

# **Brooklyn Prospect Charter School**

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

June 30, 2024 and 2023

# Brooklyn Prospect Charter School

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

June 30, 2024 and 2023

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## Independent Auditors' Report

**Board of Trustees**  
**Brooklyn Prospect Charter School**

### Report on the Audit of the Financial Statements

#### *Opinion*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Prospect Charter School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brooklyn Prospect Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brooklyn Prospect Charter 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 Brooklyn Prospect Charter 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 Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by charter, for the year ended June 30, 2024 on pages 20 through 24 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 25 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of Brooklyn Prospect Charter 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 Brooklyn Prospect Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brooklyn Prospect Charter School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

## Brooklyn Prospect Charter School

### Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash	\$ 3,707,725	\$ 2,535,162
Investments	6,229,512	3,614,787
Grants and contracts receivable	1,728,709	2,228,502
Due from related parties	-	876,324
Prepaid expenses and other current assets	130,132	583,794
Total Current Assets	11,796,078	9,838,569
Property and equipment, net	7,517,825	6,822,512
Right of use assets - operating leases, net	243,228,864	196,246,315
Right of use assets - financing leases, net	1,007,692	213,893
Restricted cash	200,133	200,094
Security deposits	2,816,315	3,416,315
	\$ 266,566,907	\$ 216,737,698
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 672,080	\$ 566,895
Due to related parties, net	62,227	-
Loan payable, current portion	510,000	510,000
Paycheck Protection Program loan payable, current portion	102,975	101,982
Operating lease liabilities, current portion	6,926,910	5,138,891
Financing lease liabilities, current portion	229,536	46,873
Refundable advances	-	47,779
Total Current Liabilities	8,503,728	6,412,420
Loan payable	1,130,000	1,640,000
Paycheck Protection Program loan payable	-	107,018
Operating lease liabilities	248,095,314	199,256,092
Financing lease liabilities	796,754	169,850
Total Liabilities	258,525,796	207,585,380
Net assets, without donor restrictions	8,041,111	9,152,318
	\$ 266,566,907	\$ 216,737,698

See notes to financial statements

## Brooklyn Prospect Charter School

### Statements of Activities

	Year Ended June 30,	
	2024	2023
<b>OPERATING REVENUE</b>		
State and local per pupil operating revenue		
General education	\$ 44,337,225	\$ 38,758,182
Special education	5,553,533	5,357,083
Facilities	13,073,544	11,600,649
Federal grants	2,490,085	1,947,901
Federal IDEA and Erate	528,192	410,643
State and city grants	1,095,721	998,805
Total Operating Revenue	67,078,300	59,073,263
<b>EXPENSES</b>		
Program Services		
Regular education	46,375,501	44,459,230
Special education	11,616,627	11,160,429
Total Program Services	57,992,128	55,619,659
Supporting Services		
Management and general	10,469,340	9,213,800
Fundraising	300,692	282,309
Total Expenses	68,762,160	65,115,768
 (Deficit) from Operations	 (1,683,860)	 (6,042,505)
<b>SUPPORT AND OTHER REVENUE (EXPENSES)</b>		
Contributions from related party	88,484	183,290
Contributions and private grants	467,720	566,160
Write-off of security deposits	(500,000)	-
Donated services	-	15,075
After school program	-	16,517
Landlord reimbursement	-	248,851
Other income	516,449	365,130
Total Support and Other Revenue (Expenses)	572,653	1,395,023
 Change in Net Assets	 (1,111,207)	 (4,647,482)
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	9,152,318	13,799,800
End of year	\$ 8,041,111	\$ 9,152,318

