | <u>\$ 14,366,959</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Aspire
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|-------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,663,126 | \$ - | \$ 1,663,126 | \$ 1,707,944 |
| Instructional personnel | 7,124,314 | 540,922 | 7,665,236 | - | - | 7,665,236 | 8,250,672 |
| Total personnel services costs | 7,124,314 | 540,922 | 7,665,236 | 1,663,126 | - | 9,328,362 | 9,958,616 |
| Fringe benefits and payroll taxes | 1,353,542 | 115,895 | 1,469,437 | 124,302 | - | 1,593,739 | 1,543,154 |
| Retirement | 79,515 | 6,359 | 85,874 | 4,785 | - | 90,659 | 106,080 |
| Management company fees | 1,568,805 | 170,860 | 1,739,665 | 276,589 | - | 2,016,254 | 1,807,580 |
| Accounting/audit services | - | - | - | 21,732 | - | 21,732 | 20,457 |
| Other purchased/professional/consulting services | 296,555 | 46,261 | 342,816 | 29,075 | - | 371,891 | 34,917 |
| Repairs and maintenance | 25,533 | 2,781 | 28,314 | 4,600 | - | 32,914 | 281,970 |
| Insurance | 53,778 | 5,857 | 59,635 | 9,584 | - | 69,219 | 67,749 |
| Occupancy costs | 1,244,348 | 135,523 | 1,379,871 | 221,765 | - | 1,601,636 | 1,568,039 |
| Supplies/materials | 579,785 | 5,353 | 585,138 | 4,466 | - | 589,604 | 425,491 |
| Equipment/furnishings | 130,088 | 14,168 | 144,256 | 23,184 | - | 167,440 | 135,453 |
| Staff development | 151,054 | 3,452 | 154,506 | 5,648 | - | 160,154 | 196,432 |
| Marketing/recruitment | 26,086 | 2,841 | 28,927 | 4,649 | - | 33,576 | 26,872 |
| Technology | 574,470 | 62,497 | 636,967 | 83,499 | - | 720,466 | 666,916 |
| Food service | - | - | - | - | - | - | 42,472 |
| Student services | 249,452 | 9,839 | 259,291 | 16,110 | - | 275,401 | 170,449 |
| Office expense | 362,979 | 33,823 | 396,802 | 102,749 | - | 499,551 | 437,186 |
| Depreciation and amortization | 195,198 | 21,259 | 216,457 | 34,788 | - | 251,245 | 276,985 |
| Other | 40,807 | 4,442 | 45,249 | 9,713 | - | 54,962 | 72,030 |
| Interest expense | - | - | - | - | - | - | 1,000 |
| Total expenses | \$ 14,056,309 | \$ 1,182,132 | \$ 15,238,441 | \$ 2,640,364 | \$ - | \$ 17,878,805 | \$ 17,839,848 |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Brownsville
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|-----------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,644,135.00 | \$ - | \$ 1,644,135 | \$ 1,870,644 |
| Instructional personnel | 7,936,759 | 538,903 | 8,475,662 | - | - | 8,475,662 | 11,140,360 |
| Total personnel services costs | 7,936,759 | 538,903 | 8,475,662 | 1,644,135 | - | 10,119,797 | 13,011,004 |
| Fringe benefits and payroll taxes | 1,562,439 | 116,833 | 1,679,272 | 147,214 | - | 1,826,486 | 1,979,543 |
| Retirement | 101,110 | 7,182 | 108,292 | 6,444 | - | 114,736 | 135,609 |
| Management company fees | 1,615,683 | 155,728 | 1,771,411 | 308,457 | 3,000 | 2,082,868 | 2,274,138 |
| Accounting/audit services | - | - | - | 21,732 | - | 21,732 | 20,457 |
| Other purchased/professional/consulting services | 236,273 | 50,125 | 286,398 | 42,632 | - | 329,030 | 80,829 |
| Repairs and maintenance | 293,254 | 28,263 | 321,517 | 56,525 | - | 378,042 | 38,332 |
| Insurance | 50,136 | 4,832 | 54,968 | 9,665 | - | 64,633 | 78,820 |
