

Brooklyn Emerging Leaders Academy Charter School

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2024

Brooklyn Emerging Leaders Academy Charter School

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2024

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Schedule of Findings and Questioned Costs	18



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School 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 the School 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 the School's ability to continue as a going concern within 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 judgement 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 the School's 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 the School's 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 the School's financial statements for the year ended June 30, 2023, and we expressed an unmodified opinion on those audited financial statements in our report dated October 17, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report for the year ended June 30, 2024 dated October 25, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Sax CPAs LLP

New York, NY
October 25, 2024

Brooklyn Emerging Leaders Academy Charter School

Statement of Financial Position

As of June 30, 2024
(With comparative totals as of June 30, 2023)

	June 30,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,034,310	\$ 1,993,130
Investments	1,039,351	-
Government grants receivable - per pupil funding	-	14,202
Government grants receivable - other	193,844	559,002
Prepaid expenses and other assets	17,537	5,978
Property and equipment, net	153,810	271,569
Finance lease right-of-use assets	90,400	137,096
Restricted cash	75,070	75,063
	<u>2,604,322</u>	<u>3,056,040</u>
TOTAL ASSETS	\$ 2,604,322	\$ 3,056,040
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 350,217	\$ 232,001
Government grants advance - per pupil funding	4,475	-
Finance lease liability	90,925	136,263
Total liabilities	<u>445,617</u>	<u>368,264</u>
NET ASSETS		
Without donor restrictions	1,997,430	2,619,639
With donor restrictions	161,275	68,137
Total net assets	<u>2,158,705</u>	<u>2,687,776</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 2,604,322	\$ 3,056,040

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

Brooklyn Emerging Leaders Academy Charter School

Statement of Activities

For the Year Ended June 30, 2024
(With comparative totals for the year ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/24	Total 6/30/23
PUBLIC SUPPORT AND REVENUE				
Public school district revenue:				
Resident student enrollment	\$ 4,018,478	\$ -	\$ 4,018,478	\$ 4,165,024
Students with special educational services	318,287	-	318,287	405,989
Total public school district revenue	4,336,765	-	4,336,765	4,571,013
Government grants - other	381,282	-	381,282	661,434
Contributions	103,800	100,000	203,800	230,230
Contributed space	1,000,000	-	1,000,000	1,000,000
Investment return	39,350	-	39,350	-
Other income	33,039	-	33,039	42,896
Net assets released from restrictions	6,862	(6,862)	-	-
	5,901,098	93,138	5,994,236	6,505,573
PROGRAM SERVICES				
Regular education	5,002,364	-	5,002,364	4,954,950
Special education	355,706	-	355,706	396,850
Total program services	5,358,070	-	5,358,070	5,351,800
SUPPORTING SERVICES				
Management and general	1,139,542	-	1,139,542	1,075,838
Fundraising	25,695	-	25,695	20,962
Total supporting services	1,165,237	-	1,165,237	1,096,800
TOTAL EXPENSES	6,523,307	-	6,523,307	6,448,600
Change in net assets	(622,209)	93,138	(529,071)	56,973
NET ASSETS, beginning of year	2,619,639	68,137	2,687,776	2,630,803
NET ASSETS, end of year	\$ 1,997,430	\$ 161,275	\$ 2,158,705	\$ 2,687,776

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

Brooklyn Emerging Leaders Academy Charter School

Statement of Functional Expenses

For the Year Ended June 30, 2024

(With comparative totals for the year ended June 30, 2023)