See notes to financial statements

**Brooklyn Prospect Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	65	\$ 4,206,109	\$ 1,051,528	\$ 5,257,637	\$ 1,577,800	\$ 24,994	\$ 6,860,431
Instructional personnel	267	17,187,062	4,296,766	21,483,828	2,000	-	21,485,828
Non-instructional personnel	14	620,873	155,219	776,092	39,408	-	815,500
Total Personnel Services Costs	<u>346</u>	<u>22,014,044</u>	<u>5,503,513</u>	<u>27,517,557</u>	<u>1,619,208</u>	<u>24,994</u>	<u>29,161,759</u>
Employee benefits and payroll taxes		5,432,459	1,358,114	6,790,573	399,610	6,173	7,196,356
Office expenses		503,747	125,937	629,684	73,595	496	703,775
Accounting and auditing		-	-	-	53,457	-	53,457
Legal fees		-	-	-	12,597	-	12,597
Payroll service		-	-	-	136,381	-	136,381
General and administrative consultants		31,863	7,966	39,829	9,957	-	49,786
Management fee		2,813,808	703,452	3,517,260	5,187,960	87,931	8,793,151
Other professional fees		648,688	184,923	833,611	5,835	72	839,518
Professional development		108,830	27,207	136,037	-	-	136,037
Student and staff special events		275,248	68,812	344,060	9,346	145	353,551
Parent teacher organization		-	-	-	-	165,407	165,407
Curriculum and classroom		889,255	222,313	1,111,568	-	-	1,111,568
Insurance		-	-	-	370,008	-	370,008
Facilities expense		13,445,860	3,361,465	16,807,325	983,926	15,236	17,806,487
Technology		203,726	50,931	254,657	14,996	229	269,882
Depreciation and amortization		-	-	-	1,410,216	-	1,410,216
Miscellaneous		7,973	1,994	9,967	182,248	9	192,224
Total Expenses		<u>\$ 46,375,501</u>	<u>\$ 11,616,627</u>	<u>\$ 57,992,128</u>	<u>\$ 10,469,340</u>	<u>\$ 300,692</u>	<u>\$ 68,762,160</u>

**Brooklyn Prospect Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2023

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	42	\$ 2,609,784	\$ 652,445	\$ 3,262,229	\$ 1,319,160	\$ 19,245	\$ 4,600,634
Instructional personnel	262	16,922,175	4,230,543	21,152,718	-	-	21,152,718
Non-instructional personnel	41	2,262,146	565,536	2,827,682	150,185	-	2,977,867
Total Personnel Services Costs	<u>345</u>	<u>21,794,105</u>	<u>5,448,524</u>	<u>27,242,629</u>	<u>1,469,345</u>	<u>19,245</u>	<u>28,731,219</u>
Employee benefits and payroll taxes		5,180,318	1,295,080	6,475,398	349,316	4,583	6,829,297
Office expenses		517,721	129,430	647,151	86,819	389	734,359
Accounting and auditing		-	-	-	105,341	-	105,341
Legal fees		-	-	-	23,859	-	23,859
Donated legal services		-	-	-	15,075	-	15,075
Payroll service		-	-	-	169,312	-	169,312
General and administrative consultants		46,686	11,671	58,357	16,789	-	75,146
Management fee		2,530,973	632,743	3,163,716	4,666,481	79,093	7,909,290
Other professional fees		771,547	238,508	1,010,055	7,415	67	1,017,537
Professional development		252,279	63,071	315,350	-	-	315,350
Student and staff special events		270,330	67,583	337,913	8,141	104	346,158
Parent teacher organization		-	-	-	-	167,828	167,828
Curriculum and classroom		687,515	171,879	859,394	-	-	859,394
Insurance		-	-	-	319,271	-	319,271
Facilities expense		12,169,357	3,042,339	15,211,696	819,898	10,790	16,042,384
Technology		230,130	57,533	287,663	15,467	203	303,333
Depreciation and amortization		-	-	-	1,058,171	-	1,058,171
Miscellaneous		8,269	2,068	10,337	83,100	7	93,444
Total Expenses		<u>\$ 44,459,230</u>	<u>\$ 11,160,429</u>	<u>\$ 55,619,659</u>	<u>\$ 9,213,800</u>	<u>\$ 282,309</u>	<u>\$ 65,115,768</u>

## Brooklyn Prospect Charter School

### Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,111,207)	\$ (4,647,482)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,228,732	1,024,562
Amortization of right of use assets - operating leases	6,798,787	9,577,976
Amortization of right of use assets - financing leases	181,484	33,609
Changes in operating assets and liabilities		
Grants and contracts receivable	499,793	1,870,040
Prepaid expenses and other current assets	453,662	(416,668)
Security deposits	600,000	(400,001)
Due from related parties	876,324	(567,845)
Accounts payable and accrued expenses	105,185	(114,913)
Operating lease liabilities	(3,168,755)	(5,911,988)
Refundable advances	(47,779)	(73,165)
Due to related party	62,227	-
Net Cash from Operating Activities	6,478,453	374,125
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,924,045)	(2,448,448)
Purchase of certificates of deposit	(2,614,725)	(6,964,787)
Redemption of certificates of deposit	-	3,350,000
Net Cash from Investing Activities	(4,538,770)	(6,063,235)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan payable	(510,000)	(250,000)
Repayment of Paycheck Protection Program loan	(106,025)	(104,986)
Principal payments on finance lease liabilities	(151,056)	(30,779)
Proceeds from loan payable	-	1,300,000
Net Cash from Financing Activities	(767,081)	914,235
Net Change in Cash and Restricted Cash	1,172,602	(4,774,875)
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	2,735,256	7,510,131
End of year	\$ 3,907,858	\$ 2,735,256
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 90,245	\$ 32,697
Cash paid for amounts included in the measurement of operating lease liabilities	13,451,329	12,481,711
Operating right-of-use asset recognized in exchange for operating lease liabilities	53,781,336	-
Finance right-of-use asset recognized in exchange for finance lease liabilities	975,283	247,502