| Occupancy costs | 6,818 | 654 | 7,472 | 1,314 | - | 8,786 | 26,809 |
| Supplies/materials | 524,487 | 7,080 | 531,567 | 9,898 | - | 541,465 | 377,677 |
| Equipment/furnishings | 146,075 | 14,080 | 160,155 | 28,159 | - | 188,314 | 129,942 |
| Staff development | 166,845 | 6,679 | 173,524 | 13,358 | - | 186,882 | 132,898 |
| Marketing/recruitment | 21,746 | 2,096 | 23,842 | 4,192 | - | 28,034 | 18,891 |
| Technology | 518,616 | 49,983 | 568,599 | 79,421 | - | 648,020 | 619,623 |
| Food service | - | - | - | - | - | - | 24,243 |
| Student services | 272,125 | 14,319 | 286,444 | 28,301 | - | 314,745 | 246,277 |
| Office expense | 304,616 | 27,833 | 332,449 | 79,024 | - | 411,473 | 564,019 |
| Depreciation and amortization | 318,350 | 30,684 | 349,034 | 61,369 | - | 410,403 | 446,741 |
| Other | 43,676 | 4,190 | 47,866 | 5,533 | - | 53,399 | 82,720 |
| Bad debt | 3,754 | 514 | 4,268 | - | - | 4,268 | - |
| Total expenses | <u>\$ 14,122,762</u> | <u>\$ 1,059,978</u> | <u>\$ 15,182,740</u> | <u>\$ 2,547,373</u> | <u>\$ 3,000</u> | <u>\$ 17,733,113</u> | <u>\$ 20,288,572</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Bushwick
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|-----------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,198,709 | \$ - | \$ 1,198,709 | \$ 1,324,375 |
| Instructional personnel | 9,094,003 | 912,902 | 10,006,905 | - | - | 10,006,905 | 10,842,491 |
| Total personnel services costs | 9,094,003 | 912,902 | 10,006,905 | 1,198,709 | - | 11,205,614 | 12,166,866 |
| Fringe benefits and payroll taxes | 1,652,259 | 136,913 | 1,789,172 | 112,356 | - | 1,901,528 | 1,909,909 |
| Retirement | 87,660 | 8,616 | 96,276 | 3,154 | - | 99,430 | 159,458 |
| Management company fees | 1,822,571 | 135,005 | 1,957,576 | 283,886 | 3,000 | 2,244,462 | 2,150,943 |
| Accounting/audit services | - | - | - | 14,488 | - | 14,488 | 13,638 |
| Other purchased/professional/ consulting services | 254,413 | 55,042 | 309,455 | 35,822 | - | 345,277 | 41,110 |
| Repairs and maintenance | 183,464 | 13,590 | 197,054 | 28,879 | - | 225,933 | 46,632 |
| Insurance | 51,326 | 3,594 | 54,920 | 7,636 | - | 62,556 | 57,669 |
| Occupancy costs | 204 | - | 204 | - | - | 204 | 6,589 |
| Supplies/materials | 711,074 | 1,190 | 712,264 | - | - | 712,264 | 307,924 |
| Equipment/furnishings | 180,442 | 13,366 | 193,808 | 28,403 | - | 222,211 | 84,271 |
| Staff development | 118,976 | 3,991 | 122,967 | 8,480 | - | 131,447 | 173,502 |
| Marketing/recruitment | 14,969 | 1,109 | 16,078 | 2,356 | - | 18,434 | 16,899 |
| Technology | 451,948 | 33,478 | 485,426 | 51,138 | - | 536,564 | 593,955 |
| Food service | - | - | - | - | - | - | 510,561 |
| Student services | 284,274 | 8,849 | 293,123 | 18,805 | - | 311,928 | 240,794 |
| Office expense | 292,544 | 20,337 | 312,881 | 75,093 | - | 387,974 | 539,610 |
| Depreciation and amortization | 78,501 | 5,815 | 84,316 | 12,357 | - | 96,673 | 115,727 |
| Other | 54,794 | 4,075 | 58,869 | 9,751 | - | 68,620 | 62,709 |
| Total expenses | <u>\$ 15,333,422</u> | <u>\$ 1,357,872</u> | <u>\$ 16,691,294</u> | <u>\$ 1,891,313</u> | <u>\$ 3,000</u> | <u>\$ 18,585,607</u> | <u>\$ 19,198,766</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Crown Heights