	Program Services			Supporting Services		Total Expenses 6/30/2024	Total Expenses 6/30/2023	
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 2,728,052	\$ 147,686	\$ 2,875,738	\$ 423,895	\$ 16,261	\$ 440,156	\$ 3,315,894	\$ 3,313,481
Payroll taxes and benefits	610,993	33,073	644,066	94,915	3,642	98,557	742,623	721,129
Total personnel costs	3,339,045	180,759	3,519,804	518,810	19,903	538,713	4,058,517	4,034,610
Professional fees	2,775	490	3,265	322,304	-	322,304	325,569	422,851
Curriculum and classroom expenses	244,982	43,232	288,214	-	-	-	288,214	247,204
Food services	99,787	17,610	117,397	-	-	-	117,397	110,285
Facilities expense	3,933	694	4,627	-	-	-	4,627	14,987
Contributed space	822,719	44,539	867,258	127,838	4,904	132,742	1,000,000	1,000,000
Equipment	-	-	-	7,107	-	7,107	7,107	3,503
Office expenses	120,147	10,930	131,077	16,981	515	17,496	148,573	146,157
Professional development	137,814	24,319	162,133	35,231	-	35,231	197,364	164,455
Insurance	62,632	3,392	66,024	9,732	373	10,105	76,129	79,043
Recruitment	44,606	7,872	52,478	-	-	-	52,478	14,981
Other expenses	23,830	4,204	28,034	54,843	-	54,843	82,877	47,178
Finance lease amortization	-	-	-	46,696	-	46,696	46,696	2,983
Depreciation	100,094	17,665	117,759	-	-	-	117,759	160,363
Total expenses	\$ 5,002,364	\$ 355,706	\$ 5,358,070	\$ 1,139,542	\$ 25,695	\$ 1,165,237	\$ 6,523,307	\$ 6,448,600

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

Brooklyn Emerging Leaders Academy Charter School

Statement of Cash Flows

For the Year Ended June 30, 2024
(With comparative totals for the year ended June 30, 2023)

	June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (529,071)	\$ 56,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	117,759	160,363
Finance lease amortization	46,696	2,983
Unrealized gain on investments	(37,160)	-
Changes in assets and liabilities:		
Government grants receivable/advance - per pupil funding	18,677	(56,670)
Government grants receivable - other	365,158	39,130
Prepaid expenses and other assets	(11,559)	12,625
Accounts payable and accrued expenses	118,216	(4,370)
Net cash flows provided by operating activities	88,716	211,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	-	(185,364)
Purchase of investments	(1,002,191)	-
Net cash flows used for investing activities	(1,002,191)	(185,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease payable	-	(61,907)
Principal payments on finance lease liability	(45,338)	(3,816)
Net cash flows used for financing activities	(45,338)	(65,723)
Net decrease in cash, cash equivalents and restricted cash	(958,813)	(40,053)
Cash, cash equivalents and restricted cash, <i>beginning of year</i>	2,068,193	2,108,246
Cash, cash equivalents and restricted cash, <i>end of year</i>	\$ 1,109,380	\$ 2,068,193
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 1,034,310	\$ 1,993,130
Restricted cash	75,070	75,063
Total cash, cash equivalents and restricted cash	\$ 1,109,380	\$ 2,068,193
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 3,490	\$ 1,753
Cash paid during the year for taxes	\$ -	\$ -

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

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 1 - Organization

Brooklyn Emerging Leaders Academy Charter School (the "School") located in Brooklyn, New York, is a not-for-profit education corporation chartered by The State University of New York Charter Schools Institute. The School provides a full range of educational services appropriate for high school. The School completed the 2023-2024 fiscal year with an average enrollment of approximately 219 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). On October 11, 2016, the School was granted a provisional charter for a term up to and including June 30, 2022. The School's charter was renewed on January 11, 2022 for a five-year, full-term through July 31, 2027. The School's primary sources of revenue are public school district revenue, government grants, and contributions.

The School has the following programs:

- Regular Education - Builds the foundation of knowledge, skills, and competencies for a substantive undergraduate academic experience, a successful career, and a productive lifetime.
- Special Education - Instruction that is specially designed to meet the unique needs of children with disabilities.