See notes to financial statements

# Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

## 1. Organization and Tax Status

Brooklyn Prospect Charter School (the "School") is an educational corporation that operates four charter schools in the borough of Brooklyn, New York. On July 28, 2008, the Board of Regents of the University of the State of New York (the "Board of Regents") granted the School a provisional charter ("CSD 15") valid for a term of five years and renewable upon expiration. On June 4, 2014, the Board of Regents granted the School a second provisional charter ("CSD 13") valid for a term of five years and renewable upon expiration. In July 2019, the Board of Regents granted the School a third provisional charter ("CSD 15.2") valid for a term of five years. The Board of Regents renewed CSD 15, 13, and 15.2's charter terms through July 31, 2026.

The School did not operate any grades under CSD 15 in fiscal year 2023. CSD 15 resumed operations with new grades in fiscal year 2024.

Effective July 1, 2021, International Charter School of New York ("ICSNY") merged into the School with approval by the Board of Regents. ICSNY ceased to exist as a separate legal entity and simultaneously became a provisional charter ("CSD 13.2") under the School at the effective date. The Board of Regents renewed the term of the charter through July 31, 2026.

The School's mission is to be a kindergarten through twelfth grade college preparatory community where excellent teachers prepare a diverse student body to have a positive impact on society and a lifelong passion for learning. In the 2023-2024 academic year, the School operated classes for approximately 2,419 students in grades kindergarten through twelfth grade.

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

## 2. Summary of Significant Accounting Policies

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

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

### ***Net Asset Presentation***

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

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

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

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

#### ***Net Asset Presentation (continued)***

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

#### ***Fair Value Measurements***

The School follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investment Valuation***

Certificates of deposit are valued at the amounts deposited plus accrued interest, and are measured at estimated market value.

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of changes in net assets.

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

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

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 3,707,725	\$ 2,535,162
Restricted cash	<u>200,133</u>	<u>200,094</u>
	<u>\$ 3,907,858</u>	<u>\$ 2,735,256</u>

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

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

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

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$3,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

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

Computers and equipment	5 years
Furniture and fixtures	7 years
Software	3 years

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

#### ***Leases***

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

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

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

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

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

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

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

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

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

#### ***Donated Services***

Donated services are recognized as contributions in accordance with U.S. GAAP if the services create or enhance non-financial assets, require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School, and are measurable.

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

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

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

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

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

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

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

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

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

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

### 3. Investments

The School's investments at June 30, 2024 and 2023 consisted of certificates of deposit in the amount of \$6,229,512 and \$3,614,787.

### 4. Grants and Contracts Receivable

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

### 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Computers and equipment	\$ 3,801,714	\$ 3,715,275
Furniture and fixtures	3,362,506	2,722,629
Software	-	33,744
Leasehold improvements	7,893,707	7,524,196
Construction-in-progress	<u>95,386</u>	<u>31,518</u>
	15,153,313	14,027,362
Accumulated depreciation and amortization	<u>(7,635,488)</u>	<u>(7,204,850)</u>
	<u>\$ 7,517,825</u>	<u>\$ 6,822,512</u>

For the year ended June 30, 2024, the School disposed of fully depreciated property and equipment totaling \$798,094.

Construction-in-progress at June 30, 2024 and 2023 is comprised of architect fees and other soft costs for the planning, development, and construction of the first middle school's permanent facility and are expected to be placed into service in fiscal year 2025.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 6. Liquidity and Availability of Financial Assets

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

	2024	2023
Cash	\$ 3,707,725	\$ 2,535,162
Investments	6,229,512	3,614,787
Grants and contracts receivable	1,728,709	2,228,502
Due from related parties	-	876,324
	<u>\$ 11,665,946</u>	<u>\$ 9,254,775</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in savings accounts and other liquid instruments until it is required for operational use. In the event of unanticipated liquidity need, the School could draw down upon certificates of deposit to cover any temporary shortfalls in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (See Note 10).