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|-------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,927,205 | \$ - | \$ 1,927,205 | \$ 2,036,375 |
| Instructional personnel | 11,157,503 | 1,188,690 | 12,346,193 | - | - | 12,346,193 | 13,337,122 |
| Total personnel services costs | 11,157,503 | 1,188,690 | 12,346,193 | 1,927,205 | - | 14,273,398 | 15,373,497 |
| Fringe benefits and payroll taxes | 2,123,342 | 207,299 | 2,330,641 | 170,554 | - | 2,501,195 | 2,353,536 |
| Retirement | 114,687 | 12,096 | 126,783 | 5,826 | - | 132,609 | 186,984 |
| Management company fees | 2,514,264 | 238,580 | 2,752,844 | 422,103 | - | 3,174,947 | 2,868,441 |
| Accounting/audit services | - | - | - | 21,732 | - | 21,732 | 20,457 |
| Other purchased/professional/ consulting services | 240,587 | 144,591 | 385,178 | 72,367 | - | 457,545 | 21,419 |
| Repairs and maintenance | 231,862 | 21,979 | 253,841 | 38,886 | - | 292,727 | 87,952 |
| Insurance | 94,264 | 8,945 | 103,209 | 15,825 | - | 119,034 | 148,449 |
| Occupancy Costs | 1,212,166 | 115,023 | 1,327,189 | 203,502 | - | 1,530,691 | 1,348,266 |
| Supplies/materials | 590,133 | 1,793 | 591,926 | 14 | - | 591,940 | 410,503 |
| Equipment/furnishings | 220,637 | 20,936 | 241,573 | 44,523 | - | 286,096 | 86,100 |
| Staff development | 151,798 | 4,176 | 155,974 | 7,389 | - | 163,363 | 179,932 |
| Marketing/recruitment | 29,364 | 2,786 | 32,150 | 4,930 | - | 37,080 | 18,896 |
| Technology | 688,302 | 64,968 | 753,270 | 84,891 | - | 838,161 | 753,916 |
| Food service | - | - | - | - | - | - | 59,622 |
| Student services | 533,380 | 12,758 | 546,138 | 22,572 | - | 568,710 | 464,779 |
| Office expense | 436,938 | 38,692 | 475,630 | 156,897 | - | 632,527 | 548,521 |
| Depreciation and amortization | 28,955 | 2,748 | 31,703 | 4,861 | - | 36,564 | 35,282 |
| Other | 76,032 | 6,881 | 82,913 | 12,613 | - | 95,526 | 91,474 |
| Total expenses | <u>\$ 20,444,214</u> | <u>\$ 2,092,941</u> | <u>\$ 22,537,155</u> | <u>\$ 3,216,690</u> | <u>\$ -</u> | <u>\$ 25,753,845</u> | <u>\$ 25,058,026</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - East New York
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|-------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,526,676 | \$ - | \$ 1,526,676 | \$ 1,653,063 |
| Instructional personnel | 9,510,405 | 1,021,382 | 10,531,787 | - | - | 10,531,787 | 11,775,693 |
| Total personnel services costs | 9,510,405 | 1,021,382 | 10,531,787 | 1,526,676 | - | 12,058,463 | 13,428,756 |
| Fringe benefits and payroll taxes | 1,954,873 | 163,030 | 2,117,903 | 117,837 | - | 2,235,740 | 2,165,777 |
| Retirement | 78,892 | 7,499 | 86,391 | 3,121 | - | 89,512 | 190,679 |
| Management company fees | 2,151,800 | 168,109 | 2,319,909 | 268,975 | - | 2,588,884 | 2,474,483 |
| Legal services | - | - | - | - | - | - | - |
| Accounting/audit services | - | - | - | 21,732 | - | 21,732 | 20,457 |
| Other purchased/professional/consulting services | 273,661 | 83,720 | 357,381 | 32,291 | - | 389,672 | 237,267 |
| Repairs and maintenance | 211,132 | 16,495 | 227,627 | 26,392 | - | 254,019 | 93,178 |
| Insurance | 83,203 | 6,500 | 89,703 | 10,400 | - | 100,103 | 75,373 |
| Occupancy costs | - | - | - | - | - | - | 13,318 |