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

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Recently Adopted Accounting Pronouncement

Effective July 1, 2023, the School adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"). Financial assets, which potentially subject the School to credit losses, consist primarily of receivables. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions. Contribution as well as government grant revenue recognized under the FASB's Accounting Standards Codification ("ASC") 958-605 are not included in this standard. Based on the analysis performed, all open receivables as of June 30, 2024 are related to contributed revenue. As such the impact of the adoption was not material to the financial statements.

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

c. Basis of Presentation

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

- Net Assets Without Donor Restrictions - represents all activity without donor-imposed restrictions.
- Net Assets With Donor Restrictions - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Donor restricted contributions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. See Note 9.

d. Revenue Recognition

The School follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the time they become unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

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

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under FASB ASC 958-605. Revenue from these transactions is recognized when performance-related outcomes are achieved and other conditions under the agreements are met.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discounted rate. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2024 and 2023. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

e. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid financial instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statements of financial position and cash flows. Cash maintained in escrow per requirements of the NYCDOE are treated as restricted cash.

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the School has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

g. Concentration of Credit Risk

Financial instruments that potentially subject the School to a concentration of credit risk consist of cash, money market accounts, and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the School. At year end and at various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

h. Property and Equipment

Computer hardware, furniture and equipment are capitalized at cost or at the fair value at the date of gift, if donated. The School capitalizes property and equipment in excess of \$1,000 that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful life of each asset, which generally is between three and seven years.

i. Leases

The School determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Finance lease amortization is recognized on a straight-line basis over the lease term. The School does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

j. Advertising

The cost of advertising is expensed as incurred.

k. Donated Services

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

l. Contributed Space

The School's operations are located in a facility provided by the NYCDOE at no charge. The School utilizes approximately 25,000 square feet and recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the School's service area. The total amount recognized for donated facilities is approximately \$1,000,000 for each of the years ended June 30, 2024 and 2023, respectively.

m. Functional Allocation of Expenses

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

The following expense was allocated using time and effort as the basis:

- Salaries

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

- Payroll taxes and benefits
- Contributed space
- Office expenses
- Insurance

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

n. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

o. Contingencies

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

p. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2021 and later are subject to examination by applicable taxing authorities.

q. Comparative Financial Information

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

Note 3 - Investments

As of June 30, 2024, investments consist of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Money Market Funds	\$ 52,861	\$ 52,861	\$ -
U.S. Treasury Bonds	986,490	-	986,490
Total	<u>\$ 1,039,351</u>	<u>\$ 52,861</u>	<u>\$ 986,490</u>

For the year ended June 30, 2024, investment return consists of the following:

Unrealized Gain	\$ 37,160
Interest and dividends	2,190
Total investment return	<u>\$ 39,350</u>

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 4 - Government Grants Receivable/(Advance) - Per Pupil Funding

Grants receivable on the contract with the NYCDOE can be summarized as follows:

	June 30,	
	2024	2023
Beginning grants receivable/(advance)	\$ 14,202	\$ (42,468)
Funding based on allowable FTEs	4,336,765	4,571,013
Advances received	(4,355,442)	(4,514,343)
Ending grants (advance)/receivable	\$ (4,475)	\$ 14,202

Note 5 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2024	2023
Furniture, fixtures and equipment	\$ 1,028,348	\$ 1,028,348
Less: accumulated depreciation	(874,538)	(756,779)
Total property and equipment, net	\$ 153,810	\$ 271,569

Note 6 - Finance Lease Right-of-Use Assets and Finance Lease Liabilities

The ROU assets represent the School's right to use underlying assets for the lease term, and the lease liabilities represent the School's obligation to make lease payments arising from these leases. The School entered into a lease for the acquisition of computers and related equipment in June 2023 for 36 months and has determined it to be a finance lease. There is a purchase option at the end of the lease term in the amount of \$1. The ROU assets and lease liabilities, all of which arise from a finance lease, were calculated based on the present value of future lease payments over the lease terms. The School has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities and the weighted average lease term as of June 30, 2023 was 3.09% and 1.94 years.