### 7. Related Party Transactions (not disclosed elsewhere)

The School is related to Prospect Schools, Inc. ("Prospect"), a New York State not-for-profit corporation, through common management. Prospect was originally organized to provide financial support and other services to the School. Effective July 1, 2018, Prospect amended its legal purpose to act as a charter management organization and provide support as outlined in the agreement.

The School entered into a five year agreement with Prospect effective July 1, 2018 which calls for Prospect to oversee the School in their development and implementation of the educational and instruction programs; support and assist the business administration of the School; assist in the recruitment of personnel and provide human resources services; and oversee the financial services and reports for the School. The School renewed its agreement with Prospect through June 30, 2025. In accordance with the first amendment of the agreement, effective July 1, 2022, the School paid Prospect an annual fee of 14% of the School's per pupil operating revenue, per pupil facilities revenue, federal Individuals with Disabilities Education Act revenue, and federal Titles revenue. The management fee for the years ended June 30, 2024 and 2023 amounted to \$8,793,151 and \$7,909,290.

For the years ended June 30, 2024 and 2023, the School received contributions of \$88,484 and \$183,290 from Prospect to cover specific program expenses.

The School is related to Friends of Prospect Schools, Inc. ("FOPS"), a New York State not-for-profit corporation, through common management. FOPS's purpose is to support the operation of the School by managing the School's real estate and facilities-related needs, and by raising funds and resources that will enable FOPS to provide support to the School and to enhance the experience of the School's students. The School entered into various sublease agreements with FOPS for classroom facilities (see Note 13).

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

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

The net balance due from/(to) the related parties consisted of the following at June 30:

	2024	2023
Prospect	\$ (280,057)	\$ 555,824
FOPS	217,830	320,500
	<u>\$ (62,227)</u>	<u>\$ 876,324</u>

### 8. Contingency

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

### 9. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash, investments and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023, approximately \$9,900,000 and \$6,100,000 of cash and certificate of deposit was maintained with an institution in excess of FDIC limits.

### 10. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 92% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

### 11. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the plan, the School matched employee contributions up to 4% of the annual compensation covered under the employment arrangement with ADP Retirement Services. Total employer match for the years ended June 30, 2024 and 2023 amounted to \$809,388 and \$868,409.

### 12. Donated Services

During the fiscal year 2023, one law firm provided legal services to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and was recorded at a fair value of \$15,075 for the year ended 2023.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 12. Donated Services *(continued)*

Fair value is estimated using a standard hourly rate of similar services available for purchase by the School. The value of these services is allocated to management and general services in the accompanying statements of activities and functional expenses. There were no donor-imposed restrictions associated with the donated services.

### 13. Commitments

#### *Leases – Operating*

In August 2016, the School signed a lease with Metrotech, LLC 13 for its office space and after school activity center for its elementary students under a non-cancelable lease expiring June 30, 2034. Under this lease, the School has an option of extending the lease an additional five years. Under the terms of the lease, the School paid a security deposit in the amount of \$50,000. The School moved into this new facility on April 1, 2017 and commenced paying rent.

In January 2017, the School signed a lease with 160 17<sup>th</sup> Street, LLC for its classrooms, office space, and outdoor play area under a non-cancelable lease for the first middle school expiring June 30, 2038. Under the terms of the lease, the School paid a security deposit totaling \$400,000. During the fiscal year 2024, the School terminated the agreement with 160 17<sup>th</sup> Street, LLC. In accordance with the termination agreement, 160 17<sup>th</sup> Street, LLC agreed to return \$100,000 of the security deposit to the School and the School agreed to waive the return of the remaining \$300,000 of the security deposit.

In July 2019, the School signed a lease with Caton Avenue Realty, LLC, for additional gym and dance space of the entire first floor under a non-cancelable lease for the Windsor Terrace middle and high schools. The School has executed its option to extend the lease for an additional year through June 30, 2025.

In April 2020, the School signed a lease with Brooklyn Laboratory Charter School (“BLCS”) for portions of its classrooms and office space under a non-cancelable lease for the temporary location of the new middle school expiring June 30, 2023. The School did not renew its option to extend the lease and vacated the space. As a result of BLCS’s inspection of the space, the entire \$200,000 security deposit was not returned to the School during fiscal year 2024.