| Supplies/materials | 487,889 | 2,316 | 490,205 | - | - | 490,205 | 406,015 |
| Equipment/furnishings | 148,443 | 11,560 | 160,003 | 18,497 | - | 178,500 | 87,908 |
| Staff development | 158,656 | 4,198 | 162,854 | 6,717 | - | 169,571 | 106,938 |
| Marketing/recruitment | 24,074 | 1,881 | 25,955 | 3,009 | - | 28,964 | 18,934 |
| Technology | 686,092 | 53,710 | 739,802 | 67,955 | - | 807,757 | 672,855 |
| Food service | - | - | - | - | - | - | 22,882 |
| Student services | 460,472 | 8,325 | 468,797 | 13,320 | - | 482,117 | 513,047 |
| Office expense | 344,061 | 24,430 | 368,491 | 53,949 | - | 422,440 | 428,035 |
| Depreciation and amortization | 112,072 | 8,756 | 120,828 | 14,009 | - | 134,837 | 131,921 |
| Other | 79,993 | 6,225 | 86,218 | 10,599 | - | 96,817 | 75,230 |
| Total expenses | <u>\$ 16,765,718</u> | <u>\$ 1,588,136</u> | <u>\$ 18,353,854</u> | <u>\$ 2,195,479</u> | <u>\$ -</u> | <u>\$ 20,549,333</u> | <u>\$ 21,163,053</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Endeavor
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|---------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,029,893 | \$ - | \$ 1,029,893 | \$ 1,113,547 |
| Instructional personnel | 5,449,660 | 627,930 | 6,077,590 | - | - | 6,077,590 | 7,019,566 |
| Total personnel services costs | 5,449,660 | 627,930 | 6,077,590 | 1,029,893 | - | 7,107,483 | 8,133,113 |
| Fringe benefits and payroll taxes | 1,077,815 | 108,155 | 1,185,970 | 83,473 | - | 1,269,443 | 1,322,711 |
| Retirement | 55,466 | 6,270 | 61,736 | 2,669 | - | 64,405 | 90,837 |
| Management company fees | 1,335,144 | 126,693 | 1,461,837 | 224,148 | 817 | 1,686,802 | 1,671,082 |
| Legal services | - | - | - | - | - | - | - |
| Accounting/audit services | - | - | - | 14,488 | - | 14,488 | 13,638 |
| Other purchased/professional/ consulting services | 320,880 | 37,673 | 358,553 | 40,703 | - | 399,256 | 196,271 |
| Repairs and maintenance | 669,595 | 63,359 | 732,954 | 112,096 | - | 845,050 | 801,327 |
| Insurance | 108,381 | 10,284 | 118,665 | 18,195 | - | 136,860 | 145,666 |
| Occupancy costs | 370,588 | 35,165 | 405,753 | 62,215 | - | 467,968 | 211,058 |
| Supplies/materials | 426,816 | 1,217 | 428,033 | - | - | 428,033 | 231,916 |
| Equipment/furnishings | 110,040 | 10,442 | 120,482 | 18,474 | - | 138,956 | 49,876 |
| Staff development | 73,335 | 3,036 | 76,371 | 5,372 | - | 81,743 | 118,027 |
| Marketing/recruitment | 14,593 | 1,385 | 15,978 | 2,450 | - | 18,428 | 13,619 |
| Technology | 383,461 | 36,322 | 419,783 | 49,315 | - | 469,098 | 427,694 |
| Food service | - | - | - | - | - | - | 968,354 |
| Student services | 346,243 | 9,294 | 355,537 | 16,444 | - | 371,981 | 322,695 |
| Office expense | 190,080 | 15,905 | 205,985 | 114,209 | - | 320,194 | 356,591 |
| Depreciation and amortization | 379,769 | 36,036 | 415,805 | 63,757 | - | 479,562 | 438,905 |
| Other | 133,688 | 12,686 | 146,374 | 22,668 | - | 169,042 | 90,328 |
| Total expenses | <u>\$ 11,445,554</u> | <u>\$ 1,141,852</u> | <u>\$ 12,587,406</u> | <u>\$ 1,880,569</u> | <u>\$ 817</u> | <u>\$ 14,468,792</u> | <u>\$ 15,603,708</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Linden