For the year ended June 30, 2024, total finance lease cost was \$50,186 of which \$46,696 is related to amortization of the right of use asset and \$3,490 is interest. For the year ended June 30, 2023, total finance lease cost was \$3,236 of which \$2,983 is related to amortization of the right of use asset and \$253 is interest. There were no short-term lease costs during the year ended June 30, 2024 and 2023.

Cash paid for finance leases for the year ended June 30, 2024 totaled \$48,828 of which \$45,338 is related to principal and \$3,490 is related to interest. Cash paid for finance leases for the year ended June 30, 2023 totaled \$4,069 of which \$3,816 is related to principal and \$253 is related to interest. There were no noncash investing and financing transactions related to leasing except for the right-of-use asset obtained in exchange for the lease liability recorded at the date of commencement.

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 6 - Finance Lease Right-of-Use Assets and Finance Lease Liabilities - Continued

The aggregate future minimum lease payments under these finance leases as of June 30, 2024 are as follows:

Year ending:

	June 30, 2025	\$	48,828
	June 30, 2026		44,759
			<u>93,587</u>
Total			93,587
Less: discount to present value at 3.09%			(2,662)
Total lease obligation		\$	<u><u>90,925</u></u>

Note 7 - Restricted Cash

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

Note 8 - Commitments and Contingencies

In its normal course of business, the School may become a party to various claims related to operating the school and general employment matters. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters, as of June 30, 2024, cannot be ascertained. Management does not believe that there are any outstanding claims where the final outcome will have a material impact on the financial statements. Any such claim will be recorded in the period that it is deemed probable that a liability has been incurred.

Note 9 - Net Assets With Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	June 30, 2024			
	Beginning Balance 7/1/23	Restricted Contributions	Released from Restrictions	Ending Balance 6/30/24
Multi-media library	\$ 64,743	\$ -	\$ (6,862)	\$ 57,881
Fellowship	3,394	-	-	3,394
Science lab	-	100,000	-	100,000
Total restrictions	<u>\$ 68,137</u>	<u>\$ 100,000</u>	<u>\$ (6,862)</u>	<u>\$ 161,275</u>
	June 30, 2023			
	Beginning Balance 7/1/22	Restricted Contributions	Released from Restrictions	Ending Balance 6/30/23
Multi-media library	\$ 77,740	\$ -	\$ (12,997)	\$ 64,743
Fellowship	5,000	-	(1,606)	3,394
Total restrictions	<u>\$ 82,740</u>	<u>\$ -</u>	<u>\$ (14,603)</u>	<u>\$ 68,137</u>

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 10 - Significant Concentrations

The School and the NYCDOE signed an agreement, which permits the school to operate the charter. Approximately 87% and 83% of the School's total public support and revenue, excluding contributed space was received from the NYCDOE for the years ended June 30, 2024 and 2023, respectively. If the NYCDOE were to discontinue funding, it would have a severe economic impact on the School's ability to operate.

Note 11 - Retirement Plan

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

The School contributed \$100,060 in 2024 and \$99,429 in 2023 to the 403(b) plan. The following vesting periods apply:

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

Note 12 - Availability and Liquidity

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

Cash and cash equivalents	\$ 1,034,310	
Investments	1,039,351	
Government grants receivable - other	193,844	
Total financial assets		\$ 2,267,505
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future programs and periods		(161,275)
Financial assets available to meet cash needs for general expenditures within one year		\$ 2,106,230

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

Brooklyn Emerging Leaders Academy Charter School

Notes to Financial Statements

June 30, 2024

Note 13 - Subsequent Events

Subsequent events have been evaluated through October 25, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brooklyn Emerging Leaders Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sax CPAs LLP

New York, NY
October 25, 2024

Brooklyn Emerging Leaders Academy

Schedule of Findings and Questioned Costs

June 30, 2024

Current Year:

None

Prior Year:

None - There were no findings in the prior year.