Beginning in October 2018, the School began entering into sublease agreements with FOPS for classroom and office space under non-cancelable leases for multiple schools. The following is the summary of the locations and terms of the sublease agreements the School had with FOPS at June 30, 2024:

Charter	School	Location	Effective Date	Termination Date	Security Deposit
CSD 13	Downtown Elementary School	80 Willoughby Street	10/1/2018	6/30/2052	\$1,350,000
CSD 13	Clinton Hill Middle School	1100 Fulton Street	10/1/2018	6/30/2038	450,000
CSD 15.2	Brooklyn Prospect High School	3002 Fort Hamilton Parkway	7/1/2021	6/30/2032	142,000
CSD 15.2	Sunset Yards Elementary School	341-353 39 <sup>th</sup> Street	7/1/2022	6/30/2052	800,000
CSD 13.2	International Elementary School	272 Macon Street	7/1/2023	6/30/2052	-

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 13. Commitments *(continued)*

#### ***Leases – Operating (continued)***

Facilities expense for the years ended June 30, 2024 and 2023 amounted to \$17,806,487 and \$16,042,384.

The School entered into two separate operating leases for copier and printer equipment with terminations dates of September 30, 2026 and January 31, 2027.

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

	2024	2023
ROU assets	259,605,627	205,824,291
Accumulated amortization	(16,376,763)	(9,577,976)
	\$ 243,228,864	\$ 196,246,315
Weighted average remaining lease term	24.07 years	23.70 years
Weighted average discount rate	3.32%	3.17%

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

2025	\$ 15,237,831
2026	15,895,321
2027	16,174,676
2028	16,673,449
2029	16,388,248
Thereafter	298,026,154
Total minimum lease payments	378,395,679
Present value discount	(123,373,455)
Present value of operating lease liability	255,022,224
Current portion	(6,926,910)
Operating lease liabilities, less current portion	\$ 248,095,314

#### ***Leases – Finance***

The School entered into eight separate finance lease agreements for copier and printer equipment with various termination dates through May 2029. Finance lease expense for the fiscal years ended June 30, 2024 and 2023 was \$181,484 and \$33,609 and is included in depreciation and amortization expense within the accompanying statements of functional expenses.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

### 13. Commitments *(continued)*

#### *Leases – Finance (continued)*

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

	2024	2023
ROU assets	\$ 1,222,785	\$ 247,502
Accumulated amortization	(215,093)	(33,609)
	\$ 1,007,692	\$ 213,893
Weighted average remaining lease term	4.22 years	4.32 years
Weighted average discount rate	4.15%	4.02%

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

2025	\$ 267,082
2026	267,962
2027	268,877
2028	232,670
2029	81,057
Total minimum lease payments	1,117,648
Present value discount	(91,358)
Present value of finance lease liability	1,026,290
Current portion	(229,536)
Finance lease liabilities, less current portion	\$ 796,754

### 14. Loan Payable

On May 27, 2021, the School entered into a \$1,350,000 loan agreement with CSGF NYC Facility Fund, LLC (the "Lender") for the sole purpose of funding the security deposit required under the sublease with FOPS for the second downtown elementary school's facility lease. The School began repayment of the loan and accrued interest during fiscal year 2022 and will continue at 2.75% per annum through the maturity date of April 15, 2026.

On May 29, 2023, the School entered into a second loan agreement with the Lender totaling \$1,300,000 for the sole purpose of funding the construction contribution owed by the School associated with the development of the new school facility at 272 Macon Street (See Note 13). The School will begin repayment of the loan and accrued interest during fiscal year 2024 and will continue at 2.75% per annum through the maturity date of April 15, 2028.

The School must maintain a financial performance covenant which was assessed starting with the fiscal year ended June 30, 2023. For the years ended June 30, 2024 and 2023, the School was in compliance with the financial covenant. At June 30, 2024 and 2023, the School had outstanding balances with the Lender of \$1,640,000 and \$2,150,000.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2024 and 2023

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

Future minimum principal payments on the loan are as follows for years ended June 30:

2025	\$ 510,000
2026	610,000
2027	260,000
2028	<u>260,000</u>
	1,640,000
Current portion	<u>(510,000)</u>
	<u>\$ 1,130,000</u>

### 15. Paycheck Protection Program Loan Payable

On May 4, 2020, the School qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified PPP lender, for an aggregate principal amount of \$3,573,939 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 0.98% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration.

On June 30, 2021, \$3,169,332 of principal and \$36,408 of accrued interest were forgiven by the U.S. Small Business Administration. On August 1, 2021, the School commenced repayment of the unforgiven principal on a monthly basis amount of \$8,630, with the loan bearing the original 0.98% interest per annum rate.

Future minimum principal payment for fiscal year 2025 is \$102,975.