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|---------------------|------------------------|----------------------------|-------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 1,170,932 | \$ - | \$ 1,170,932 | \$ 1,182,943 |
| Instructional personnel | 4,898,301 | 571,722 | 5,470,023 | - | - | 5,470,023 | 6,881,119 |
| Total personnel services costs | 4,898,301 | 571,722 | 5,470,023 | 1,170,932 | - | 6,640,955 | 8,064,062 |
| Fringe benefits and payroll taxes | 988,982 | 113,143 | 1,102,125 | 90,030 | - | 1,192,155 | 1,267,193 |
| Retirement | 32,118 | 3,757 | 35,875 | 1,911 | - | 37,786 | 66,492 |
| Management company fees | 1,221,633 | 144,940 | 1,366,573 | 227,762 | - | 1,594,335 | 1,598,267 |
| Accounting/audit services | - | - | - | 14,488 | - | 14,488 | 13,638 |
| Other purchased/professional/consulting services | 306,714 | 42,296 | 349,010 | 40,504 | - | 389,514 | 23,105 |
| Repairs and maintenance | 92,381 | 10,960 | 103,341 | 17,223 | - | 120,564 | 112,816 |
| Insurance | 52,966 | 6,284 | 59,250 | 9,875 | - | 69,125 | 48,086 |
| Occupancy costs | 1,996,574 | 236,882 | 2,233,456 | 372,243 | - | 2,605,699 | 13,377 |
| Supplies/materials | 491,297 | 1,190 | 492,487 | - | - | 492,487 | 294,823 |
| Equipment/furnishings | 154,167 | 18,291 | 172,458 | 28,743 | - | 201,201 | 196,217 |
| Staff development | 78,072 | 5,379 | 83,451 | 8,452 | - | 91,903 | 119,292 |
| Marketing/recruitment | 24,860 | 3,317 | 28,177 | 5,213 | - | 33,390 | 43,496 |
| Technology | 380,166 | 45,104 | 425,270 | 57,713 | - | 482,983 | 458,118 |
| Food service | - | - | - | - | - | - | 13,996 |
| Student services | 168,907 | 7,939 | 176,846 | 12,476 | - | 189,322 | 235,507 |
| Office expense | 408,936 | 47,069 | 456,005 | 94,133 | - | 550,138 | 390,101 |
| Depreciation and amortization | 149,426 | 17,729 | 167,155 | 27,859 | - | 195,014 | 146,979 |
| Other | 33,921 | 4,012 | 37,933 | 3,981 | - | 41,914 | 61,109 |
| Interest expense | - | - | - | - | - | - | 1,000 |
| Total expenses | <u>\$ 11,479,421</u> | <u>\$ 1,280,014</u> | <u>\$ 12,759,435</u> | <u>\$ 2,183,538</u> | <u>\$ -</u> | <u>\$ 14,942,973</u> | <u>\$ 13,167,674</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - North Brooklyn
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|----------------------|---------------------------|-------------------------------|-------------|----------------------|----------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 943,488 | \$ - | \$ 943,488 | \$ 1,111,427 |
| Instructional personnel | 6,370,167 | 584,479 | 6,954,646 | - | - | 6,954,646 | 7,483,275 |
| Total personnel services costs | 6,370,167 | 584,479 | 6,954,646 | 943,488 | - | 7,898,134 | 8,594,702 |
| Fringe benefits and payroll taxes | 1,195,827 | 96,450 | 1,292,277 | 80,816 | - | 1,373,093 | 1,355,107 |
| Retirement | 72,929 | 6,557 | 79,486 | 2,732 | - | 82,218 | 81,310 |
| Management company fees | 1,625,173 | 116,084 | 1,741,257 | 251,515 | - | 1,992,772 | 1,872,228 |
| Accounting/audit services | - | - | - | 14,488 | - | 14,488 | 13,638 |
| Other purchased/professional/ consulting services | 109,576 | 23,269 | 132,845 | 11,403 | - | 144,248 | 16,878 |
| Repairs and maintenance | 99,910 | 7,132 | 107,042 | 15,453 | - | 122,495 | 195,019 |
| Insurance | 47,859 | 3,419 | 51,278 | 7,407 | - | 58,685 | 55,196 |