\* \* \* \* \*

# **Brooklyn Prospect Charter School**

Supplementary Information

June 30, 2024

**Brooklyn Prospect Charter School**

Schedule of Activities by Charter  
Year Ended June 30, 2024

	<u>CSD 15</u>	<u>CSD 13</u>	<u>CSD 15.2</u>	<u>CSD 13.2</u>	<u>Total</u>
<b>OPERATING REVENUE</b>					
State and local per pupil operating revenue					
General education	\$ 429,322	\$ 13,324,725	\$ 21,912,118	\$ 8,671,060	\$ 44,337,225
Special education	34,322	1,287,557	3,705,786	525,868	5,553,533
Facilities	128,797	3,999,816	6,346,617	2,598,314	13,073,544
Federal grants	631,660	306,088	560,090	992,247	2,490,085
Federal IDEA and E-Rate	8,101	133,532	311,801	74,758	528,192
State and city grants	-	470,178	593,433	32,110	1,095,721
Total Operating Revenue	<u>1,232,202</u>	<u>19,521,896</u>	<u>33,429,845</u>	<u>12,894,357</u>	<u>67,078,300</u>
<b>EXPENSES</b>					
Program Services					
Regular education	446,128	13,068,980	23,628,043	9,232,350	46,375,501
Special education	111,533	3,267,256	5,928,947	2,308,891	11,616,627
Total Program Services	<u>557,661</u>	<u>16,336,236</u>	<u>29,556,990</u>	<u>11,541,241</u>	<u>57,992,128</u>
Supporting Services					
Management and general	85,554	3,100,513	5,307,606	1,975,667	10,469,340
Fundraising	939	132,142	107,612	59,999	300,692
Total Expenses	<u>644,154</u>	<u>19,568,891</u>	<u>34,972,208</u>	<u>13,576,907</u>	<u>68,762,160</u>
Surplus (Deficit) from Operations	<u>588,048</u>	<u>(46,995)</u>	<u>(1,542,363)</u>	<u>(682,550)</u>	<u>(1,683,860)</u>
<b>SUPPORT AND OTHER REVENUE (EXPENSES)</b>					
Contributions from related party	-	26,695	44,951	16,838	88,484
Contributions and private grants	-	185,088	190,088	92,544	467,720
Write-off of security deposits	-	-	(500,000)	-	(500,000)
Other income	3,859	192,499	209,496	110,595	516,449
Total Support and Other Revenue (Expenses)	<u>3,859</u>	<u>404,282</u>	<u>(55,465)</u>	<u>219,977</u>	<u>572,653</u>
Change in Net Assets	591,907	357,287	(1,597,828)	(462,573)	(1,111,207)
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>					
Beginning of year	<u>3,597,311</u>	<u>3,192,539</u>	<u>(1,097,602)</u>	<u>3,460,070</u>	<u>9,152,318</u>
End of year	<u>\$ 4,189,218</u>	<u>\$ 3,549,826</u>	<u>\$ (2,695,430)</u>	<u>\$ 2,997,497</u>	<u>\$ 8,041,111</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses  
CSD 15  
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	1	\$ 55,427	\$ 13,857	\$ 69,284	\$ 8,179	\$ 126	\$ 77,589
Instructional personnel	<u>3</u>	<u>118,867</u>	<u>29,717</u>	<u>148,584</u>	<u>2,000</u>	<u>-</u>	<u>150,584</u>
Total Personnel Services Costs	<u><u>4</u></u>	<u>174,294</u>	<u>43,574</u>	<u>217,868</u>	<u>10,179</u>	<u>126</u>	<u>228,173</u>
Employee benefits and payroll taxes		37,601	9,400	47,001	2,196	27	49,224
Office expenses		5,713	1,428	7,141	638	4	7,783
Accounting and auditing		-	-	-	244	-	244
Legal fees		-	-	-	1,274	-	1,274
Payroll service		-	-	-	1,411	-	1,411
General and administrative consultants		269	67	336	84	-	420
Management fee		19,866	4,967	24,833	36,631	621	62,085
Other professional fees		11,291	2,823	14,114	39	-	14,153
Professional development		947	237	1,184	-	-	1,184
Student and staff special events		3,580	895	4,475	115	1	4,591
Parent teacher organization		-	-	-	-	34	34
Curriculum and classroom		16,552	4,138	20,690	-	-	20,690
Insurance		-	-	-	3,783	-	3,783
Facility expense		173,556	43,389	216,945	10,136	126	227,207
Technology		2,415	604	3,019	143	-	3,162
Depreciation and amortization		-	-	-	16,509	-	16,509
Miscellaneous		<u>44</u>	<u>11</u>	<u>55</u>	<u>2,172</u>	<u>-</u>	<u>2,227</u>
Total Expenses		<u>\$ 446,128</u>	<u>\$ 111,533</u>	<u>\$ 557,661</u>	<u>\$ 85,554</u>	<u>\$ 939</u>	<u>\$ 644,154</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 13

Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	18	\$ 1,075,084	\$ 268,771	\$ 1,343,855	\$ 451,462	\$ 6,327	\$ 1,801,644
Instructional personnel	76	4,881,428	1,220,357	6,101,785	-	-	6,101,785
Non-instructional personnel	<u>5</u>	<u>240,583</u>	<u>60,146</u>	<u>300,729</u>	<u>11,257</u>	<u>-</u>	<u>311,986</u>
Total Personnel Services Costs	<u>99</u>	6,197,095	1,549,274	7,746,369	462,719	6,327	8,215,415
Employee benefits and payroll taxes		1,511,393	377,848	1,889,241	112,851	1,543	2,003,635
Office expenses		104,468	26,117	130,585	19,681	84	150,350
Accounting and auditing		-	-	-	15,812	-	15,812
Legal fees		-	-	-	1,691	-	1,691
Payroll service		-	-	-	41,531	-	41,531
General and administrative consultants		10,943	2,736	13,679	3,420	-	17,099
Management fee		836,874	209,218	1,046,092	1,542,986	26,152	2,615,230
Other professional fees		206,313	51,590	257,903	1,213	17	259,133
Professional development		37,768	9,442	47,210	-	-	47,210
Student and staff special events		75,927	18,982	94,909	2,185	30	97,124
Parent teacher organization		-	-	-	-	93,996	93,996
Curriculum and classroom		177,702	44,425	222,127	-	-	222,127
Insurance		-	-	-	106,879	-	106,879
Facility expense		3,847,266	961,816	4,809,082	287,264	3,928	5,100,274
Technology		61,420	15,355	76,775	4,586	63	81,424
Depreciation and amortization		-	-	-	440,696	-	440,696
Miscellaneous		<u>1,811</u>	<u>453</u>	<u>2,264</u>	<u>56,999</u>	<u>2</u>	<u>59,265</u>
Total Expenses		<u>\$ 13,068,980</u>	<u>\$ 3,267,256</u>	<u>\$ 16,336,236</u>	<u>\$ 3,100,513</u>	<u>\$ 132,142</u>	<u>\$ 19,568,891</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 15.2

Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	33	\$ 2,161,739	\$ 540,435	\$ 2,702,174	\$ 840,518	\$ 13,730	\$ 3,556,422
Instructional personnel	136	9,080,770	2,270,193	11,350,963	-	-	11,350,963
Non-instructional personnel	<u>9</u>	<u>380,290</u>	<u>95,073</u>	<u>475,363</u>	<u>28,151</u>	<u>-</u>	<u>503,514</u>
Total Personnel Services Costs	<u>178</u>	11,622,799	2,905,701	14,528,500	868,669	13,730	15,410,899
Employee benefits and payroll taxes		2,881,714	720,428	3,602,142	215,375	3,404	3,820,921
Office expenses		252,880	63,220	316,100	36,811	259	353,170
Accounting and auditing		-	-	-	26,597	-	26,597
Legal fees		-	-	-	3,257	-	3,257
Payroll service		-	-	-	66,123	-	66,123
General and administrative consultants		15,988	3,997	19,985	4,996	-	24,981
Management fee		1,436,127	359,032	1,795,159	2,647,858	44,879	4,487,896
Other professional fees		328,138	103,970	432,108	3,602	39	435,749
Professional development		64,045	16,011	80,056	-	-	80,056
Student and staff special events		160,229	40,057	200,286	5,546	88	205,920
Parent teacher organization		-	-	-	-	37,673	37,673
Curriculum and classroom		483,064	120,766	603,830	-	-	603,830
Insurance		-	-	-	177,077	-	177,077
Facility expense		6,271,091	1,567,773	7,838,864	468,691	7,408	8,314,963
Technology		106,606	26,651	133,257	7,968	126	141,351
Depreciation and amortization		-	-	-	676,376	-	676,376
Miscellaneous		<u>5,362</u>	<u>1,341</u>	<u>6,703</u>	<u>98,660</u>	<u>6</u>	<u>105,369</u>
Total Expenses		<u>\$ 23,628,043</u>	<u>\$ 5,928,947</u>	<u>\$ 29,556,990</u>	<u>\$ 5,307,606</u>	<u>\$ 107,612</u>	<u>\$ 34,972,208</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 13.2

Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	13	\$ 913,859	\$ 228,465	\$ 1,142,324	\$ 277,641	\$ 4,811	\$ 1,424,776
Instructional personnel	52	3,105,997	776,499	3,882,496	-	-	3,882,496
Total Personnel Services Costs	<u>65</u>	4,019,856	1,004,964	5,024,820	277,641	4,811	5,307,272
Employee benefits and payroll taxes		1,001,751	250,438	1,252,189	69,188	1,199	1,322,576
Office expenses		140,686	35,172	175,858	16,465	149	192,472
Accounting and auditing		-	-	-	10,804	-	10,804
Legal fees		-	-	-	6,375	-	6,375
Payroll service		-	-	-	27,316	-	27,316
General and administrative consultants		4,663	1,166	5,829	1,457	-	7,286
Management fee		520,941	130,235	651,176	960,485	16,279	1,627,940
Other professional fees		102,946	26,540	129,486	981	16	130,483
Professional development		6,070	1,517	7,587	-	-	7,587
Student and staff special events		35,512	8,878	44,390	1,500	26	45,916
Parent teacher organization		-	-	-	-	33,704	33,704
Curriculum and classroom		211,937	52,984	264,921	-	-	264,921
Insurance		-	-	-	82,269	-	82,269
Facility expense		3,153,947	788,487	3,942,434	217,835	3,774	4,164,043
Technology		33,285	8,321	41,606	2,299	40	43,945
Depreciation and amortization		-	-	-	276,635	-	276,635
Miscellaneous		756	189	945	24,417	1	25,363
<b>Total Expenses</b>		<u>\$ 9,232,350</u>	<u>\$ 2,308,891</u>	<u>\$ 11,541,241</u>	<u>\$ 1,975,667</u>	<u>\$ 59,999</u>	<u>\$ 13,576,907</u>

**Brooklyn Prospect Charter School**

Uniform Guidance  
Schedules and Reports

June 30, 2024

## Brooklyn Prospect Charter School

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Direct Program:				
Charter Schools: Expanding Brooklyn Prospect's High-Quality Charter Schools	84.282M	not available	\$ -	\$ 698,810
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021-24-5495	-	173,462
Title I Grants to Local Educational Agencies	84.010	0021-24-5220	-	103,598
Title I Grants to Local Educational Agencies	84.010	0021-24-5260	-	109,199
			-	386,259
Supporting Effective Instruction State Grants				
(Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5495	-	34,044
Supporting Effective Instruction State Grants				
(Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5220	-	14,351
Supporting Effective Instruction State Grants				
(Formerly Improving Teacher Quality State Grants)	84.367	0147-24-5260	-	19,528
			-	67,923
Student Support and Academic Enrichment Program				
Student Support and Academic Enrichment Program	84.424	0204-24-5495	-	13,097
Student Support and Academic Enrichment Program	84.424	0204-24-5220	-	10,000
Student Support and Academic Enrichment Program	84.424	0204-24-5260	-	10,000
			-	33,097
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP				
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5495	-	163,995
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5220	-	56,843
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-5260	-	143,978
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880-21-4545	-	582,324
			-	947,140
Special Education Cluster (IDEA)-Cluster				
Pass-Through New York State Education Department:				
COVID-19 - Special Education Grants to States	84.027	not available	-	76,396
Total U.S. Department of Education			-	2,209,625
<u>Federal Communications Commission</u>				
Pass-Through Universal Service Administrative Company:				
COVID-19 Emergency Connectivity Fund Program	32.009	not available	-	280,460
Total Expenditures of Federal Awards			\$ -	\$ 2,490,085

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

## **Brooklyn Prospect Charter School**

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

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Brooklyn Prospect Charter School (the "School"), under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

### **2. Summary of Significant Accounting Policies**

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

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

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

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

**Independent Auditors' Report**

**Board of Trustees  
Brooklyn Prospect 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 Prospect Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2023

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

**Independent Auditors' Report**

**Board of Trustees  
Brooklyn Prospect Charter School**

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

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

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

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

**Brooklyn Prospect Charter School**

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

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

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes X none reported

Noncompliance material to the financial statements noted?

\_\_\_\_\_ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes X none reported

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

Unmodified

Any audit findings disclosed that are required

to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes X no

Identification of major federal programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

84.282

Charter Schools: Expanding Brooklyn Prospect's High-Quality Charter Schools

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

\$750,000

Auditee qualified as low-risk auditee?

X yes \_\_\_\_\_ no

**Section II – Financial Statement Findings**

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

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

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

**Board of Trustees**  
**Brooklyn Prospect Charter School**

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of Brooklyn Prospect Charter School (the "School") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the audit committee, the Board of Trustees, the Charter Schools Institute of the State University of New York, the State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024