| Occupancy costs | 2,294 | 164 | 2,458 | 355 | - | 2,813 | 9,661 |
| Supplies/materials | 582,407 | 1,190 | 583,597 | - | - | 583,597 | 321,166 |
| Equipment/furnishings | 120,957 | 8,640 | 129,597 | 18,720 | - | 148,317 | 94,011 |
| Staff development | 64,386 | 1,350 | 65,736 | 2,926 | - | 68,662 | 135,150 |
| Marketing/recruitment | 15,164 | 1,083 | 16,247 | 2,347 | - | 18,594 | 13,579 |
| Technology | 399,455 | 28,532 | 427,987 | 44,445 | - | 472,432 | 476,872 |
| Food service | - | - | - | - | - | - | 509,607 |
| Student services | 232,336 | 8,469 | 240,805 | 18,350 | - | 259,155 | 134,907 |
| Office expense | 157,213 | 9,722 | 166,935 | 42,349 | - | 209,284 | 376,869 |
| Depreciation and amortization | 134,752 | 9,625 | 144,377 | 20,855 | - | 165,232 | 198,695 |
| Other | 43,321 | 2,766 | 46,087 | 5,991 | - | 52,078 | 47,326 |
| Interest expense | - | - | - | - | - | - | 1,000 |
| Total expenses | <u>\$ 11,273,726</u> | <u>\$ 908,931</u> | <u>\$ 12,182,657</u> | <u>\$ 1,483,640</u> | <u>\$ -</u> | <u>\$ 13,666,297</u> | <u>\$ 14,502,921</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Voyager
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|----------------------|---------------------------|-------------------------------|-----------------|---------------------|---------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 471,749 | \$ - | \$ 471,749 | \$ 458,337 |
| Instructional personnel | 1,693,687 | 114,819 | 1,808,506 | - | - | 1,808,506 | 2,097,321 |
| Total personnel services costs | 1,693,687 | 114,819 | 1,808,506 | 471,749 | - | 2,280,255 | 2,555,658 |
| Fringe benefits and payroll taxes | 353,110 | 22,727 | 375,837 | 32,707 | - | 408,544 | 395,279 |
| Retirement | 16,580 | 1,100 | 17,680 | 1,090 | - | 18,770 | 33,237 |
| Management company fees | 370,033 | 21,767 | 391,800 | 62,300 | 3,000 | 457,100 | 433,311 |
| Accounting/audit services | - | - | - | 7,244 | - | 7,244 | 6,819 |
| Other purchased/professional/ consulting services | 18,745 | 2,470 | 21,215 | 3,286 | - | 24,501 | 10,643 |
| Repairs and maintenance | 3,593 | 211 | 3,804 | 634 | - | 4,438 | 17,533 |
| Insurance | 8,881 | 522 | 9,403 | 1,567 | - | 10,970 | 12,970 |
| Occupancy costs | - | - | - | - | - | - | 527 |
| Supplies/materials | 102,607 | 640 | 103,247 | - | - | 103,247 | 78,907 |
| Equipment/furnishings | 41,114 | 2,418 | 43,532 | 7,255 | - | 50,787 | 37,743 |
| Staff development | 54,893 | 1,759 | 56,652 | 3,777 | - | 60,429 | 13,029 |
| Marketing/recruitment | 8,582 | 505 | 9,087 | 1,514 | - | 10,601 | 9,837 |
| Technology | 165,827 | 9,755 | 175,582 | 24,351 | - | 199,933 | 158,733 |
| Food service | - | - | - | - | - | - | 206,368 |
| Student services | 84,807 | 1,260 | 86,067 | 3,380 | - | 89,447 | 70,899 |
| Office expense | 27,845 | 1,503 | 29,348 | 30,265 | - | 59,613 | 119,433 |
| Depreciation and amortization | 65,334 | 3,843 | 69,177 | 11,530 | - | 80,707 | 94,763 |
| Other | 10,546 | 682 | 11,228 | - | - | 11,228 | 27,085 |
| Interest expense | - | - | - | - | - | - | 1,672 |
| Total expenses | <u>\$ 3,026,184</u> | <u>\$ 185,981</u> | <u>\$ 3,212,165</u> | <u>\$ 662,649</u> | <u>\$ 3,000</u> | <u>\$ 3,877,814</u> | <u>\$ 4,284,446</u> |

See Independent Auditor's Report.

Achievement First Brooklyn Charter Schools

**Supplemental Schedule of Functional Expenses - Legacy
Year Ended June 30, 2024 (With Comparative Totals for 2023)**

| | Program services | | | General and administrative | Fundraising | 2024 Total | 2023 Total |
|--|----------------------|----------------------|---------------------------|-------------------------------|-----------------|---------------------|---------------------|
| | Regular education | Special education | Total program services | | | | |
| Personnel services costs | | | | | | | |
| Administrative staff personnel | \$ - | \$ - | \$ - | \$ 426,249 | \$ - | \$ 426,249 | \$ 366,935 |
| Instructional personnel | 1,665,908 | 147,870 | 1,813,778 | - | - | 1,813,778 | 1,608,973 |
| Total personnel services costs | 1,665,908 | 147,870 | 1,813,778 | 426,249 | - | 2,240,027 | 1,975,908 |
| Fringe benefits and payroll taxes | 311,472 | 24,140 | 335,612 | 39,591 | - | 375,203 | 297,725 |
| Retirement | 11,276 | 979 | 12,255 | 889 | - | 13,144 | 11,945 |
| Management company fees | 381,783 | 28,280 | 410,063 | 95,981 | 3,000 | 509,044 | 380,465 |
| Legal services | - | - | - | - | - | - | - |
| Accounting/audit services | - | - | - | 7,244 | - | 7,244 | 6,817 |
| Other purchased/professional/ consulting services | 80,512 | 22,033 | 102,545 | 20,502 | - | 123,047 | 6,020 |
| Repairs and maintenance | 7,528 | 558 | 8,086 | 1,952 | - | 10,038 | 1,234,864 |
| Insurance | 13,790 | 1,021 | 14,811 | 3,575 | - | 18,386 | 15,815 |
| Occupancy costs | 918,719 | 68,053 | 986,772 | 238,186 | - | 1,224,958 | 175 |
| Supplies/materials | 289,273 | 595 | 289,868 | - | - | 289,868 | 125,731 |
| Equipment/furnishings | 52,310 | 3,875 | 56,185 | 13,562 | - | 69,747 | 25,108 |
| Staff development | 31,183 | 1,363 | 32,546 | 4,769 | - | 37,315 | 33,394 |
| Marketing/recruitment | 6,913 | 512 | 7,425 | 1,792 | - | 9,217 | 5,773 |
| Technology | 165,808 | 12,282 | 178,090 | 34,591 | - | 212,681 | 121,766 |
| Food service | - | - | - | - | - | - | 9,977 |
| Student services | 50,397 | 2,239 | 52,636 | 7,837 | - | 60,473 | 29,804 |
| Office expense | 130,544 | 8,757 | 139,301 | (34,752) | - | 104,549 | 116,516 |
| Depreciation and amortization | 104,404 | 7,734 | 112,138 | 27,068 | - | 139,206 | 131,872 |
| Other | 11,680 | 865 | 12,545 | 3,028 | - | 15,573 | 25,279 |
| Total expenses | <u>\$ 4,233,500</u> | <u>\$ 331,156</u> | <u>\$ 4,564,656</u> | <u>\$ 892,064</u> | <u>\$ 3,000</u> | <u>\$ 5,459,720</u> | <u>\$ 4,554,954</u> |

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Achievement First Brooklyn Charter Schools

We have audited in accordance with 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 Achievement First Brooklyn Charter Schools, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 30, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Achievement First Brooklyn Charter Schools' internal control over financial reporting ("internal control") as a basis for designing 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 Achievement First Brooklyn Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Achievement First Brooklyn Charter Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Achievement First Brooklyn Charter Schools' 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Hartford, Connecticut
October 30, 2024

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

To the Board of Trustees
Achievement First Brooklyn Charter Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Achievement First Brooklyn Charter Schools' 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 Achievement First Brooklyn Charter Schools' major federal programs for the year ended June 30, 2024. Achievement First Brooklyn Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Achievement First Brooklyn Charter Schools complied, in all material respects, with the 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 ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Achievement First Brooklyn Charter Schools 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 Achievement First Brooklyn Charter Schools' 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 Achievement First Brooklyn Charter Schools' federal programs.

Auditor's 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 Achievement First Brooklyn Charter Schools' 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 GAAS, *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 Achievement First Brooklyn Charter Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Achievement First Brooklyn Charter Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Achievement First Brooklyn Charter Schools' 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 Achievement First Brooklyn Charter Schools' 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 Auditor's 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.

CohnReznick LLP

Hartford, Connecticut
October 30, 2024

Achievement First Brooklyn 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 | Passed through to subrecipients | Total federal expenditures |
|---|-----------------------------------|--|---------------------------------|----------------------------|
| U.S. Department of Education Passed through New York State Education Department | | 0021-23-4304 0021-23-4308 0021-23-4324 0021-23-4326 0021-23-4375 0021-23-4555 0021-23-4940 0021-23-5000 0021-23-5085 | | |
| Title I Grants to Local Educational Agencies (LEAs) | 84.010 | 0021-23-5265 0021-23-5690 | \$ - | \$ 3,435,745 |
| | | 0147-23-4304 0147-23-4308 0147-23-4324 0147-23-4326 0147-23-4375 0147-23-4555 0147-23-4940 0147-23-5000 0147-23-5085 | | |
| Supporting Effective Instruction State Grants | 84.367 | 0147-23-5265 0147-23-5690 | - | 364,990 |
| English Language Acquisition State Grants | 84.365 | 0293-23-4324 | - | 149,034 |
| English Language Acquisition State Grants- Immigrant | 84.365 | 0293-23-4324 | - | <u>46,924</u> |
| Total English Language Acquisition State Grants | | | | 195,958 |
| | | 0204-23-4555 0204-23-4940 0204-23-4375 0204-23-4325 0204-23-4304 0204-23-4308 0204-23-4326 0204-23-5000 | | |
| Student Support and Academic Enrichment Program | 84.424 | 0204-23-5085 0204-23-5265 | - | 288,044 |

Achievement First Brooklyn 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 | Passed through to subrecipients | Total federal expenditures |
|---|--|---|---------------------------------------|-------------------------------|
| Special Education Cluster (IDEA) Special Education Grants to States (IDEA, Part B) - Total Special Education Cluster (IDEA) | 84.027 | Not applicable | - | 1,746,482 |
| | | 5890-23-4555 | | |
| | | 5890-23-4940 | | |
| | | 5890-23-4375 | | |
| | | 5890-23-4325 | | |
| | | 5890-23-4304 | | |
| | | 5890-23-4308 | | |
| | | 5890-23-4326 | | |
| | | 5890-23-5000 | | |
| COVID-19 Education Stabilization Fund Elementary and Secondary School Emergency Relief Fund | 84.425D | 5890-23-5085 | | |
| | | 5890-23-5265 | | |
| | | 5890-23-5690 | - | 13,522,313 |
| Passed through Achievement First, Inc. Charter Schools | 84.282 | Not applicable | - | 225,232 |
| Total U.S. Department of Education | | | - | 19,778,764 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 19,778,764 |

See Notes to Schedule of Expenditures of Federal Awards.

Achievement First Brooklyn Charter Schools

Notes to Schedule of Expenditures of Federal Awards June 30, 2024

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Achievement First Brooklyn Charter Schools (the "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.

Note 2 - Summary of significant accounting policies

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

Note 3 - Indirect cost rate

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

Achievement First Brooklyn Charter Schools

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

I. Summary of Auditor's Results

Financial Statements:

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

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to 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 auditor's report issued on compliance for major federal programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

 yes X no

Identification of major programs:

Federal Assistance
Listing Number(s)

Name of Federal Program or Cluster

84.425D

COVID-19 Education Stabilization Fund
Elementary and Secondary School
Emergency Relief Fund

84.027

Special Education Grants to States
(IDEA, Part B)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

Achievement First Brooklyn Charter Schools

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

II. Findings - Financial Statement Audit

None

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

None



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